

### Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-3743/1</b>		<b>Introduction Number</b> <b>AB-0682</b>	
<b>Description</b> The sale of renewable motor vehicle fuels, granting rule-making authority, and providing a penalty			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/> Decrease Costs			
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.115(1)(a)			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DATCP/ Kevin LeRoy (608) 224-4928		Barb Knapp (608) 224-4746	
		<b>Date</b>	
		1/11/2008	

## Fiscal Estimate Narratives

DATCP 1/11/2008

LRB Number	<b>07-3743/1</b>	Introduction Number	<b>AB-0682</b>	Estimate Type	<b>Original</b>
<b>Description</b> The sale of renewable motor vehicle fuels, granting rule-making authority, and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

This bill would create a standard for the percentage of motor vehicle fuel sold that must be "renewable fuels". The minimum percentages contained in the bill are 10% for 2009 through 2014, 15% for 2015 through 2019, 20% for 2020 through 2024, and 25% for 2025 and thereafter.

The bill authorizes the Department of Agriculture, Trade, and Consumer Protection to promulgate administrative rules that would: \* designate fuels that are derived from a renewable source, or a source other than petroleum-based fuel and other than hydrogen as renewable fuels, \*temporarily suspend the standards if the department determines that a sufficient supply of renewable fuel is not available, and \*implement and administer a system of trading credits between refiners who sell renewable fuels above the minimum and those who fall short of the minimum.

The rulemaking required under this bill is somewhat technical. We estimate that it would take about 1.0 FTE about one year to research potential rule provisions, hold hearings, draft the rule (and supporting documents), and other rulemaking tasks. Many of these tasks would require a high level financial, economic, or legal expertise. Therefore, we assume that the overall one time cost for creating and implementing this administrative rule would be about \$75,000. This assumption includes both direct costs such as salary & fringe, and indirect costs such as supplies & service required to perform these tasks.

We estimate that this bill would cost DATCP roughly \$137,000 per year to administer.

Should this bill become law, DATCP would be responsible for ensuring compliance. While this bill regulates a relatively small number of businesses (there are only about a dozen businesses that sell motor vehicle fuel in this state and meet the bill's definition of "refiner"); determining compliance may require somewhat sophisticated audit analysis of the regulated companies. It might be time-consuming for DATCP staff to analyze percentages of renewable and conventional fuels sold in this state (most of the regulated companies operate in multiple states). Therefore, DATCP estimated that it would have to dedicate about 1.75 FTE to this program annually. About 1.0 of this would be an Auditor, about 0.5 would be portions of various administrative support and management positions, and the final 0.25 FTE would be Legal Counsel. This is a program that is likely to require substantial involvement from attorneys for rulemaking, enforcement, consultation, interpretations and defending legal challenges.

This fiscal estimate includes an annual cost of \$28,000 for other costs. Part of this is to reflect the everyday costs incurred in the course of administering any state program (computers, office rent, phones, travel, etc.). Part of this amount is subscriptions to specialized petroleum and biofuel industry datasources. Much of the production, consumption, pricing, and other data related to energy is not generally available except by subscription from a data service.

Regarding the administration of a credit trading system, the employee time and expenses listed above are based on an assumption that any credit trading system under this bill would be relatively simple because it would be limited to the small number of companies that sell motor vehicle fuel and/or renewable fuel at wholesale.

### Long-Range Fiscal Implications

If the program grew into a more sophisticated exchange -- that included speculators -- it would be considerably more complex and therefore require far more resources.

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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  Updated     
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<b>LRB Number</b> 07-3743/1		<b>Introduction Number</b> AB-0682	
<b>Description</b> The sale of renewable motor vehicle fuels, granting rule-making authority, and providing a penalty			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  \$75,000 for promulgating administrative rule.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$109,000		\$
(FTE Position Changes)	(1.8 FTE)		
State Operations - Other Costs	28,000		
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$137,000</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	137,000		
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State		Local
NET CHANGE IN COSTS	\$137,000		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DATCP/ Kevin LeRoy (608) 224-4928		Barb Knapp (608) 224-4746	
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