



Senate

General Assembly

February Session, 2004

File No. 135

Senate Bill No. 219

Senate, March 18, 2004

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

AN ACT REDUCING THE SULFUR CONTENT OF HOME HEATING OIL AND OFF-ROAD DIESEL FUEL.

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

1 Section 1. Section 16a-21a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2004*):

3 (a) The amount of [sulphur] sulfur content of the following fuels
4 used in this state shall not exceed the following percentages by weight:
5 (1) For number two heating oil, three-tenths of one per cent, and (2) for
6 number two off-road diesel fuel, three-tenths of one per cent. On and
7 after June 1, 2006, the amount of sulfur content of the following fuels
8 used in this state shall not exceed the following percentages by weight:
9 (A) For number two heating oil, five one-hundredths of one per cent,
10 and (B) for number two off-road diesel fuel, five one-hundredths of
11 one per cent.

12 (b) The Commissioner of Environmental Protection may suspend

13 the requirements of subsection (a) of this section if [he] the
14 commissioner finds that the availability of fuel which complies with
15 such requirements is inadequate to meet the needs of residential,
16 commercial or industrial users in this state and that such inadequate
17 availability constitutes an emergency provided [he] the commissioner
18 shall specify in writing the period of time such suspension shall be in
19 effect.

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>

ENV *Joint Favorable*

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:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Various State Agencies	GF - Cost	See Below	See Below
Revenue Serv., Dept.	GF - Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 05 \$	FY 06 \$
All Municipalities	Cost	See Below	See Below

Explanation

The bill is expected to result in an annual increase in General Fund expenditures on No. 2 heating oil of between \$115,000 and \$300,000 in FY 05 (partial year) and \$150,000 and \$400,000 in following years, depending on the severity of the winter. The estimate is based on: (1) between FY 00 and FY 02, state government used between 5 million and 8 million gallons of No. 2 heating oil per fiscal year, and (2) between September 2003 and March 2004, the spot market energy price difference between No. 2 heating oil with .3% sulfur versus .05% sulfur ranged between 3 cents and 5 cents more per gallon.

It is also expected to result in a General Fund revenue increase from the Petroleum Gross Receipts Tax of between \$300,000 and \$650,000 in FY 05 (partial year) and \$400,000 and \$850,000 in following years, depending on the severity of the winter. The estimate is based on: (1) annual fuel consumption data in Connecticut between 1995 and 2000 for No. 2 heating oil (adjusted for residential heating fuel, which is exempt from the tax), (2) an estimated increase in the price of No. 2 heating oil of between 3 cents and 5 cents more per gallon, and (3) an anticipated decrease in No. 2 heating oil consumption due to the price

increase.

The bill has no impact on the Department of Environmental Protection.

Municipal Impact

The bill is expected to result in an increased cost to towns to purchase No. 2 heating oil, depending on the spot market price difference between No. 2 heating oil with .3% sulfur versus .05% sulfur (between September 2003 and March 2004 this ranged between 3 cents and 5 cents more per gallon.)

OLR Bill Analysis

SB 219

AN ACT REDUCING THE SULFUR CONTENT OF HOME HEATING OIL AND OFF-ROAD DIESEL FUEL**SUMMARY:**

This bill reduces the maximum allowable level of sulfur in number two heating oil and number two off-road diesel fuel from 0.3% by weight (3000 parts per million, or ppm) to 0.05% by weight (500 ppm) beginning June 1, 2006. By law, the Department of Environmental Protection commissioner may suspend these requirements if he finds (1) the resulting fuel supply is insufficient to meet the needs of residential, commercial, or industrial consumers and (2) the lack of fuel constitutes an emergency. The commissioner must specify the duration of the suspension in writing.

EFFECTIVE DATE: October 1, 2004

BACKGROUND***Off-Road Equipment***

Off-road equipment is used in construction, agriculture and industry. It includes bulldozers, tractors, portable generators, forklifts, and airport service equipment.

Sulfur Content of Diesel Fuel

The U.S. Environmental Protection Agency (EPA) has proposed reducing the sulfur content of diesel fuel for off-road vehicles from the current level of about 3,400 ppm to 500 ppm beginning in 2007, and to 15 ppm in 2010. EPA is requiring on-road diesel vehicles (heavy-duty trucks and buses) to use diesel fuel with a sulfur content of 15 ppm by 2006 (40 CFR §§ 69, 80, and 86).

COMMITTEE ACTION

Environment Committee

Joint Favorable Report

Yea 22 Nay 0