

# Fiscal Note

**BILL #** HB 2573

**TITLE:** use fuel dispenser labels; penalties

**SPONSOR:** Biasiucci

**STATUS:** House Engrossed

**PREPARED BY:** Jordan Johnston

## Description

The bill would modify the civil penalty for use fuel vendors who violate dispenser labeling requirements to be \$100 instead of \$100 for each day the violation continues. The bill further requires the Arizona Department of Transportation (ADOT) to provide labels to use fuel vendors in bulk.

## Estimated Impact

We expect the bill to reduce state revenues. We cannot determine the magnitude without input from ADOT.

We have requested ADOT's estimated impact of this legislation and are awaiting their response.

## Analysis

Current law requires that use fuel vendors properly label use fuel dispensers to notify the purchaser of the use fuel tax rate. ADOT is required to provide the use fuel dispenser labels to the vendors. A vendor who violates the labeling or posting requirements is subject to a civil penalty of \$100 for each day the violation continues.

The bill would require ADOT to provide the labels to use fuel vendors in bulk. In addition, the bill modifies the civil penalty to vendors who do not meet labeling or posting requirements to \$100 rather than \$100 for each day of a violation.

We are currently unable to determine how ADOT provides labels to use fuel vendors. According to testimony in committee, new labels are only provided upon request from a vendor. Under the bill, ADOT may be required to provide additional labels in a given year relative to what they currently provide depending on how the department interprets "in bulk". We need input from ADOT concerning the impact of this provision on their operations.

Additionally, without input from ADOT, we are unable to determine the current annual level of collections from use fuel vendors who violate the dispenser labeling/posting requirements and pay the civil penalty. Given that the fee level is decreasing, it is likely the bill will reduce the amount of collections from this civil penalty. Also, the requirement that ADOT provide labels "in bulk" may reduce the number of occurrences in which a use fuel vendor violates the labeling/posting requirements.

## Local Government Impact

None

2/6/24

