

SECOND REGULAR SESSION

# SENATE BILL NO. 759

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR STOUFFER.

Pre-filed December 1, 2007, and ordered printed.

TERRY L. SPIELER, Secretary.

3573S.011

## AN ACT

To repeal section 414.255, RSMo, and to enact in lieu thereof one new section relating to biodiesel, with penalty provisions.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 414.255, RSMo, is repealed and one new section  
2 enacted in lieu thereof, to be known as section 414.255, to read as follows:

414.255. 1. This section shall be known and may be cited as the "Missouri  
2 Renewable Fuel Standard Act".

3 2. For purposes of this section, the following terms shall mean:

4 (1) "Aviation fuel", any motor fuel specifically compounded for use in  
5 reciprocating aircraft engines;

6 (2) "**Biodiesel**", fuel as defined in ASTM Standard D-6751 or its  
7 subsequent standard specifications for biodiesel fuel (B100) blend stock  
8 for distillate fuels;

9 (3) "**Biodiesel-blended fuel**", a blend of biodiesel and conventional  
10 diesel fuel;

11 (4) "**Conventional diesel fuel**", a refined middle distillate suitable  
12 for use as a fuel in a compression-ignition (diesel) internal combustion  
13 engine. "**Conventional diesel fuel**" does not include biodiesel or  
14 biodiesel-blended fuel;

15 (5) "Distributor", a person who either produces, refines, blends,  
16 compounds or manufactures motor fuel, imports motor fuel into a state or exports  
17 motor fuel out of a state, or who is engaged in distribution of motor fuel;

18 [(3)] (6) "Fuel ethanol-blended gasoline", a mixture of ninety percent  
19 gasoline and ten percent fuel ethanol in which the fuel ethanol meets ASTM

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

20 International Specification D4806, as amended. The ten percent fuel ethanol  
21 portion may be derived from any agricultural source;

22 [(4)] (7) "Position holder", the person who holds the inventory position  
23 in motor fuel in a terminal, as reflected on the records of the terminal operator.  
24 A person holds the inventory position in motor fuel when that person has a  
25 contract with the terminal operator for the use of storage facilities and  
26 terminating services for motor fuel at the terminal. The term includes a terminal  
27 operator who owns motor fuel in the terminal;

28 [(5)] (8) "Premium gasoline", gasoline with an antiknock index number  
29 of ninety-one or greater;

30 [(6)] (9) "Price", the cost of the fuel ethanol plus fuel taxes and  
31 transportation expenses less tax credits, if any; or the cost of the fuel  
32 ethanol-blended gasoline plus fuel taxes and transportation expenses less tax  
33 credits, if any; or the cost of the unblended gasoline plus fuel taxes and  
34 transportation expenses less tax credits, if any;

35 [(7)] (10) "Qualified terminal", a terminal that has been assigned a  
36 terminal control number (tcn) by the Internal Revenue Service;

37 [(8)] (11) "Supplier", a person that is:

38 (a) Registered or required to be registered pursuant to 26 U.S.C., Section  
39 4101, for transactions in motor fuels in the bulk transfer/terminal distribution  
40 system; and

41 (b) One or more of the following:

42 a. The position holder in a terminal or refinery in this state;

43 b. Imports motor fuel into this state from a foreign country;

44 c. Acquires motor fuel from a terminal or refinery in this state from a  
45 position holder pursuant to either a two-party exchange or a qualified buy-sell  
46 arrangement which is treated as an exchange and appears on the records of the  
47 terminal operator; or

48 d. The position holder in a terminal or refinery outside this state with  
49 respect to motor fuel which that person imports into this state. A terminal  
50 operator shall not be considered a supplier based solely on the fact that the  
51 terminal operator handles motor fuel consigned to it within a  
52 terminal. "Supplier" also means a person that produces fuel grade alcohol or  
53 alcohol-derivative substances in this state, produces fuel grade alcohol or  
54 alcohol-derivative substances for import to this state into a terminal, or acquires  
55 upon import by truck, rail car or barge into a terminal, fuel grade alcohol or

56 alcohol-derivative substances. "Supplier" includes a permissive supplier unless  
57 specifically provided otherwise;

58 ~~[(9)]~~ **(12)** "Terminal", a bulk storage and distribution facility which  
59 includes:

60 (a) For the purposes of motor fuel, is a qualified terminal;

61 (b) For the purposes of fuel grade alcohol **and biodiesel**, is supplied by  
62 truck, rail car, boat, barge or pipeline and the products are removed at a rack;  
63 and

64 ~~[(10)]~~ **(13)** "Unblended gasoline", gasoline that has not been blended with  
65 fuel ethanol.

66 3. Except as otherwise provided under subsections ~~[4 and]~~ **5 and 6** of this  
67 section, on and after January 1, 2008, all gasoline sold or offered for sale in  
68 Missouri at retail shall be fuel ethanol-blended gasoline.

69 4. **Except as otherwise provided in subsection 6 of this section,**  
70 **on and after April 1, 2010, all diesel fuel sold or offered for sale in**  
71 **Missouri at retail shall be a biodiesel-blended fuel.**

72 5. If a distributor is unable to obtain fuel ethanol or fuel ethanol-blended  
73 gasoline from a position holder or supplier at the terminal at the same or lower  
74 price as unblended gasoline, then the purchase of unblended gasoline by the  
75 distributor and the sale of the unblended gasoline at retail shall not be deemed  
76 a violation of this section. **If a distributor can make fuel ethanol-blended**  
77 **gasoline by blending fuel ethanol and unblended gasoline at the same**  
78 **or lower price than the price of acquiring unblended gasoline at the**  
79 **terminal, then the purchase of unblended gasoline at the terminal by**  
80 **a distributor for such purpose shall not be deemed a violation of this**  
81 **section.** The position holder, supplier, distributor, and ultimate vendor shall,  
82 upon request, provide the required documentation regarding the sales transaction  
83 and price of fuel ethanol, fuel ethanol-blended gasoline, and unblended gasoline  
84 to the department of agriculture and the department of revenue. All information  
85 obtained by the departments from such sources shall be confidential and not  
86 disclosed except by court order or as otherwise provided by law.

87 ~~[5.]~~ **6.** The following shall be exempt from the provisions of this section:

88 (1) Aviation fuel and automotive gasoline used in aircraft;

89 (2) Premium gasoline;

90 (3) E75-E85 fuel ethanol;

91 (4) **Diesel fuel sold to or used by railroad on-track equipment;**

92           **(5) Diesel fuel sold to or used by motors located at an electric**  
93 **generation plant regulated by the Nuclear Regulatory Commission;**

94           **(6)** Any specific exemptions declared by the United States Environmental  
95 Protection Agency; and

96           **[(5)] (7)** Bulk transfers between terminals.

97 The director of the department of agriculture may by rule, **subject to the**  
98 **provisions of chapter 536, RSMo**, exempt or rescind additional gasoline **and**  
99 **diesel** uses from the requirements of this section. The governor may by  
100 executive order waive the requirements of this section or any part thereof in part  
101 or in whole for all or any portion of this state [for reasons related to air  
102 quality]. Any regional waiver shall be issued and implemented in such a way as  
103 to minimize putting any region of the state at a competitive advantage or  
104 disadvantage with any other region of the state.

105           **[6.] 7.** The provisions of section 414.152 shall apply for purposes of  
106 enforcement of this section.

107           **[7.] 8.** The department of agriculture is hereby authorized to promulgate  
108 rules to ensure implementation of, and compliance and consistency with, this  
109 section. **In adopting its rules, the department shall as far as practicable**  
110 **adopt and apply to biodiesel producers the requirements of an**  
111 **accredited producer contained in the BQ-9000 program of the National**  
112 **Biodiesel Accreditation Commission.** Any rule or portion of a rule, as that  
113 term is defined in section 536.010, RSMo, that is created under the authority  
114 delegated in this section shall become effective only if it complies with and is  
115 subject to all of the provisions of chapter 536, RSMo, and, if applicable, section  
116 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any  
117 of the powers vested with the general assembly pursuant to chapter 536, RSMo,  
118 to review, to delay the effective date, or to disapprove and annul a rule are  
119 subsequently held unconstitutional, then the grant of rulemaking authority and  
120 any rule proposed or adopted after August 28, 2006, shall be invalid and void.

121           **[8.] 9.** All terminals in Missouri that sell gasoline shall offer for sale, in  
122 cooperation with position holders and suppliers, fuel ethanol-blended gasoline,  
123 fuel ethanol, and unblended gasoline. Terminals that only offer for sale federal  
124 reformulated gasolines, in cooperation with position holders and suppliers, shall  
125 not be required to offer for sale unblended gasoline.

126           **[9.] 10.** **On and after January 1, 2010, all terminals in Missouri**  
127 **that sell diesel fuel shall offer for sale, in cooperation with position**

128 **holders and suppliers, biodiesel-blended fuel containing five percent**  
129 **biodiesel by volume, biodiesel, and conventional diesel fuel. It shall not**  
130 **be a violation of this section for a terminal to sell biodiesel-blended**  
131 **fuel containing more than five percent biodiesel by volume, provided**  
132 **any such sale conforms with subsection 11 of this section.**

133 **11. Any seller of biodiesel-blended fuel containing greater than**  
134 **five percent biodiesel by volume shall notify any purchaser of the**  
135 **biodiesel content of such fuel, in accordance with notification**  
136 **procedures established by rule by the department of agriculture. The**  
137 **notification requirements for the sale of such fuel at retail shall include**  
138 **an advisement to the purchaser to consult his or her owner's manual**  
139 **regarding motor vehicle warranty and recommended fuel use.**

140 **12. Notwithstanding any other law to the contrary, all fuel retailers,**  
141 **wholesalers, distributors, and marketers shall be allowed to purchase fuel ethanol**  
142 **or biodiesel from any terminal, position holder, fuel ethanol or biodiesel**  
143 **producer, fuel ethanol or biodiesel wholesaler, or supplier. In the event a court**  
144 **of competent jurisdiction finds that this subsection does not apply to or**  
145 **improperly impairs existing contractual relationships, then this subsection shall**  
146 **only apply to and impact future contractual relationships.**

147 **13. The department of agriculture shall, by rule, develop**  
148 **standards for cold temperature operability properties of biodiesel and**  
149 **shall have the power to enforce that all biodiesel and biodiesel-blended**  
150 **fuel offered for sale on or after January 1, 2010, in the state meets such**  
151 **standards.**

152 **14. Notwithstanding the provisions of subsection 7 to the**  
153 **contrary, any person who produces biodiesel intended for market that**  
154 **does not meet the quality standard for biodiesel, as promulgated by**  
155 **rule by the department of agriculture, may be assessed a civil penalty**  
156 **by the director of the department of agriculture of not more than ten**  
157 **thousand dollars for each violation. Each violation shall be a separate**  
158 **offense. In addition, the director may issue an order requiring the**  
159 **person to cease and desist from continuing the violation. No penalty**  
160 **shall be assessed nor a cease and desist order be issued unless the**  
161 **person is given notice and opportunity for a hearing before the director**  
162 **with respect to the violation. The order of the director assessing a**  
163 **penalty or imposing a cease and desist order shall be final and**  
164 **conclusive unless the person affected by the order files a petition for**

165 review under chapter 536, RSMo. Any person who fails to obey a cease  
166 and desist order after it has become final shall be subject to a civil  
167 penalty assessed by the director, after an opportunity for hearing  
168 before the director, of not more than five hundred dollars for each  
169 offense. Each day during which the failure continues shall be deemed  
170 a separate offense. If any person fails to pay an assessment of a civil  
171 penalty after it has become a final order, the director shall refer the  
172 matter to the attorney general for recovery of the amount assessed in  
173 any appropriate circuit court of the state. In such action, the validity  
174 and appropriateness of the final order imposing the civil penalty shall  
175 not be subject to review.

✓

Bill

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