

Legislative Analysis



PROPOSED STANDARDS FOR BIODIESEL FUELS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5748 (Substitute H-1)

Sponsor: Rep. Howard Walker

First Committee: Agriculture

Second Committee: Oversight and Investigations - Discharged

Complete to 6-27-08

A SUMMARY OF HOUSE BILL 5748 AS DISCHARGED 6-3-08

The bill would amend Section 3(6) the Motor Fuels Quality Act (MCL 290.643) to require that the director of the Department of Agriculture make available for public comment proposed standards to ensure the purity and quality of diesel fuel that is biodiesel or a biodiesel blend – including, but not limited to, a blend designated as B20 – by June 1, 2009.

(A diesel fuel containing 20 percent biodiesel and 80 percent petroleum diesel is labeled "B20," while pure biodiesel is referred to as "B100.")

BACKGROUND INFORMATION:

Section 2 of The Motor Fuels Quality Act defines "biodiesel" as "*a fuel composed of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, and, in accordance with standards specified by the American society for testing and materials, designated B100, and meeting the requirements of D-6751, as approved by the department.*" The Act defines "biodiesel blend" as "*a fuel comprised of a blend of biodiesel fuel with petroleum-based diesel fuel, suitable for use as a fuel in a compression-ignition internal combustion diesel engine.*"

FISCAL IMPACT:

In 2006, Senate Bill 1079 (2006 PA 271) extended the provisions of the Motor Fuels Quality Act, which regulated the purity and quality of gasoline sold or offered for sale in the state, to also apply to diesel fuel. At that time these provisions were *not* extended to also apply to biodiesel or to biodiesel blends. House Bill 5748 would *not* extend the Act's regulatory provisions to biodiesel or biodiesel blends either; it would merely require that the director of the Department of Agriculture make available for public comment proposed standards to ensure the purity and quality of biodiesel or biodiesel blends no later than June 1, 2008. As a result, we conclude that the bill would have minimal fiscal impact.

If biodiesel and biodiesel blends were subsequently included within the regulatory authority of the Motor Fuels Quality Act, the department could incur additional capital costs related to laboratory equipment and additional on-going lab and investigation costs.

Legislative Analyst: Shannan Kane

Fiscal Analyst: William E. Hamilton

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.