

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

BILL: CS/SB 522
 INTRODUCER: Community Affairs and Senator Bradley
 SUBJECT: Biodiesel Fuel
 DATE: March 19, 2013

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Weidenbenner	Halley	AG	Favorable
2.	Anderson	Yeatman	CA	Fav/CS
3.	Cote	Diez-Arguelles	AFT	Favorable
4.			AP	
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|-----------------------------------------|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

CS/SB 522 creates an exemption for municipalities, counties, and school districts that manufacture biodiesel for internal use from the reporting, bonding, and licensing requirements that apply to wholesalers of biodiesel fuel. The bill also requires local government users of diesel fuel to file a return with the Department of Revenue for biodiesel manufactured for internal use and remit the appropriate taxes.

The Revenue Estimating Conference determined that this bill will have a negative, insignificant impact on General Revenue.

This bill is effective July 1, 2013.

This bill substantially amends sections 206.02 and 206.874, Florida Statutes.

II. Present Situation:

Florida imposes a tax on the sale, use, distribution, or consumption of motor fuel and other fuels.¹ Part II of chapter 206, F.S., addresses diesel fuel. The diesel fuel tax is imposed for the purpose of constructing and maintaining the public highways of the state.²

Biodiesel is a product made from nonpetroleum-based oils or fats that can be used in diesel-powered engines. As defined in 206.86(15), F.S., “biodiesel manufacturer” means those “industrial plants, regardless of capacity, where organic products are used in the production of biodiesel. This includes businesses that process or blend organic products that are marketed as biodiesel.”

Each biodiesel manufacturer in Florida must meet the reporting, bonding, and licensing requirements prescribed for motor fuel wholesalers pursuant to chapter 206, F.S.³ There is a \$30 annual application fee for each license. An exemption from the diesel fuel tax and reporting requirements was created in 2010 for a public or private secondary school that manufactures less than 1,000 gallons on an annual basis for its own use.⁴

To obtain a wholesaler of motor fuel license, an application must be filed with the Department of Revenue (DOR) under oath.⁵ While a bond must simultaneously be filed with the DOR,⁶ local governments are exempt from the bond requirement⁷ and background check required of certain applicants. Each license must be renewed annually. Licensed fuel wholesalers, which include local governments who manufacture biodiesel, must file a monthly return. Local government users of diesel fuel must also register with DOR and file a monthly return of acquisitions, inventory, and use of diesel fuel⁸ and pay 3 cents of the 4-cent excise tax plus the taxes required under s. 206.87(1)(b), (c), and (d), F.S.

One county reports that complying with the wholesale licensing and reporting requirements for the small volume of biodiesel manufactured for internal use is burdensome to the point that it has suspended its program.⁹ The county’s biodiesel manufacturing operation began in 2010 after it received a grant to purchase equipment to recycle waste vegetable oil as part of a fuel supply program. To have a diesel fuel manufacturing operation, the county had to dedicate additional time and labor to perform a more extensive review of diesel fuel purchased from commercial suppliers and internally produced biodiesel in order to file the monthly return required of fuel wholesalers. There are other counties and cities with similar programs¹⁰ that face the same challenges in complying with the reporting requirements of a wholesaler.

¹ Chapter 206, F.S.

² Section 206.85, F.S.

³ Section 206.02(5), F.S.

⁴ Chapter 2010-195, L.O.F.

⁵ Section 206.02(4), F.S., and Rule 12B-5.060, Florida Administrative Code.

⁶ Section 206.02(6), F.S.

⁷ Section 206.05(1), F.S.

⁸ Section 206.874(4), F.S.

⁹ Oral conversation with Mark Sexton, Communications Coordinator, Alachua County Manager’s Office (February 2013).

¹⁰ The Gainesville Sun, From chicken wings and fries to powering county trucks. See <http://www.gainesville.com/article/20130129/ARTICLES/130129540>. Site last visited February 2013.

III. Effect of Proposed Changes:

Section 1 amends s. 206.02, F.S., to exempt municipalities, counties, and school districts that manufacture biodiesel fuel for internal use from the reporting, bonding, and licensing requirements prescribed for wholesalers.

Section 2 amends s. 206.874, F.S., to require municipalities, counties, and school districts that manufacture biodiesel fuel for internal use to file a return accounting for biodiesel fuel manufactured and remit the appropriate taxes to the Department of Revenue (DOR).

Section 3 provides that this act shall take effect July 1, 2013.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

The Revenue Estimating Conference determined that this bill will have a negative insignificant impact on General Revenue.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Local governments that manufacture biodiesel for internal use will be relieved of the time and labor needed to be expended to comply with licensing and reporting requirements of fuel wholesalers. DOR reports that implementation of this bill will have an insignificant operational impact.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Community Affairs on March 7, 2013:
The CS makes technical and clarifying changes.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
