

SENATE COMMITTEE OF REFERENCE REPORT

Chair of Committee

Date

January 28, 2020

Committee on Transportation & Energy.

After consideration on the merits, the Committee recommends the following:

SB20-038 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

- 1 Amend printed bill, strike everything below the enacting clause and
2 substitute:
3 "SECTION 1. In Colorado Revised Statutes, **add** 8-20-236 as
4 follows:
5 **8-20-236. Nonattainment area biodiesel-blended fuel standard**
6 **- exemption - definitions - rules.** (1) (a) EXCEPT AS PROVIDED BY RULES
7 PROMULGATED PURSUANT TO SUBSECTION (1)(b) OF THIS SECTION:
8 (I) ON OR AFTER JUNE 1, 2021, ALL DIESEL FUEL SOLD OR OFFERED
9 FOR SALE IN A NONATTAINMENT AREA FROM JUNE 1 THROUGH SEPTEMBER
10 15 MUST BE BLENDED WITH AND CONTAIN AT LEAST FIVE PERCENT
11 BIODIESEL (B5); AND
12 (II) ON OR AFTER JUNE 1, 2023, ALL DIESEL FUEL SOLD OR OFFERED
13 FOR SALE IN A NONATTAINMENT AREA FROM JUNE 1 THROUGH SEPTEMBER
14 15 MUST BE BLENDED WITH AND CONTAIN AT LEAST TEN PERCENT
15 BIODIESEL (B10).
16 (b) THE DIRECTOR:
17 (I) SHALL PROMULGATE RULES TO:
18 (A) ESTABLISH A WAIVER PROCESS BY WHICH A DISTRIBUTOR OR
19 RETAILER OF DIESEL FUEL OR A REFINER OR TERMINAL OPERATOR IN
20 COLORADO MAY SEEK A TEMPORARY WAIVER FROM THE REQUIREMENTS
21 SET FORTH IN SUBSECTION (1)(a) OF THIS SECTION FOR GOOD CAUSE
22 SHOWN, SUCH AS DEMONSTRATING AN EXTREME DISRUPTION OR
23 LIMITATION IN THE SUPPLY OF BIODIESEL OR EXTREME WEATHER
24 CONDITIONS; AND

1 (B) FOR A BILL OF LADING, REQUIRE THE LABELING OF
2 BIODIESEL-BLENDED FUEL TO REFLECT THE PERCENTAGE OF BIODIESEL
3 INCLUDED IN THE BLENDED FUEL WHEN THE BLEND IS EQUAL TO OR ABOVE
4 FIVE PERCENT BIODIESEL (B5); AND

5 (II) MAY PROMULGATE ADDITIONAL RULES TO IMPLEMENT THIS
6 SECTION AS THE DIRECTOR DEEMS NECESSARY, WHICH RULES MAY
7 INCLUDE:

8 (A) REQUIREMENTS FOR FUEL DISPENSER LABELING FOR THE SALE
9 OF BIODIESEL-BLENDED FUELS; AND

10 (B) REQUIREMENTS THAT REFINERS AND TERMINAL OPERATORS
11 WITH LOCATIONS IN A NONATTAINMENT AREA OFFER CLEAR DIESEL (B0)
12 AND THAT BIODIESEL PRODUCERS WITH POSITIONS AT REFINERIES AND
13 TERMINALS OFFER BIODIESEL BLEND STOCK (B100) FOR THE PURPOSES OF
14 ENSURING SUPPLY SECURITY AND ENHANCING FEDERALLY LICENSED
15 BLENDEES' ABILITY TO MEET THE REQUIREMENTS SET FORTH IN
16 SUBSECTION (1)(a) OF THIS SECTION.

17 (c) THE BIODIESEL BLENDING REQUIREMENTS SET FORTH IN
18 SUBSECTION (1)(a) OF THIS SECTION DO NOT APPLY TO DIESEL FUEL USED
19 IN LOCOMOTIVES OR OFF-ROAD MINING EQUIPMENT.

20 (2)(a) THE DEPARTMENT, THE AIR QUALITY CONTROL COMMISSION
21 CREATED IN SECTION 25-7-104, AND THE COLORADO OFFICE OF ECONOMIC
22 DEVELOPMENT CREATED IN SECTION 24-48.5-101 ARE EACH ENCOURAGED
23 TO RESEARCH POTENTIAL GRANT PROGRAM IMPLEMENTATION AND
24 INCENTIVES TO PROMOTE THE PRODUCTION OF BIODIESEL-BLENDED FUEL
25 IN THE STATE.

26 (b) THE REGIONAL AIR QUALITY COUNCIL, IN COORDINATION WITH
27 THE DEPARTMENT OF TRANSPORTATION, IS ENCOURAGED TO CONSIDER
28 UTILIZING EXISTING AND FUTURE FEDERAL RESOURCES TO REPLACE DIESEL
29 TRUCKS AND COMMERCIAL VEHICLES MANUFACTURED BEFORE 2010 IF IT
30 FINDS THAT SUCH REPLACEMENT WOULD RESULT IN A SIGNIFICANT
31 REDUCTION IN EMISSIONS OF VOLATILE ORGANIC COMPOUNDS, NITROGEN
32 OXIDE, AND OTHER POLLUTANTS IN THE NONATTAINMENT AREA.

33 (c) THE DEPARTMENT, IN CONSULTATION WITH THE REGIONAL AIR
34 QUALITY COUNCIL, SHALL ANALYZE AND ASSESS THE AVAILABLE SUPPLY
35 OF BIODIESEL IN COLORADO BEFORE JUNE 1, 2023.

36 (3) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
37 REQUIRES:

38 (a) (I) "BIODIESEL" MEANS FUEL COMPOSED OF MONO-ALKYL
39 ESTERS OF LONG-CHAIN FATTY ACIDS DERIVED FROM PLANT OR ANIMAL
40 MATTER THAT MEETS THE MOST CURRENT SPECIFICATIONS FOR ASTM
41 D6751, WHICH IS THE "STANDARD SPECIFICATION FOR BIODIESEL FUEL

1 BLEND STOCK (B100) FOR MIDDLE DISTILLATE FUELS", ASTM D975,
2 WHICH IS THE "STANDARD SPECIFICATION FOR DIESEL FUEL OIL,
3 BIODIESEL BLEND (B0-B5)", AND ASTM D7467, WHICH IS THE
4 "STANDARD SPECIFICATION FOR DIESEL FUEL OIL, BIODIESEL BLEND (B6
5 TO B20)".

6 (II) BIODIESEL PRODUCED FROM PALM OIL IS NOT BIODIESEL FOR
7 PURPOSES OF THIS SECTION UNLESS THE PALM OIL IS CONTAINED WITHIN
8 WASTE OIL AND GREASE COLLECTED WITHIN THE UNITED STATES.

9 (III) RENEWABLE DIESEL IS BIODIESEL FOR PURPOSES OF THIS
10 SECTION.

11 (b) "DIRECTOR" MEANS THE DIRECTOR OF THE DIVISION OF OIL AND
12 PUBLIC SAFETY CREATED IN SECTION 8-20-101.

13 (c) "NONATTAINMENT AREA" MEANS AN AREA OF THE STATE
14 DESIGNATED BY THE UNITED STATES ENVIRONMENTAL PROTECTION
15 AGENCY AS NOT MEETING THE NATIONAL AMBIENT AIR QUALITY
16 STANDARDS.

17 **SECTION 2.** In Colorado Revised Statutes, 8-20.5-103, **amend**
18 (3) introductory portion and (3)(g); and **add** (3)(h) as follows:

19 **8-20.5-103. Petroleum storage tank fund - petroleum cleanup**
20 **and redevelopment fund - creation - rules - repeal.** (3) The ~~moneys~~
21 MONEY in the petroleum storage tank fund ~~are~~ IS continuously
22 appropriated to the division of oil and public safety; except that ~~moneys~~
23 MONEY for the purposes specified in ~~paragraphs (b), (f), and (g)~~
24 SUBSECTIONS (3)(b), (3)(f), AND (3)(g) of this ~~subsection~~ SECTION are
25 subject to annual appropriation by the general assembly. The fund shall
26 be used for:

27 (g) Administrative costs necessary for the implementation of this
28 ~~article and~~ ARTICLE 20.5, section 8-20-206.5, AND SECTION 8-20-236; AND

29 (h) FUEL QUALITY TESTING.

30 **SECTION 3. Act subject to petition - effective date.** This act
31 takes effect at 12:01 a.m. on the day following the expiration of the
32 ninety-day period after final adjournment of the general assembly (August
33 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a
34 referendum petition is filed pursuant to section 1 (3) of article V of the
35 state constitution against this act or an item, section, or part of this act
36 within such period, then the act, item, section, or part will not take effect
37 unless approved by the people at the general election to be held in
38 November 2020 and, in such case, will take effect on the date of the
39 official declaration of the vote thereon by the governor."

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