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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE No. **766**

February 8, 2007

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The bill was read for the first time and referred to the Committee on Agriculture, Rural Economies and Veterans Affairs

March 15, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Commerce and Labor

March 27, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

1.1 A bill for an act
1.2 relating to motor fuels; modifying motor fuel specifications, standards, and
1.3 requirements; amending Minnesota Statutes 2006, sections 239.051, subdivision
1.4 15; 239.761, subdivisions 3, 4, 6, by adding subdivisions; 239.7911, subdivision
1.5 2; 296A.01, subdivisions 2, 23, 24, 25.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2006, section 239.051, subdivision 15, is amended to
1.8 read:

1.9 Subd. 15. **Ethanol blender.** "Ethanol blender" means a person who blends and
1.10 distributes, transports, sells, or offers to sell gasoline containing ~~ten percent~~ ethanol by
1.11 ~~volume~~.

1.12 Sec. 2. Minnesota Statutes 2006, section 239.761, subdivision 3, is amended to read:

1.13 Subd. 3. **Gasoline.** (a) Gasoline that is not blended with ethanol must not be
1.14 contaminated with water or other impurities and must comply with ASTM specification
1.15 ~~D4814-04a~~ D4814-06a. Gasoline that is not blended with ethanol must also comply with
1.16 the volatility requirements in Code of Federal Regulations, title 40, part 80.

1.17 (b) After gasoline is sold, transferred, or otherwise removed from a refinery or
1.18 terminal, a person responsible for the product:

1.19 (1) may blend the gasoline with agriculturally derived ethanol as provided in
1.20 subdivision 4;

1.21 (2) shall not blend the gasoline with any oxygenate other than denatured,
1.22 agriculturally derived ethanol;

1.23 (3) shall not blend the gasoline with other petroleum products that are not gasoline
1.24 or denatured, agriculturally derived ethanol;

2.1 (4) shall not blend the gasoline with products commonly and commercially known
2.2 as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or
2.3 natural gasoline; and

2.4 (5) may blend the gasoline with a detergent additive, an antiknock additive, or an
2.5 additive designed to replace tetra-ethyl lead, that is registered by the EPA.

2.6 Sec. 3. Minnesota Statutes 2006, section 239.761, subdivision 4, is amended to read:

2.7 Subd. 4. **Gasoline blended with ethanol; general.** (a) Gasoline may be blended
2.8 with ~~up to ten percent, by volume,~~ agriculturally derived, denatured ethanol that complies
2.9 with the requirements of subdivision 5.

2.10 (b) A gasoline-ethanol blend must:

2.11 (1) comply with the volatility requirements in Code of Federal Regulations, title
2.12 40, part 80;

2.13 (2) comply with ASTM specification ~~D4814-04a~~ D4814-06a, or the gasoline base
2.14 stock from which a gasoline-ethanol blend was produced must comply with ASTM
2.15 specification ~~D4814-04a~~ D4814-06a; and

2.16 (3) not be blended with casinghead gasoline, absorption gasoline, condensation
2.17 gasoline, drip gasoline, or natural gasoline after the gasoline-ethanol blend has been sold,
2.18 transferred, or otherwise removed from a refinery or terminal.

2.19 Sec. 4. Minnesota Statutes 2006, section 239.761, subdivision 6, is amended to read:

2.20 Subd. 6. **Gasoline blended with nonethanol oxygenate.** (a) A person responsible
2.21 for the product shall comply with the following requirements:

2.22 (1) after July 1, 2000, gasoline containing in excess of one-third of one percent, in
2.23 total, of nonethanol oxygenates listed in paragraph (b) must not be sold or offered for
2.24 sale at any time in this state; and

2.25 (2) after July 1, 2005, gasoline containing any of the nonethanol oxygenates listed in
2.26 paragraph (b) must not be sold or offered for sale in this state.

2.27 (b) The oxygenates prohibited under paragraph (a) are:

2.28 (1) methyl tertiary butyl ether, as defined in section 296A.01, subdivision 34;

2.29 (2) ethyl tertiary butyl ether, as defined in section 296A.01, subdivision 18; or

2.30 (3) tertiary amyl methyl ether.

2.31 (c) Gasoline that is blended with a nonethanol oxygenate must comply with ASTM
2.32 specification ~~D4814-04a~~ D4814-06a. Nonethanol oxygenates must not be blended into
2.33 gasoline after the gasoline has been sold, transferred, or otherwise removed from a
2.34 refinery or terminal.

3.1 Sec. 5. Minnesota Statutes 2006, section 239.761, is amended by adding a subdivision
3.2 to read:

3.3 Subd. 4a. **Gasoline blended with ethanol; standard combustion engines.** (a)
3.4 Gasoline combined with ethanol for use in standard combustion engines may be blended
3.5 with up to ten percent agriculturally derived, denatured ethanol, by volume, or any
3.6 percentage specifically authorized in a waiver granted by the United States Environmental
3.7 Protection Agency under section 211(f)(4) of the Clean Air Act, United States Code, title
3.8 42, section 7545, subsection (f), paragraph (4). The gasoline-ethanol blend must comply
3.9 with the general provisions in subdivision 4.

3.10 Sec. 6. Minnesota Statutes 2006, section 239.761, is amended by adding a subdivision
3.11 to read:

3.12 Subd. 4b. **Gasoline blended with ethanol; alternative fuel vehicles.** Gasoline
3.13 blended for use in an alternative fuel vehicle, as defined in section 296A.01, subdivision
3.14 5, may contain any percentage of agriculturally derived, denatured ethanol, by volume,
3.15 not exceeding 85 percent. The gasoline-ethanol blend must comply with the general
3.16 provisions in subdivision 4. Gasoline and ethanol may be blended by an ethanol
3.17 blender or at the point of retail sale in an ethanol-blending fuel dispenser clearly labeled
3.18 "FLEX-FUEL VEHICLES ONLY." If a person responsible for the product uses an
3.19 ethanol-blending fuel dispenser to dispense both gasoline blended with ethanol for
3.20 use in alternative fuel vehicles and gasoline blended with ethanol for use in standard
3.21 combustion engines, the person must ensure that the gasoline blended with ethanol for use
3.22 in standard combustion engines is dispensed from a fuel-dispensing hose and nozzle or
3.23 other conveyance dedicated solely to gasoline blended with ethanol for use in standard
3.24 combustion engines. If blended by an ethanol blender, the percentage of ethanol in the
3.25 resulting gasoline-ethanol blend must be clearly identified.

3.26 Sec. 7. Minnesota Statutes 2006, section 239.7911, subdivision 2, is amended to read:

3.27 **Subd. 2. Promotion of renewable liquid fuels.** (a) The commissioner of
3.28 agriculture, in consultation with the commissioners of commerce and the Pollution
3.29 Control Agency, shall identify and implement activities necessary for the widespread use
3.30 of renewable liquid fuels in the state. Beginning November 1, 2005, and continuing
3.31 through 2015, the commissioners, or their designees, shall work with representatives
3.32 from the renewable fuels industry, petroleum retailers, refiners, automakers, small engine
3.33 manufacturers, and other interested groups, to develop annual recommendations for
3.34 administrative and legislative action.

4.1 (b) The activities of the commissioners under this subdivision shall include, but not
4.2 be limited to:

4.3 (1) developing recommendations for incentives for retailers to install equipment
4.4 necessary for dispensing renewable liquid fuels to the public and obtaining regulatory
4.5 approval for, and private product safety certification of, liquid fuel dispensers that offer
4.6 Minnesota consumers a wider variety of renewable-fuel blends, including but not limited
4.7 to fuel pumps that dispense several gasoline-ethanol and diesel-biodiesel blends;

4.8 (2) expanding the renewable-fuel options available to Minnesota consumers by
4.9 obtaining federal approval for the use of E20, E30, E40, E50, E60, and E70 as gasoline;

4.10 (3) developing recommendations for ensuring that motor vehicles and small engine
4.11 equipment have access to an adequate supply of fuel;

4.12 (4) working with the owners and operators of large corporate automotive fleets in the
4.13 state to increase their use of renewable fuels; and

4.14 (5) working to maintain an affordable retail price for liquid fuels.

4.15 Sec. 8. Minnesota Statutes 2006, section 296A.01, subdivision 2, is amended to read:

4.16 Subd. 2. **Agricultural alcohol gasoline.** "Agricultural alcohol gasoline" means a
4.17 gasoline-ethanol blend ~~of up to ten percent agriculturally derived fermentation~~ meeting
4.18 the provisions of section 239.761, subdivision 4a or 4b, with the ethanol derived from
4.19 agricultural products, such as potatoes, cereal, grains, cheese whey, sugar beets, forest
4.20 products, or other renewable resources, that:

4.21 ~~(1) meets the specifications in ASTM specification D4806-04a; and~~

4.22 ~~(2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.~~

4.23 Sec. 9. Minnesota Statutes 2006, section 296A.01, subdivision 23, is amended to read:

4.24 Subd. 23. **Gasoline.** (a) "Gasoline" means:

4.25 (1) all products commonly or commercially known or sold as gasoline regardless of
4.26 their classification or uses, except casinghead gasoline, absorption gasoline, condensation
4.27 gasoline, drip gasoline, or natural gasoline that under the requirements of section 239.761,
4.28 subdivision 3, must not be blended with gasoline that has been sold, transferred, or
4.29 otherwise removed from a refinery or terminal; and

4.30 (2) any liquid prepared, advertised, offered for sale or sold for use as, or commonly
4.31 and commercially used as, a fuel in spark-ignition, internal combustion engines, and that
4.32 when tested by the Weights and Measures Division meets the specifications in ASTM
4.33 specification ~~D4814-04a~~ D4814-06a.

5.1 (b) Gasoline that is not blended with ethanol must not be contaminated with water or
5.2 other impurities and must comply with both ASTM specification ~~D4814-04a~~ D4814-06a
5.3 and the volatility requirements in Code of Federal Regulations, title 40, part 80.

5.4 (c) After gasoline is sold, transferred, or otherwise removed from a refinery or
5.5 terminal, a person responsible for the product:

5.6 (1) may blend the gasoline with agriculturally derived ethanol, as provided in
5.7 subdivision 24;

5.8 (2) must not blend the gasoline with any oxygenate other than denatured,
5.9 agriculturally derived ethanol;

5.10 (3) must not blend the gasoline with other petroleum products that are not gasoline
5.11 or denatured, agriculturally derived ethanol;

5.12 (4) must not blend the gasoline with products commonly and commercially known
5.13 as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or
5.14 natural gasoline; and

5.15 (5) may blend the gasoline with a detergent additive, an antiknock additive, or an
5.16 additive designed to replace tetra-ethyl lead, that is registered by the EPA.

5.17 Sec. 10. Minnesota Statutes 2006, section 296A.01, subdivision 24, is amended to read:

5.18 Subd. 24. **Gasoline blended with nonethanol oxygenate.** "Gasoline blended with
5.19 nonethanol oxygenate" means gasoline blended with ETBE, MTBE, or other alcohol
5.20 or ether, except denatured ethanol, that is approved as an oxygenate by the EPA, and
5.21 that complies with ASTM specification ~~D4814-04a~~ D4814-06a. Oxygenates, other than
5.22 denatured ethanol, must not be blended into gasoline after the gasoline has been sold,
5.23 transferred, or otherwise removed from a refinery or terminal.

5.24 Sec. 11. Minnesota Statutes 2006, section 296A.01, subdivision 25, is amended to read:

5.25 Subd. 25. **Gasoline blended with ethanol.** "Gasoline blended with ethanol" means
5.26 ~~gasoline blended with up to ten percent, by volume, agriculturally derived, denatured~~
5.27 ~~ethanol. The blend must comply with the volatility requirements in Code of Federal~~
5.28 ~~Regulations, title 40, part 80. The blend must also comply with ASTM specification~~
5.29 ~~D4814-04a, or the gasoline base stock from which a gasoline-ethanol blend was produced~~
5.30 ~~must comply with ASTM specification D4814-04a; and the gasoline-ethanol blend must~~
5.31 ~~not be blended with casinghead gasoline, absorption gasoline, condensation gasoline, drip~~
5.32 ~~gasoline, or natural gasoline after the gasoline-ethanol blend has been sold, transferred, or~~
5.33 ~~otherwise removed from a refinery or terminal. The blend need not comply with ASTM~~
5.34 ~~specification D4814-04a if it is subjected to a standard distillation test. For a distillation~~

- 6.1 ~~test, a gasoline-ethanol blend is not required to comply with the temperature specification~~
6.2 ~~at the 50 percent liquid recovery point, if the gasoline from which the gasoline-ethanol~~
6.3 ~~blend was produced complies with all of the distillation specifications~~ a gasoline-ethanol
6.4 blend meeting the provisions of section 239.761, subdivision 4a or 4b.