SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 2484

SPONSOR: Senator Saunders

SUBJECT: Gasoline Additives/MTBE

DATE: April 12, 2000 REVISED: _____ _____ _____ _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Overcash	Poole	AG	Favorable/CS
2.				
3.				
4.				
5.				

I. Summary:

This committee substitute requires the Department of Environmental Protection (DEP) to conduct a study of the effects and consequences of the use of the gasoline additive methyl tertiary-butyl ether (MTBE) in Florida. The study will address areas of concern resulting from the use of MTBE, the alternatives to MTBE, and the effects and consequences of using an alternative to MTBE. This bill requests the petroleum industry's participation in the study to the extent practicable.

The study will take into account the results of the recent federal Environmental Protection Agency's Blue Ribbon Panel study on MTBE, determine the applicability of those results, and determine the actions Florida needs to undertake.

The bill requires DEP to submit a report of its findings, together with any recommended legislation, to the Legislature by January 15, 2001.

II. Present Situation:

The Clean Air Act Amendments of 1990

In 1990, Congress amended the Clean Air Act to curb three major threats to the nation's environment: acid rain; urban air pollution; and toxic air emissions. Under the law, the Environmental Protection Agency (EPA) sets limits on how much of a pollutant can be in the air anywhere in the United States. The law allows individual states to have stronger pollution controls, but states are not allowed to have weaker pollution controls than those set for the whole country. As part of the Clean Air Act Amendments of 1990, tighter pollution standards for emissions from automobiles and trucks were established. These standards were intended to reduce tailpipe emissions of hydrocarbons, carbon monoxide, and nitrogen oxide on a phased-in basis beginning in model year 1994.

Under the Act, controls were also placed on fuel quality and, in 1994, new programs requiring cleaner burning gasoline were initiated. Nine cities with the worst ozone problems were required to use reformulated gasoline (RFG)[1] with an increased oxygen content of 2%. Other cities could "opt in" on the program. Currently, seventeen states and the District of Columbia use RFG, either because of the Congressional mandate, or because some areas have voluntarily chosen to use RFG to help achieve their clean air goals.

Methyl Tertiary-Butyl Ether (MTBE)

Methyl tertiary-butyl ether (MTBE) is a member of a group of chemicals commonly known as fuel oxygenates. Oxygenates are added to fuel to increase its oxygen content and reduce carbon monoxide and ozone levels caused by auto emissions. MTBE is the oxygen additive most commonly used by the petroleum industry to satisfy the RFG mandate, with ethanol being the second most common. Since the late 1970s, MTBE also has been used by the petroleum industry as an octane enhancing replacement for lead. Approximately 4.5 billion gallons of MTBE are used each year in gasoline (275,000 barrels per day out of a total of 8.2 million barrels/day of gasoline), an increase of more than three times since Congress's 1990 mandate.

Florida has not mandated the inclusion of oxygenates in gasoline for environmental purposes. MTBE is used in Florida gasoline primarily as an octane booster for premium gasoline, and the state currently has no laws regulating its use as a gasoline additive.

The United States Environmental Protection Agency (EPA)

In response to the growing concerns regarding MTBE in drinking water and ground water, EPA appointed an independent "Blue Ribbon Panel" of experts to investigate the use of oxygen additives in gasoline. The Panel called for a significant reduction in the use of MTBE in gasoline and recommended that Congress and EPA take action to lift the oxygen mandate and clean up MTBE contamination.

Since MTBE is very soluble in water and does not "cling" to soil well, it has a tendency to migrate much more quickly into water than other components of gasoline. Recent testing by the United States Geological Survey show detections of MTBE in approximately 20% of the ground water in RFG areas, while there is only a 2% detection rate in non-RFG areas. Most or these detections are below the levels of public health concern and are within the range EPA has set for a taste and odor water advisory for MTBE at 20 to 40 parts per billion, Small individual fuel spills (more than 9 million gallons of gasoline each year) and storm water runoff contribute to low level detections in water supplies. MTBE detections at higher concentrations usually result from leaking underground or aboveground fuel storage tanks and pipelines. Even though significant air quality gains have been made using RFG, these air benefits can be maintained without using MTBE and without endangering the nation's water resources.

[1]Reformulated gasoline is a specially refined gasoline with low levels of smog-forming volatile organic compounds (VOCs) and low levels of hazardous air pollutants.

EPA has proposed legislation to Congress which will significantly reduce or eliminate MTBE while preserving clean-air benefits, by ensuring the use and growth of ethanol and other safe renewables in fuel. As a backup, EPA has announced plans, under the Toxic Substances Control Act (TSCA), to begin regulatory action to ban MTBE from gasoline. However, EPA states that "TSCA rulemaking is procedurally burdensome and may take several years to complete."

III. Effect of Proposed Changes:

Section 1. Requires the Department of Environmental Protection (DEP) to conduct a study of the effects and consequences of using MTBE as a gasoline additive.

Provides the study will include areas of concern resulting from the use of MTBE, the alternatives to MTBE, and the effects and consequences of using an alternative to MTBE.

Requires the study to take into account the results of the federal Environmental Protection Agency's Blue Ribbon Panel study on MTBE, determine its applicability, and the actions Florida needs to undertake.

Requires DEP to submit a report of the results of its study to the Legislature by January 15, 2001, together with any recommended legislation.

Requests the petroleum industry's participation in the study to the extent practicable.

Section 2. Provides that this act shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Unknown.

C. Government Sector Impact:

The amendment requires the Department of Environmental Protection to conduct a study on MTBE. The fiscal impact to that agency is indeterminate, but it is not anticipated to be substantial.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.