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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2045**

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The bill was read for the first time and referred to the Committee on Commerce and Labor

1.1 A bill for an act
1.2 relating to motor fuels; updating specifications for petroleum products;
1.3 modifying definitions of certain petroleum terms; amending Minnesota Statutes
1.4 2006, sections 239.761; 239.77, subdivisions 1, 2; 296A.01, subdivisions 14,
1.5 25, 42, by adding a subdivision; repealing Minnesota Statutes 2006, section
1.6 239.101, subdivision 7.

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

1.8 Section 1. Minnesota Statutes 2006, section 239.761, is amended to read:

1.9 **239.761 PETROLEUM PRODUCT SPECIFICATIONS.**

1.10 Subdivision 1. **Applicability.** A person responsible for the product must meet the
1.11 specifications in this section. The specifications apply to petroleum products processed,
1.12 held, stored, imported, transferred, distributed, offered for distribution, offered for sale or
1.13 use, or sold in Minnesota.

1.14 Subd. 2. **Coordination with Departments of Revenue and Agriculture.** The
1.15 petroleum product specifications in this section are intended to match the definitions and
1.16 specifications in sections 41A.09 and 296A.01. Petroleum products named in this section
1.17 are defined in section 296A.01.

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

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

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

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

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

2.5 (4) shall not blend the gasoline with products commonly and commercially known
2.6 as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or
2.7 natural gasoline; and

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

2.10 Subd. 4. **Gasoline blended with ethanol.** (a) Gasoline may be blended with up
2.11 to ten percent, by volume, agriculturally derived, denatured ethanol that complies with
2.12 the requirements of subdivision 5.

2.13 (b) A gasoline-ethanol blend must:

2.14 (1) comply with the volatility requirements in Code of Federal Regulations, title
2.15 40, part 80;

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

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

2.22 Subd. 5. **Denatured ethanol.** Denatured ethanol that is to be blended with gasoline
2.23 must be agriculturally derived and must comply with ASTM specification D4806-04a.
2.24 This includes the requirement that ethanol may be denatured only as specified in Code of
2.25 Federal Regulations, title 27, parts 20 and 21.

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

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

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

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

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

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

2.36 (3) tertiary amyl methyl ether.

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

3.5 Subd. 7. **Heating fuel oil.** Heating fuel oil must comply with ASTM specification
 3.6 ~~D396-02a~~ D395-05.

3.7 Subd. 8. **Diesel fuel oil.** Diesel fuel oil must comply with ASTM specification
 3.8 ~~D975-04b~~, except that diesel fuel oil is not required to meet the diesel lubricity standard
 3.9 until the date that the biodiesel fuel requirement in section 239.77, subdivision 2, becomes
 3.10 effective or December 31, 2005, whichever comes first D975-06.

3.11 Subd. 9. **Kerosene.** Kerosene must comply with ASTM specification D3699-03.

3.12 Subd. 10. **Aviation gasoline.** Aviation gasoline must comply with ASTM
 3.13 specification ~~D910-04~~ D910-04a.

3.14 Subd. 11. **Aviation turbine fuel, jet fuel.** Aviation turbine fuel and jet fuel must
 3.15 comply with ASTM specification ~~D1655-04~~ D1655-06a.

3.16 Subd. 12. **Gas turbine fuel oil.** Fuel oil for use in nonaviation gas turbine engines
 3.17 must comply with ASTM specification D2880-03.

3.18 Subd. 13. **E85.** A blend of ethanol and gasoline, containing at least 60 percent
 3.19 ethanol and not more than 85 percent ethanol, produced for use as a motor fuel in
 3.20 alternative fuel vehicles as defined in section 296A.01, subdivision 5, must comply with
 3.21 ASTM specification D5798-99 (2004).

3.22 Subd. 14. **M85.** A blend of methanol and gasoline, containing at least 85 percent
 3.23 methanol, produced for use as a motor fuel in alternative fuel vehicles as defined in section
 3.24 296A.01, subdivision 5, must comply with ASTM specification D5797-96.

3.25 Subd. 15. **Biodiesel blend definition.** "Biodiesel blend" means a blend of diesel
 3.26 fuel and biodiesel fuel at a ratio designated by "BXX" where "XX" represents the volume
 3.27 percent of biodiesel fuel in the blend.

3.28 Subd. 16. **Biodiesel fuel definition.** "Biodiesel fuel" means a renewable,
 3.29 biodegradable, mono alkyl ester combustible liquid that is derived from agricultural plant
 3.30 oils or animal fats and that meets American Society for Testing and Materials (ASTM)
 3.31 specification D6751-06e1 for biodiesel (B100) blend stock for distillate fuels.

3.32 Sec. 2. Minnesota Statutes 2006, section 239.77, subdivision 1, is amended to read:

3.33 Subdivision 1. **Biodiesel fuel.** "Biodiesel fuel" means a renewable, biodegradable,
 3.34 mono alkyl ester combustible liquid fuel that is derived from agricultural plant oils or

4.1 animal fats and that meets American Society For Testing and Materials Specification
 4.2 ~~D6751-02~~ D6751-06e1 for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels.

4.3 Sec. 3. Minnesota Statutes 2006, section 239.77, subdivision 2, is amended to read:

4.4 Subd. 2. **Minimum content; effective date.** (a) Except as otherwise provided
 4.5 in this section, all diesel fuel sold or offered for sale in Minnesota for use in internal
 4.6 combustion engines must contain at least 2.0 percent biodiesel fuel oil by volume.

4.7 ~~(b) The mandate in paragraph (a) is effective on and after the date that the conditions~~
 4.8 ~~in clauses (1) and (2), or in clauses (1) and (3), have been met:~~

4.9 ~~(1) 30 or more days have passed since the commissioner of agriculture publishes~~
 4.10 ~~notice in the State Register that annual capacity in Minnesota for the production of~~
 4.11 ~~biodiesel fuel oil exceeds 8,000,000 gallons;~~

4.12 ~~(2) 18 months have passed since the commissioner of agriculture publishes notice in~~
 4.13 ~~the State Register that a federal action on taxes imposed, tax credits, or otherwise, creates~~
 4.14 ~~a reduction in the price of two cents or more per gallon on taxable fuel that contains at~~
 4.15 ~~least two percent biodiesel fuel oil and is sold in this state;~~

4.16 ~~(3) the date June 30, 2005, has passed:~~

4.17 Sec. 4. Minnesota Statutes 2006, section 296A.01, is amended by adding a subdivision
 4.18 to read:

4.19 Subd. 8a. **Biodiesel fuel.** "Biodiesel fuel" means a renewable, biodegradable, mono
 4.20 alkyl ester combustible liquid fuel derived from agricultural plant oils or animal fats
 4.21 and that meets American Society for Testing and Materials Specification D6751-6e1 for
 4.22 Biodiesel Fuel (B100) Blend Stock for Distillate Fuels.

4.23 **EFFECTIVE DATE.** This section is effective July 1, 2007.

4.24 Sec. 5. Minnesota Statutes 2006, section 296A.01, subdivision 14, is amended to read:

4.25 Subd. 14. **Diesel fuel oil.** "Diesel fuel oil" means a petroleum distillate or blend of
 4.26 petroleum distillate and residual fuels; that is intended for use as a motor fuel in internal
 4.27 combustion diesel engines; and that meets ~~the specifications in~~ ASTM specification
 4.28 ~~D975-04b~~, except that diesel fuel oil is not required to meet the diesel lubricity standard
 4.29 ~~until the date that the biodiesel fuel requirement in section 239.77, subdivision 2, becomes~~
 4.30 ~~effective or December 31, 2005, whichever comes first. Diesel fuel includes number 1~~
 4.31 ~~and number 2 fuel oils. K-1 kerosene is not diesel fuel unless it is blended with diesel~~
 4.32 ~~fuel for use in motor vehicles~~ D975-06.

5.1 **EFFECTIVE DATE.** This section is effective July 1, 2007.

5.2 Sec. 6. Minnesota Statutes 2006, section 296A.01, subdivision 25, is amended to read:

5.3 Subd. 25. **Gasoline blended with ethanol.** "Gasoline blended with ethanol" means
5.4 gasoline blended with up to ~~ten~~ 20 percent, by volume, agriculturally derived, denatured
5.5 ethanol. The blend must comply with the volatility requirements in Code of Federal
5.6 Regulations, title 40, part 80. The blend must also comply with ASTM specification
5.7 ~~D4814-04a~~ D4814-06, or the gasoline base stock from which a gasoline-ethanol blend
5.8 was produced must comply with ASTM specification ~~D4814-04a~~ D4814-06; and the
5.9 gasoline-ethanol blend must not be blended with casinghead gasoline, absorption gasoline,
5.10 condensation gasoline, drip gasoline, or natural gasoline after the gasoline-ethanol blend
5.11 has been sold, transferred, or otherwise removed from a refinery or terminal. The blend
5.12 need not comply with ASTM specification ~~D4814-04a~~ D4814-06 if it is subjected to a
5.13 standard distillation test. For a distillation test, a gasoline-ethanol blend is not required to
5.14 comply with the temperature specification at the 50 percent liquid recovery point, if the
5.15 gasoline from which the gasoline-ethanol blend was produced complies with all of the
5.16 distillation specifications.

5.17 **EFFECTIVE DATE.** This section is effective July 1, 2007.

5.18 Sec. 7. Minnesota Statutes 2006, section 296A.01, subdivision 42, is amended to read:

5.19 Subd. 42. **Petroleum products.** "Petroleum products" means all of the products
5.20 defined in subdivisions 2, 7, 8, 8a, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

5.21 **EFFECTIVE DATE.** This section is effective July 1, 2007.

5.22 Sec. 8. **REPEALER.**

5.23 Minnesota Statutes 2006, section 239.101, subdivision 7, is repealed.