

## Department of Planning and Budget 2009 Fiscal Impact Statement

**1. Bill Number:** SB1146

**House of Origin**          Introduced      X      Substitute      X      Engrossed

**Second House**      X      In Committee          Substitute          Enrolled

**2. Patron:**    Whipple

**3. Committee:** Commerce and Labor

**4. Title:**    **Diesel fuel; biodiesel and green diesel minimum content.**

**5. Summary:** This bill requires state public bodies to procure only diesel fuel containing, at a minimum, two percent biodiesel or green diesel fuel. This is to apply only to procurements of diesel fuel for use in on-road internal combustion engines and shall not apply if the cost of such procurement exceeds the cost of unblended diesel fuel by five percent or more. The bill includes a stipulation that the Governor may increase the requirement up to 20 percent by volume upon a finding of sufficient availability of biodiesel or green diesel.

**6. Fiscal Impact Estimates:** Preliminary.

**7. Budget Amendment Necessary:** No.

**8. Fiscal Implications:** This bill sets a purchase requirement that all diesel purchases by state agencies contain at least two percent, by volume, biodiesel fuel or green diesel fuel. The bill limits any fiscal impact by lifting the purchase mandate if the cost of purchasing green diesel fuel exceeds the cost of unblended diesel fuel by five percent or more. The Department of Mines, Minerals and Energy reports that the current limited availability of biodiesel fuel in Virginia has resulted in prices that are significantly higher than that for unblended fuel. As such, state agencies may not be required to purchase blended fuel in the near future as the prices are currently greater than five percent of unblended alternatives. However, as the green fuel supply expands and prices adjust downward accordingly, state agencies may be required to purchase blended diesel fuel as required by this bill. It is estimated that any fiscal impact from this bill at that time will be spread among all state agencies that purchase diesel fuel for on-road internal combustion engines, and may be absorbed within agencies' current budgets.

There is no data available for specifically-diesel purchases made by state agencies, although gasoline purchases by all state agencies amounted to approximately \$60 million for FY 2008.

**9. Specific Agency or Political Subdivisions Affected:** All state agencies that purchase diesel fuel for on-road combustion engines.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 2/19/2009    dpb

**Document:** G:\FIS\2009 Fiscal Impact Statements\DMME\SB1146ES1.Doc    aek

**cc:** Secretary of Commerce and Trade