State of Arizona House of Representatives Forty-eighth Legislature Second Regular Session 2008

## **HOUSE BILL 2621**

## AN ACT

AMENDING TITLE 41, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1515.01; AMENDING SECTION 41-2051, ARIZONA REVISED STATUTES; AMENDING SECTION 41-2083, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2007, CHAPTER 292, SECTION 8; REPEALING SECTION 41-2122.01, ARIZONA REVISED STATUTES; RELATING TO THE DEPARTMENT OF WEIGHTS AND MEASURES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

- i -

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 41, chapter 10, article 1, Arizona Revised Statutes, is amended by adding section 41-1515.01, to read:

41-1515.01. <u>Arizona biofuels conversion program: fund: program</u> termination: definitions

- A. THE ARIZONA BIOFUELS CONVERSION PROGRAM IS ESTABLISHED IN THE DEPARTMENT TO ENCOURAGE THE USE OF BIOFUELS.
- B. THE ARIZONA BIOFUELS CONVERSION PROGRAM FUND IS ESTABLISHED CONSISTING OF MONIES RECEIVED THROUGH GIFTS, GRANTS, DONATIONS, OTHER STATE AND UNITED STATES GOVERNMENT FUNDS OR PRIVATE SOURCES.
- C. ON OR BEFORE JANUARY 1, 2009, THE DIRECTOR SHALL DEVELOP A PROCEDURE FOR AWARDING GRANTS FROM THE FUND TO PROVIDE FOR CONVERSION OF EXISTING AND INSTALLATION OF NEW STORAGE AND DISPENSING EQUIPMENT FOR BIOFUELS AS FOLLOWS:
- 1. FOR COMMERCIAL MOTOR FUEL DISPENSING SITES, THE PROCEDURE FOR AWARDING GRANTS SHALL INCLUDE CONSIDERATION OF TRAFFIC PATTERNS, THE PROXIMITY TO OTHER BIOFUEL DISPENSING SITES, FLEET INVOLVEMENT, THE POPULATION OF VEHICLES THAT USES BIOFUELS AND THE COSTS OF THE PROJECT.
- 2. FOR COUNTY, CITY, TOWN AND SCHOOL DISTRICT MOTOR FUEL DISPENSING SITES, THE PROCEDURE FOR AWARDING GRANTS SHALL INCLUDE CONSIDERATION OF THE PROJECT PLAN, THE EXPECTED USAGE OF BIOFUELS PER YEAR FOR EACH SITE, THE NUMBER OF VEHICLES IN THE FLEET CAPABLE OF USING BIOFUELS AND THE COSTS OF THE PROJECT.
  - D. THE DIRECTOR SHALL ADMINISTER THE PROGRAM AND THE FUND.
- E. SUBJECT TO THE AVAILABILITY OF MONIES IN THE FUND, THE DIRECTOR SHALL AWARD GRANTS EQUAL TO THE LESSER OF THIRTY THOUSAND DOLLARS OR FORTY PER CENT OF THE CONVERSION COST PER SITE TO APPLICANTS WHO PROVIDE AN ACCEPTABLE PROJECT PLAN THAT INCLUDES A DETAILED COST SCHEDULE AND TIMELINE FOR THE COMPLETION OF THE PROJECT.
  - F. MONIES IN THE FUND:
- 1. SHALL BE SPENT ONLY FOR THE PURPOSES PRESCRIBED IN THIS SECTION, EXCEPT THAT THE DEPARTMENT MAY USE UP TO FIVE PER CENT OF THE MONIES IN THE FUND EACH YEAR TO ADMINISTER THE PROGRAM.
  - 2. ARE CONTINUOUSLY APPROPRIATED.
- 3. ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.
- G. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2013 PURSUANT TO SECTION 41-3102.
- H. FOR THE PURPOSES OF THIS SECTION, "BIOFUEL" AND "BIOMASS" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 41-2051.
  - Sec. 2. Section 41-2051, Arizona Revised Statutes, is amended to read: 41-2051. <u>Definitions</u>
  - In this chapter, unless the context otherwise requires:
- 1. "Biodiesel" means a diesel fuel substitute THAT IS PRODUCED FROM NONPETROLEUM RENEWABLE RESOURCES AS DEFINED BY THE UNITED STATES

- 1 -

ENVIRONMENTAL PROTECTION AGENCY AND THAT MEETS THE REGISTRATION REQUIREMENTS FOR FUELS AND FUEL ADDITIVES ESTABLISHED BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY PURSUANT TO SECTION 211 OF THE CLEAN AIR ACT, AS DEFINED IN SECTION 49-401.01. that satisfies all of the following:

- (a) Is produced from nonpetroleum renewable resources if the qualifying volume of nonpetroleum renewable resources meets the standards for California diesel fuel as adopted by the California air resources board pursuant to 13 California code of regulations sections 2281 and 2282 in effect on January 1, 2000.
- (b) Meets the registration requirement for fuels and additives established by the environmental protection agency pursuant to section 211 of the clean air act as defined in section 49-401.01.
- (c) The use of the diesel fuel substitute complies with the requirements listed in 10 Code of Federal Regulations part 490, as printed in the federal register, volume 64, number 96, May 19, 1999.
- (d) Is sold, offered or exposed for sale as a neat product or blended with diesel fuel.
- 2. "BIODIESEL BLEND" MEANS A MOTOR FUEL THAT IS COMPRISED OF BIODIESEL AND DIESEL FUEL AND THAT IS DESIGNATED BY THE LETTER "B", FOLLOWED BY THE NUMERIC VALUE OF THE VOLUME PERCENTAGE OF BIODIESEL IN THE BLEND.
- 3. "BIOFUEL" MEANS A SOLID, LIQUID OR GASEOUS FUEL THAT IS DERIVED FROM BIOMASS AND THAT CAN BE USED DIRECTLY FOR HEATING OR POWER OR AS A MOTOR FUEL.
- 4. "BIOFUEL BLEND" MEANS A MOTOR FUEL THAT IS COMPRISED OF A BIOFUEL, THAT IS COMBINED WITH A PETROLEUM BASED FUEL AND THAT IS DESIGNATED BY THE VOLUME PERCENTAGE OF BIOFUEL IN THE BLEND.
- 5. "BIOMASS" MEANS BIOLOGICAL MATERIAL, SUCH AS PLANT OR ANIMAL MATTER, EXCLUDING ORGANIC MATERIAL THAT HAS BEEN TRANSFORMED BY GEOLOGICAL PROCESSES INTO SUBSTANCES SUCH AS COAL OR PETROLEUM OR DERIVATIVES THEREOF, THAT MAY BE TRANSFORMED INTO BIOFUEL.
- $\frac{2}{2}$ . "Certification" means the process of determining the accuracy of a commercial device to the standards of this state by a registered service representative or the department.
- 3. 7. "Commercial device" means any weighing, measuring, metering or counting device that is used to determine the direct cost of things sold or offered or exposed for sale, or used to establish a fee for service if the cost is based on weight, measure or count, except that it does not include those devices used for in-house packaging, inventory control or law enforcement purposes.
- 4. 8. "Commodity" means any merchandise, product or substance produced or distributed for sale to or use by others.
- 5. 9. "Correct" as used in connection with weights and measures means conformance to all applicable requirements of this chapter.
  - 6. 10. "Department" means the department of weights and measures.

- 2 -

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7. 11. "Diesel FUEL" means a refined middle distillate for use THAT IS USED as a fuel in a compression-ignition internal combustion engine AND THAT MEETS THE SPECIFICATIONS OF ASTM D975.
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- $8. \ \ 12.$  "Director" means the director of the department of weights and measures.
- 13. "E85" MEANS A FUEL ETHANOL GASOLINE BLEND THAT MEETS THE SPECIFICATIONS OF ASTM D5798.
- $9.\,$  14. "Inspector" means state officials of the department of weights and measures.
- 10. 15. "Limousine" means a motor vehicle providing prearranged ground transportation service for an individual passenger, or a group of passengers, that is arranged in advance or is operated on a regular route or between specified points and includes ground transportation under a contract or agreement for services that includes a fixed rate or time and is provided in a motor vehicle with a seating capacity not exceeding fifteen passengers, including the driver.
- 11. 16. "Liquid fuel measuring device" means any meter, pump, tank, gauge or apparatus used for volumetrically determining the quantity of any internal combustion engine fuel, liquefied petroleum gas or low viscosity heating oil.
  - 17. "Livery vehicle" means a motor vehicle that:
- (a) Has a seating capacity not exceeding fifteen passengers, including the driver.
- (b) Provides passenger services for a fare determined by a flat rate or flat hourly rate between geographic zones or within a geographic area.
  - (c) Is available for hire on an exclusive or shared ride basis.
  - (d) May do any of the following:
  - (i) Operate on a regular route or between specified places.
- (ii) Offer prearranged ground transportation service as defined in section 28-141.
- (iii) Offer on demand ground transportation service pursuant to a contract with a public airport, licensed business entity or organization.
- 18. "MISFUEL" MEANS THE ACT OF DISPENSING INTO THE FUEL TANK OF A MOTOR VEHICLE A MOTOR FUEL THAT WAS NOT INTENDED TO BE USED IN THE ENGINE OF THAT MOTOR VEHICLE.
- $\frac{13}{19}$ . "Motor fuel" means a petroleum or a petroleum based substance that is motor gasoline, aviation gasoline, number one or number two diesel fuel or any grade of oxygenated gasoline typically used in the operation of a motor engine, including biodiesel blends, BIOFUEL BLENDS and the ethanol blend E85 as defined in ASTM  $\frac{D5798-99}{D5798}$  D5798.
- 14. 20. "Package" means any commodity enclosed in a container or wrapped in any manner in advance of sale in units suitable for either wholesale or retail trade.

- 3 -

- 15. 21. "Person" means both the plural and the singular, as the case demands, and includes individuals, partnerships, corporations, companies, societies and associations.
- $\frac{16}{10}$ . "Public weighmaster" means any person who is engaged in any of the following:
- (a) The business of weighing any object or thing for the public generally for hire or for internal use and issuing for that weighing a weight certificate intended to be accepted as an accurate weight upon which a purchase or sale is to be based or on which a service fee is to be charged.
- (b) The business of weighing for hire motor vehicles, trailers or semitrailers and issuing weight certificates intended to be accepted as an accurate weight for the purpose of determining the amount of any tax, fee or other assessment on the vehicles.
- 17. 23. "Reference standards" means the physical standards of the state that serve as the legal reference from which all other standards and weights and measures are derived.
- 18. 24. "Registered service agency" means any agency, firm, company or corporation that for hire, award, commission or any other payment of any kind installs, services, repairs or reconditions a commercial device or tests or repairs vapor recovery systems or vapor recovery components and that has been issued a license by the department.
- 19. 25. "Registered service representative" means any individual who for hire, award, commission or any other payment of any kind installs, services, repairs or reconditions a commercial device or tests or repairs vapor recovery systems or vapor recovery components and who has been issued a license by the department.
- 20. 26. "Retail seller" means a person whose business purpose is to sell, expose or offer for sale or use any package or commodity by weight, measure or count.
- $\frac{21.}{27.}$  "Sale from bulk" means the sale of commodities when the quantity is determined at the time of sale.
- 22. 28. "Secondary standards" means the physical standards that are traceable to the reference standards through comparisons, using acceptable laboratory procedures, and that are used in the enforcement of weights and measures laws and rules.
- 23. 29. "Taxi" means a motor vehicle that has a seating capacity not exceeding fifteen passengers, including the driver, that is registered as a taxi in this state or any other state, that provides passenger services and that:
  - (a) Does not operate on a regular route or between specified places.
- (b) Offers local transportation for a fare determined primarily on the basis of the distance traveled.
- 24. 30. "Taxi meter" means a commercial device that meets the requirements of the national institute of standards and technology handbook 44 as prescribed by section 41-2064.

- 4 -

 $\frac{25.}{1.}$  31. "Weight" as used in connection with any commodity means net weight.

26. 32. "Weights" or "measures", or both, means all weights, measures, meters or counters of every kind, instruments and devices for weighing, measuring, metering or counting and any appliance and accessories associated with any or all such instruments and devices.

Sec. 3. Section 41-2083, Arizona Revised Statutes, as amended by Laws 2007, chapter 292, section 8, is amended to read:

41-2083. Standards for motor fuel; exceptions

- A. Except as provided in section 41-2083.01 and subsections C, D, E, F, G, K, AND L, M and N of this section, a retail seller or fleet owner shall not store, sell or expose or offer for sale any motor fuel, kerosene, oil or other liquid or gaseous fuel or lubricating oil, lubricant, mixtures of lubricants or other similar products if the product fails to meet the standards specified in this section and in the rules adopted by the director.
- B. A person shall not misrepresent the nature, origination, quality, grade or identity of any product specified in subsection A of this section or represent the nature, origination, quality, grade or identity of such product in any manner calculated or tending to mislead or in any way deceive. THIS SUBSECTION DOES NOT PROHIBIT PRODUCT ORIGINATION DISCLAIMER LABELING ON THE RETAIL DISPENSER.
- C. After consultation with the director of the department of environmental quality, the standards and test methods for motor fuels shall be established by the director of the department of weights and measures by rule.
- D. Maximum vapor pressure for gasoline that is supplied or sold by any person and that is intended as a final product for the fueling of motor vehicles in a county with a population of one million two hundred thousand or more persons and any portion of a county contained in area A as defined in section 49-541 shall be 9.0 pounds per square inch from and after September 30 through March 31 of each year. Fuel used in motor vehicles at a manufacturer's proving ground or a motor vehicle racing event as defined by section 41-2121 is exempt from this subsection.
- E. From and after September 30 through March 31 of each year a person shall not supply or sell gasoline that exceeds the ASTM D4814 class A vapor pressure/distillation class ten volume per cent evaporated distillation temperature.
- F. Maximum vapor pressure for gasoline that is supplied or sold by any person and that is intended as a final product for the fueling of motor vehicles in a county with a population of one million two hundred thousand persons or more and any portion of a county contained in area A as defined in section 49-541 shall be 7.0 pounds per square inch from and after May 31 through September 30 of each year. Fuel used in motor vehicles at a manufacturer's proving ground or a motor vehicle racing event as defined by section 41-2121 is exempt from this subsection.

- 5 -

- G. Exclusively for the purposes of transportation conformity and only if the administrator of the United States environmental protection agency fails to approve the applicable plan required pursuant to section 49-406, maximum vapor pressure for gasoline that is supplied or sold by any person and that is intended as a final product for the fueling of motor vehicles in area B as defined in section 49-541 shall be ten pounds per square inch from and after September 30 through March 31 of each year. Fuel used in motor vehicles at a manufacturer's proving ground or a motor vehicle racing event as defined by section 41-2121 is exempt from this subsection.
- H. Notwithstanding subsections D, F and G of this section, the director of the department of weights and measures in consultation with the director of the department of environmental quality shall approve alternate fuel control measures that are submitted by manufacturers or suppliers of gasoline and that the directors determine will result in either of the following:
- 1. Motor vehicle carbon monoxide emissions that are equal to or less than emissions that result under compliance with subsection D of this section and section 41-2123. In making this determination, the director of the department of weights and measures and the director of the department of environmental quality shall compare the emissions of the alternate fuel control measure with the emissions of a fuel with a maximum vapor pressure standard as prescribed by this section and with the minimum oxygen content or percentage by volume of ethanol as prescribed by section 41-2123.
- 2. Motor vehicle non-methane hydrocarbon emissions that are equal to or less than the emissions that result under compliance with subsection F of this section. In making this determination, the director of the department of weights and measures and the director of the department of environmental quality shall compare the motor vehicle non-methane hydrocarbon emissions of the alternate fuel control measure with the motor vehicle non-methane hydrocarbon emissions of a fuel that complies with the maximum vapor pressure standard as prescribed by subsection F of this section.
- I. Any alternate fuel control measures that are approved shall not increase emissions of non-methane hydrocarbons, particulates, carbon monoxide or oxides of nitrogen. Alternate fuel control measures approved pursuant to subsection H of this section and this subsection may be used by any manufacturer or supplier of gasoline unless the approval is rescinded more than one hundred eighty days before the first day of a gasoline control period. Manufacturers and suppliers who use an approved alternate fuel control measure shall annually submit a compliance plan to the director of the department of weights and measures no later than sixty days before the first day of a gasoline control period.
- J. A person shall not sell or offer or expose for sale diesel fuel grade 1, 2 or 4 as defined in ASTM D975 that contains sulfur in excess of:
- 1. For low sulfur diesel fuel, five hundred parts per million by weight for use in area A as defined in section 49-541.

- 6 -

- 2. For ultra low sulfur diesel fuel, the amount that conforms with 40 Code of Federal Regulations section 80.520(a)(1).
- K. A person shall not sell or offer or expose for sale DIESEL FUEL OR biodiesel BLENDS that is not tested or does not meet the specifications established by ASTM D6751 or any blend of biodiesel and diesel fuel that is not tested or does not meet the specifications established by ASTM D975 and that contains CONTAIN sulfur in excess of five hundred parts per million for use in area A as defined in section 49-541.

L. A person that blends biodiesel that is intended as a final product for the fueling of motor vehicles shall report to the director by the fifteenth day of each month the quantity and quality of biodiesel shipped to or produced in this state during the preceding month. A person who supplies biodiesel subject to this subsection shall report the following by batch:

- 1. The percentage of biodiesel in a final blend.
- 2. The volume of the finished product.
- 3. For neat biodiesel, the results of analysis for those parameters established by ASTM D6751.
- 4. For biodiesel blended with any diesel fuel, the results of the analysis of the following motor fuel parameters as established by ASTM D975:
  - (a) Sulfur content.
  - (b) Aromatic hydrocarbon content.
  - (c) Cetane number.
  - (d) Specific gravity.
  - (e) American petroleum institute gravity.
- (f) The temperatures at which ten per cent, fifty per cent and ninety per cent of the diesel fuel boiled off during distillation.
- M. The report required by subsection L of this section shall be on a form prescribed by the director and shall contain a certification of truthfulness and accuracy of the data submitted and a statement of the supplier's consent permitting the department or its authorized agent to collect samples and access records as provided in rules adopted by the department. A corporate officer who is responsible for operations at the facility that produces or ships the final product shall sign the report.
- N. L. EXCEPT FOR BIODIESEL BLENDS THAT CONTAIN UP TO FIVE PER CENT BIODIESEL, a person shall label dispensers at which biodiesel is OR BLENDS OF DIESEL FUEL AND BIODIESEL ARE dispensed in such a manner as to notify other persons of the volume percentage of biodiesel in the finished product and that conforms with 40 Code of Federal Regulations sections 80.570, 80.571, 80.572, 80.573 and 80.574 to inform the customer of the sulfur content of the diesel fuel being dispensed. FOR BIODIESEL BLENDS THAT CONTAIN UP TO FIVE PER CENT BIODIESEL, THE LABEL ON THE DISPENSER SHALL STATE "MAY CONTAIN UP TO FIVE PER CENT BIODIESEL".
- M. A PERSON SHALL PREPARE THE PRODUCT TRANSFER DOCUMENTS IN A MANNER THAT NOTIFIES THE TRANSFEREE OF ANY PERCENTAGE OF BIODIESEL IN THE FINISHED PRODUCT.

- 7 -

- N. THE DIRECTOR SHALL ADOPT RULES REGARDING THE ESTABLISHMENT AND ENFORCEMENT OF ALL OF THE FOLLOWING:
- 1. NATIONAL OR FEDERAL STANDARDS FOR INDIVIDUAL BIOFUELS AND BIOFUEL BLENDS.
- 2. UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND ASTM TEST METHODS FOR INDIVIDUAL BIOFUELS AND BIOFUEL BLENDS.
- 3. REGISTRATION AND REPORTING REQUIREMENTS FOR PRODUCERS, BLENDERS AND SUPPLIERS OF BIOFUELS AND BIOFUEL BLENDS.
- 4. LABELING REQUIREMENTS FOR BIOFUELS AND BIOFUEL BLENDS OTHER THAN BIODIESEL.
- 5. QUALITY ASSURANCE AND QUALITY CONTROL PROGRAMS FOR PRODUCERS, BLENDERS AND SUPPLIERS OF BIOFUELS AND BIOFUEL BLENDS ADDRESSING RACK, BATCH OR OTHER BLENDING.
- 6. REQUIREMENTS THAT THE DISPENSING EQUIPMENT MEET APPROPRIATE UL RATINGS WHERE AVAILABLE AND APPLICABLE, THAT THE EQUIPMENT COMPLY WITH RULES ADOPTED BY THE DEPARTMENT RELATING TO APPROVAL, INSTALLATION AND SALE OF DEVICES AND THAT THE EQUIPMENT BE COMPATIBLE WITH THE PRODUCTS BEING DISPENSED.
- O. A BIOFUELS OR BIOFUEL BLENDS PRODUCER, BLENDER, DISTRIBUTOR, SUPPLIER OR RETAIL SELLER THAT IS IN COMPLIANCE WITH THIS SECTION AND THE RULES ADOPTED PURSUANT TO THIS SECTION IS NOT LIABLE TO A CONSUMER FOR ANY INJURIES OR PROPERTY DAMAGE RELATED TO A CONSUMER WHO MISFUELS.
- O. P. A person shall label each dispenser at which ultra low sulfur diesel fuel is dispensed in a manner that conforms with 40 Code of Federal Regulations sections 80.570, 80.571, 80.572, 80.573 and 80.574 to inform the customer of the sulfur content of the diesel fuel being dispensed.
- P. Q. A person shall label each dispenser at which low sulfur diesel fuel is dispensed in a manner that conforms with 40 Code of Federal Regulations sections 80.570, 80.571, 80.572, 80.573 and 80.574 to inform the customer of the sulfur content of the diesel fuel being dispensed.
- Q. R. If any person transfers custody or title of a diesel fuel or distillate, except if the diesel fuel is dispensed into a motor vehicle or nonroad, locomotive or marine equipment, the transferor shall provide to the transferee product transfer documents that conform with 40 Code of Federal Regulations section 80.590.
- R. S. If the transfer of a motor fuel is from a terminal, storage facility, or transmix facility, the product transfer documents shall contain the information prescribed in subsection Q of this section as well as the name and address of the final destination for the shipment, as prescribed by department rule, and must accompany the shipment to its final destination.

Sec. 4. Repeal

Section 41-2122.01, Arizona Revised Statutes, is repealed.

- 8 -