



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1386

PRINTERS NO. 2247

PRIME SPONSOR: Vogel

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0 (See Fiscal Impact)	\$0 (See Fiscal Impact)

SUMMARY: Senate Bill 1386, Printer's Number 2247, amends the Air Pollution Control Act to allow the repeal of regulations relating to controlling volatile organic compounds from gasoline-dispensing facilities. The act shall take immediately upon enactment.

ANALYSIS: This bill amends the Air Pollution Control Act (Act 787 of 1959) requiring the Department of Environmental Protection (DEP) to review and reevaluate the State Implementation Plan (SIP) to address compliant fuel requirements for low Reid Vapor Pressure (RVP) gasoline as required under the Federal Clean Air Act. (Section 126 of the act requires RVP gasoline or "summer gas" to be sold in the seven-county region of southwestern Pennsylvania from June 1 through September 15 each year.)

The purpose of the review will ensure compliance with the act and DEP shall do the following:

1. Conduct meetings to consult with impacted organizations or entities, including gasoline refining and distribution companies, gasoline retailers, pipeline owners, impacted businesses, public utilities, local governments and other interested entities; and
2. Provide updates within three months after the enactment of this bill to the Chair and Minority Chair of the Environmental Resources and Energy Committee of the Senate and the House of Representatives respectively. The department shall also provide regular updates to the committees.

If a supply disruption occurs, the Governor shall submit a request to EPA to waive the requirements. A "supply disruption occurs" when the department learns of a supply disruption of compliant gasoline to the nonattainment area and would reasonably qualify for a waiver of the RVP compliant gasoline. A disruption would also apply if five per centum (5%) of all existing gasoline retailers in Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland counties are unable to obtain an adequate supply of RVP gasoline.

The bill also repeals Section 6.7 of the Air Pollution Control Act (Act 95 of 1992) that requires DEP to implement testing and certification requirements specified in the Federal Environmental Protection Agency (EPA) Stage II vapor recovery enforcement and technical guidance documents developed under section 182 of the Federal Clean Air Act requirements for areas classified as moderate, serious, severe or extreme ozone nonattainment.

FISCAL IMPACT: The bill requires DEP to reevaluate the State Implementation Plan to address RVP gasoline and perform other duties, but the costs related to such activities will be covered under current operations. Enactment of this legislation will not adversely impact Commonwealth funds.

Given that the Commonwealth's SIP to meet federal clean air standards includes both the RVP fuel standard and the Stage II requirement, Pennsylvania has the potential to lose federal funding if any such changes are implemented without a waiver – or revised plan - being submitted to and approved by the EPA.

Section 179 of the Federal Clean Air Act establishes sanctions and consequences for the failure of a state to follow the provisions of its SIP. While the EPA Administrator can waive elements of the plan, the Administrator may withhold all or part of federal grants related to transportation projects or air pollution planning and control programs.

For example, if EPA did not approve of changes to the Commonwealth's SIP, the Pennsylvania Department of Transportation estimates a potential loss of \$470 million in annual federal transportation funding. (It is projected that this would be a loss of \$250 million for Southwestern Pennsylvania and \$220 million for Southeastern Pennsylvania.) This also does not include the potential decrease in federal air pollution planning grants to DEP.

However, the loss of federal funding is not considered to be a likely outcome because DEP will petition the EPA to make any such changes and revise the Commonwealth's SIP. Information documenting and supporting the need for the waiver would include, but not be limited to, the availability and supply problems of RVP fuel, financial consequences to regional citizens and businesses and technology changes related to Stage II.

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House Appropriations Committee (R)

DATE: June 26, 2012

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.