



Senate

General Assembly

File No. 89

January Session, 2003

Substitute Senate Bill No. 840

Senate, March 31, 2003

The Committee on Environment reported through SEN. WILLIAMS of the 29th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING MTBE AS A GASOLINE ADDITIVE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 22a-450a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (b) The Commissioner of Environmental Protection shall, in
5 conjunction with the Northeast Regional Fuels Task Force, develop
6 and implement a plan for the phase-out of the use of MTBE in a
7 manner that will eliminate MTBE as a gasoline additive on and after
8 [October 1, 2003] January 1, 2004. Not later than January 1, 2001, and
9 annually thereafter through January 1, 2003, the commissioner shall
10 report to the joint standing committee of the General Assembly having
11 cognizance of matters relating to the environment on how the
12 elimination of MTBE will be achieved. Each report shall include a
13 progress update on the status of the regional efforts to reduce MTBE
14 levels in gasoline.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

ENV *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Municipal Impact: See Explanation Below

Explanation

The bill delays the date, from October 1, 2003 to January 1, 2004, that motor fuel sold in Connecticut can no longer include MTBE. The delay is anticipated to preclude a potential revenue loss to the Transportation Fund of approximately \$3.75 million in FY 04 (1/4 year). The loss in motor fuel tax revenue is due to the anticipated switch to a fuel that could contain at least 10% ethyl or methyl alcohol. Fuels that contain at least 10% ethyl or methyl alcohol are classified as gasohol, which is taxed at 24-cents per gallon, 1-cent less than gasoline. The annual potential revenue loss to the Transportation Fund from switching to a fuel that contains at least 10% ethyl or methyl alcohol is anticipated to be approximately \$15 million.

The delay in the prohibition of MTBE is also anticipated to preclude an increase in the cost for gasoline to municipalities and the state. The Energy Information Administration of the Federal Department of Energy in a March 2003 report states that the increase in the price of reformulated gasoline would be significantly higher than the national average as a result of the ban. The exact impact is unknown at this time.

The Petroleum Gross Earnings Tax is levied on the gross earnings of companies distributing petroleum products in Connecticut. The revenue generated by the tax is greatly affected by the prices of fuel and other petroleum based products. Therefore, any change in the price of fuel as a result of eliminating MTBE will have an impact on

Petroleum Gross Earnings Tax revenue. Since it is difficult to forecast how much prices may change as a result of the ban on MTBE, the revenue impact cannot be estimated at this time.

OLR Bill Analysis

sSB 840

AN ACT CONCERNING MTBE AS A GASOLINE ADDITIVE**SUMMARY:**

This bill delays by three months (from October 1, 2003 to January 1, 2004) the deadline by which the environmental protection commissioner, working in conjunction with the Northeast Regional Fuels Task Force, must develop and implement a plan to phase out methyl tertiary butyl ether (MTBE) as a gasoline additive.

EFFECTIVE DATE: Upon passage

BACKGROUND**MTBE**

MTBE is a chemical first added to gasoline to boost octane levels in fuels as a replacement for lead. Since 1992, it has been used in higher concentrations to increase oxygen levels in gasoline, as required by the federal Clean Air Act. The Clean Air Act requires gasoline sold in areas with unhealthy levels of air pollution to contain oxygenates, such as MTBE, because they produce more complete fuel combustion and result in less carbon monoxide and ozone-forming emissions. However, leaks from underground gasoline storage tanks and accidental gasoline spills have caused MTBE contamination of many state drinking water supplies.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 25 Nay 0