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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3411**

February 25, 2008

Authored by Atkins

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

March 10, 2008

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; updating standards for petroleum products; providing for
1.3 use of number to advertise grade of gasoline; amending Minnesota Statutes
1.4 2006, sections 239.751, by adding a subdivision; 296A.01, subdivisions 19, 35;
1.5 Minnesota Statutes 2007 Supplement, sections 239.761; 239.77, subdivision 1;
1.6 296A.01, subdivisions 7, 8, 8a, 14, 20, 23, 24, 25, 26, 28.

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

1.8 Section 1. Minnesota Statutes 2006, section 239.751, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 8. Use of number to advertise grade of gasoline. If a number is used to
1.11 advertise or identify a grade of gasoline, that number can only be less than or equal to
1.12 the octane of the gasoline being advertised or identified.

1.13 Sec. 2. Minnesota Statutes 2007 Supplement, section 239.761, is amended to read:

1.14 **239.761 PETROLEUM PRODUCT SPECIFICATIONS.**

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

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

1.23 Subd. 3. **Gasoline.** (a) Gasoline that is not blended with ethanol must not be
1.24 contaminated with water or other impurities and must comply with ASTM specification

2.1 ~~D4814-06~~ D4814-07b. Gasoline that is not blended with ethanol must also comply with
2.2 the volatility requirements in Code of Federal Regulations, title 40, part 80.

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

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

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

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

2.11 (4) shall not blend the gasoline with products commonly and commercially known
2.12 as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or
2.13 natural gasoline; and

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

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

2.19 (b) A gasoline-ethanol blend must:

2.20 (1) comply with the volatility requirements in Code of Federal Regulations, title
2.21 40, part 80;

2.22 (2) comply with ASTM specification ~~D4814-06~~ D4814-07b, or the gasoline base
2.23 stock from which a gasoline-ethanol blend was produced must comply with ASTM
2.24 specification ~~D4814-06~~ D4814-07b; and

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

2.28 Subd. 5. **Denatured ethanol.** Denatured ethanol that is to be blended with gasoline
2.29 must be agriculturally derived and must comply with ASTM specification ~~D4806-06e~~
2.30 D4806-07a. This includes the requirement that ethanol may be denatured only as specified
2.31 in Code of Federal Regulations, title 27, parts 20 and 21.

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

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

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

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

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

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

3.6 (3) tertiary amyl methyl ether.

3.7 (c) Gasoline that is blended with a nonethanol oxygenate must comply with ASTM
3.8 specification ~~D4814-06~~ D4814-07b. Nonethanol oxygenates must not be blended into
3.9 gasoline after the gasoline has been sold, transferred, or otherwise removed from a
3.10 refinery or terminal.

3.11 Subd. 7. **Heating fuel oil.** Heating fuel oil must comply with ASTM specification
3.12 ~~D396-05a~~ D396-07.

3.13 Subd. 8. **Diesel fuel oil.** Diesel fuel oil must comply with ASTM specification
3.14 ~~D975-06b~~ D975-07b.

3.15 Subd. 9. **Kerosene.** Kerosene must comply with ASTM specification ~~D3699-06~~
3.16 D3699-07.

3.17 Subd. 10. **Aviation gasoline.** Aviation gasoline must comply with ASTM
3.18 specification ~~D910-04a~~ D910-07a.

3.19 Subd. 11. **Aviation turbine fuel, jet fuel.** Aviation turbine fuel and jet fuel must
3.20 comply with ASTM specification ~~D1655-06a~~ D1655-07e1.

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

3.23 Subd. 13. **E85.** A blend of ethanol and gasoline, containing at least 60 percent
3.24 ethanol and not more than 85 percent ethanol, produced for use as a motor fuel in
3.25 alternative fuel vehicles as defined in section 296A.01, subdivision 5, must comply with
3.26 ASTM specification ~~D5798-99 (2004)~~ D5798-07.

3.27 Subd. 14. **M85.** A blend of methanol and gasoline, containing at least ~~85~~ 70 percent
3.28 methanol and not more than 85 percent methanol, produced for use as a motor fuel in
3.29 alternative fuel vehicles as defined in section 296A.01, subdivision 5, must comply with
3.30 ASTM specification ~~D5797-96~~ D5797-07.

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

3.34 Subd. 16. **Biodiesel fuel definition.** "Biodiesel fuel" means a renewable,
3.35 biodegradable, mono alkyl ester combustible liquid that is derived from agricultural plant
3.36 oils or animal fats and that meets American Society for Testing and Materials (ASTM)

4.1 specification ~~D6751-07~~ D6751-07b for Biodiesel Fuel (B100) Blend Stock for Distillate
4.2 Fuels.

4.3 Subd. 17. **Grade 82 unleaded aviation gasoline.** Grade 82 unleaded aviation
4.4 gasoline must comply with ASTM specification D6227-04a.

4.5 Sec. 3. Minnesota Statutes 2007 Supplement, section 239.77, subdivision 1, is
4.6 amended to read:

4.7 Subdivision 1. **Biodiesel fuel.** "Biodiesel fuel" means a renewable, biodegradable,
4.8 mono alkyl ester combustible liquid fuel that is derived from agricultural plant oils or
4.9 animal fats and that meets American Society For Testing and Materials specification
4.10 ~~D6751-07~~ D6751-07b for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels.

4.11 Sec. 4. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 7, is
4.12 amended to read:

4.13 Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is capable
4.14 of use for the purpose of producing or generating power for propelling internal combustion
4.15 engine aircraft, that meets the specifications in ASTM specification ~~D910-04a~~ D910-07a,
4.16 and that either:

4.17 (1) is invoiced and billed by a producer, manufacturer, refiner, or blender to a
4.18 distributor or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer,
4.19 as "aviation gasoline"; or

4.20 (2) whether or not invoiced and billed as provided in clause (1), is received, sold,
4.21 stored, or withdrawn from storage by any person, to be used for the purpose of producing
4.22 or generating power for propelling internal combustion engine aircraft.

4.23 Sec. 5. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 8, is
4.24 amended to read:

4.25 Subd. 8. **Aviation turbine fuel and jet fuel.** "Aviation turbine fuel" and "jet
4.26 fuel" mean blends of hydrocarbons derived from crude petroleum, natural gasoline, and
4.27 synthetic hydrocarbons, intended for use in aviation turbine engines, and that meet the
4.28 specifications in ASTM specification ~~D1655-06a~~ D1655-07e1.

4.29 Sec. 6. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 8a, is
4.30 amended to read:

4.31 Subd. 8a. **Biodiesel fuel.** "Biodiesel fuel" means a renewable, biodegradable, mono
4.32 alkyl ester combustible liquid fuel derived from agricultural plant oils or animal fats and

5.1 that meets American Society for Testing and Materials specification ~~D6751-07~~ D6751-07b
5.2 for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels.

5.3 Sec. 7. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 14, is
5.4 amended to read:

5.5 Subd. 14. **Diesel fuel oil.** "Diesel fuel oil" means a petroleum distillate or blend of
5.6 petroleum distillate and residual fuels that is intended for use as a motor fuel in internal
5.7 combustion diesel engines and that meets ASTM specification ~~D975-06b~~ D975-07b.

5.8 Sec. 8. Minnesota Statutes 2006, section 296A.01, subdivision 19, is amended to read:

5.9 Subd. 19. **E85.** "E85" means a petroleum product that is a blend of agriculturally
5.10 derived denatured ethanol and gasoline or natural gasoline that typically contains 85
5.11 percent ethanol by volume, but at a minimum must contain 60 percent ethanol by
5.12 volume. For the purposes of this chapter, the energy content of E85 will be considered
5.13 to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in alternative fuel
5.14 vehicles as defined in subdivision 5 must comply with ASTM specification ~~D5798-99~~
5.15 ~~(2004)~~ D5798-07.

5.16 Sec. 9. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 20, is
5.17 amended to read:

5.18 Subd. 20. **Ethanol, denatured.** "Ethanol, denatured" means ethanol that is to
5.19 be blended with gasoline, has been agriculturally derived, and complies with ASTM
5.20 specification ~~D4806-06c~~ D4806-07a. This includes the requirement that ethanol may be
5.21 denatured only as specified in Code of Federal Regulations, title 27, parts 20 and 21.

5.22 Sec. 10. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 23,
5.23 is amended to read:

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

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

5.30 (2) any liquid prepared, advertised, offered for sale or sold for use as, or commonly
5.31 and commercially used as, a fuel in spark-ignition, internal combustion engines, and that

6.1 when tested by the Weights and Measures Division meets the specifications in ASTM
6.2 specification ~~D4814-06~~ D4814-07b.

6.3 (b) Gasoline that is not blended with ethanol must not be contaminated with water or
6.4 other impurities and must comply with both ASTM specification ~~D4814-06~~ D4814-07b
6.5 and the volatility requirements in Code of Federal Regulations, title 40, part 80.

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

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

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

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

6.14 (4) must not blend the gasoline with products commonly and commercially known
6.15 as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or
6.16 natural gasoline; and

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

6.19 Sec. 11. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 24,
6.20 is amended to read:

6.21 Subd. 24. **Gasoline blended with nonethanol oxygenate.** "Gasoline blended with
6.22 nonethanol oxygenate" means gasoline blended with ETBE, MTBE, or other alcohol
6.23 or ether, except denatured ethanol, that is approved as an oxygenate by the EPA, and
6.24 that complies with ASTM specification ~~D4814-06~~ D4814-07b. Oxygenates, other than
6.25 denatured ethanol, must not be blended into gasoline after the gasoline has been sold,
6.26 transferred, or otherwise removed from a refinery or terminal.

6.27 Sec. 12. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 25,
6.28 is amended to read:

6.29 Subd. 25. **Gasoline blended with ethanol.** "Gasoline blended with ethanol" means
6.30 gasoline blended with up to 20 percent, by volume, agriculturally derived, denatured
6.31 ethanol. The blend must comply with the volatility requirements in Code of Federal
6.32 Regulations, title 40, part 80. The blend must also comply with ASTM specification
6.33 ~~D4814-06~~ D4814-07b, or the gasoline base stock from which a gasoline-ethanol blend
6.34 was produced must comply with ASTM specification ~~D4814-06~~ D4814-07b; and the

7.1 gasoline-ethanol blend must not be blended with casinghead gasoline, absorption gasoline,
7.2 condensation gasoline, drip gasoline, or natural gasoline after the gasoline-ethanol blend
7.3 has been sold, transferred, or otherwise removed from a refinery or terminal. The blend
7.4 need not comply with ASTM specification ~~D4814-06~~ D4814-07b if it is subjected to a
7.5 standard distillation test. For a distillation test, a gasoline-ethanol blend is not required to
7.6 comply with the temperature specification at the 50 percent liquid recovery point, if the
7.7 gasoline from which the gasoline-ethanol blend was produced complies with all of the
7.8 distillation specifications.

7.9 Sec. 13. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 26,
7.10 is amended to read:

7.11 Subd. 26. **Heating fuel oil.** "Heating fuel oil" means a petroleum distillate, blend
7.12 of petroleum distillates and residuals, or petroleum residual heating fuel that meets the
7.13 specifications in ASTM specification ~~D396-05a~~ D396-07.

7.14 Sec. 14. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 28,
7.15 is amended to read:

7.16 Subd. 28. **Kerosene.** "Kerosene" means a refined petroleum distillate consisting of
7.17 a homogeneous mixture of hydrocarbons essentially free of water, inorganic acidic and
7.18 basic compounds, and excessive amounts of particulate contaminants and that meets the
7.19 specifications in ASTM specification ~~D3699-06~~ D3699-07.

7.20 Sec. 15. Minnesota Statutes 2006, section 296A.01, subdivision 35, is amended to read:

7.21 Subd. 35. **M85.** "M85" means a petroleum product that is a liquid fuel blend of
7.22 methanol and gasoline that contains at least 70 percent methanol and not more than 85
7.23 percent methanol by volume. For the purposes of this chapter, the energy content of
7.24 M85 will be considered to be 65,000 BTUs per gallon. M85 produced for use as a motor
7.25 fuel in alternative fuel vehicles, as defined in subdivision 5, must comply with ASTM
7.26 specification ~~D5797-96~~ D5797-07.