

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 187 (First Edition)

SHORT TITLE: Require Labels for Ethanol-Blended Gasoline.

SPONSOR(S): Representatives Hurley, Randleman, and Faircloth

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No (X)</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>	<b><u>FY 2014-15</u></b>	<b><u>FY 2015-16</u></b>
<b>REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>POSITIONS (cumulative):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
Department of Agriculture and Consumer Services					
<b>EFFECTIVE DATE:</b> When the bill becomes law					

**BILL SUMMARY:**

House Bill 187, Require Labels for Ethanol-blended Gasoline, would require the Gasoline and Oil Inspection Board, housed within the Department of Agriculture and Consumer Services' (DACs) Standards Division, to adopt rules that require labels for all dispensing devices that offer ethanol-blended gasoline for retail sale in North Carolina. The labels must indicate that the gasoline offered for sale contains either:

- Ten percent or less ethanol by volume, or
- Greater than ten percent ethanol by volume.

The Gasoline and Oil Inspection Board is authorized, but not required, to adopt rules that include more specific information on ethanol content than outlined above.

**BACKGROUND**

North Carolina does not require labels to be displayed at pumps that have ethanol blends of up to 10% (02 NCAC 42 .0401). S.L. 2007-82, which was effective from June 14, 2007 to July 1, 2009, provided for labeling requirements on E10 (10% ethanol/ 90% gasoline) fuel dispensing equipment that met certain requirements. According to a 2007 report of the American Coalition for Ethanol, 37 states have enacted laws that require labeling on pumps that dispense ethanol-blended gasoline. Some states require labeling of

pumps that dispense any percentage of ethanol while other states have a threshold level of ethanol blend at which labeling is required (ex: 1%, 1.5%, or higher).

The majority of gasoline sold to consumers in North Carolina contains ethanol blends of up to 10%, known as E10 (10% ethanol/ 90% gasoline). According to the Director of the Standards Division in DACS, 94% of the gasoline samples collected from stations across the State contain ethanol (the Division tests approximately 300 stations per month). E10 is added to gasoline to boost octane or to meet air quality requirements (ethanol emits less carbon monoxide than gasoline). E10 and other ethanol-gasoline blends are sold in every state in the nation.

The U.S. Environmental Protection Agency (EPA) recently filed a rule with the White House Office of Management and Budget that would require labeling on gasoline pumps that offer fuels containing up to 15% ethanol (E15). DACS's Standards Division has reported that it is closely monitoring federal activities and will take all necessary actions to comply with federal standards.

**ASSUMPTIONS AND METHODOLOGY:**

The bill should not increase costs or revenues for DACS. The bill directs the Gasoline and Oil Board to enact rules related to the labeling of ethanol content. The five-member Gasoline and Oil Board exists to implement and update standards related to kerosene and gasoline; developing such rules falls within normal Board activities, resulting in no additional expense for the Department.

Furthermore, there is no requirement in H187 to enforce ethanol labels, and no penalty for failure to comply. Consequently, there should be no additional cost related to pump inspections or any additional revenue collected from fines.

**SOURCES OF DATA:**

American Coalition for Ethanol ([www.ethanol.org](http://www.ethanol.org))  
Jennifer Mundt, Research Division, North Carolina General Assembly  
US EPA, Fuel and Fuel Additives (<http://www.epa.gov/otaq/regs/fuels/additive/e15/>)

**TECHNICAL CONSIDERATIONS:**

EPA recently allowed E15 to be introduced into commerce for use in model year 2001 and newer light-duty motor vehicles -- *if* conditions for mitigating mis-fueling and ensuring fuel quality are met. EPA is in the process of developing regulations related to E15 that would include labeling requirements for E15 retail dispensers. The recent EPA announcement regarding E15 does not impact the sale of E10 fuels, which are already sold widely in North Carolina. However, it may be prudent to consider the impact of the federal regulation to require labeling for E15 as it may impact the need for or provision of H187.

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**Signed Copy Located in the NCGA Principal Clerk's Offices**