

SUBJECT: Sign content for motor fuels containing ethanol or methanol

COMMITTEE: Agriculture and Livestock — favorable, without amendment

VOTE: 4 ayes — Miller, Anderson, Aycock, Heflin
0 nays
3 absent — B. Brown, Gallego, Garcia

SENATE VOTE: On final passage, April 12 — 31-0, on Local and Uncontested Calendar

WITNESSES: (*On House companion bill, HB 1592 by Rose:*)
For — Chris Newton, Texas Petroleum Marketers and Convenience Store Association; (*Registered, but did not testify:* Karen Regan, Texas Retailers Association)

Against — None

On — (*Registered, but did not testify:* David Kostroun, Texas Department of Agriculture)

BACKGROUND: Vernon’s Texas Civil Statutes (VTCS), art. 8614 requires content labeling of motor-fuel pumps dispensing alcohol/motor-fuel blends. Under this law, a motor fuel dealer cannot sell a fuel mixture containing 1 percent or more ethanol or methanol by volume for 60 days after the fuel is delivered unless the dealer clearly displays a sign stating that the mixture “Contains Ethanol” or “Contains Methanol,” as applicable. Pumps that dispense fuel containing 10 percent ethanol or 5 percent or more methanol by volume also must have a sign stating the percentage of ethanol or methanol by volume to the nearest percentage point. A distributor, supplier, wholesaler, or jobber of motor fuel cannot deliver motor fuel containing more than 1 percent of ethanol or methanol by volume unless the delivery includes signs that the dealer can post on the pumps and a document evidencing the delivery of the fuel and the required signs.

In 2003, the 78th Legislature enacted HB 2458 by Krusee. Among its many provisions, HB 2458 repealed Tax Code, sec. 153, which formerly

governed motor-fuel taxes, and enacted Tax Code sec. 162, which currently governs motor-fuel taxes.

DIGEST: SB 1249 would alter current requirements on motor fuel signage. The sign required for display by a dealer selling motor fuel with less than 10 percent ethanol by volume would be modified to read “Contains up to 10% Ethanol,” when applicable. Pumps that dispensed fuel containing *more than* 10 percent ethanol or 5 percent or more methanol by volume also would have to have a sign stating the percentage of ethanol or methanol by volume to the nearest percentage point.

SB 1249 specifies that a distributor, supplier, or permissive supplier, as defined in Tax Code sec. 162.001, would be permitted to deliver motor fuel containing more than 1 percent of ethanol or methanol as long as the delivery document accounted for the percentage of ethanol or methanol in the fuel mixture. The bill also would eliminate occupations that do not appear in Tax Code, ch. 162 —wholesalers and jobbers — from this category. In addition, a distributor, supplier, or permissive supplier no longer would be required to deliver signs to the dealer with these types of motor fuel.

The bill would take effect on September 1, 2007.

NOTES: The identical companion bill, HB 1592 by Rose, was heard and left pending in the Agriculture and Livestock Committee on April 17.