gasoline formulations; air quality.

State of Arizona Senate Fifty-sixth Legislature Second Regular Session 2024

# **SENATE BILL 1064**

# AN ACT

AMENDING SECTION 3-3433, ARIZONA REVISED STATUTES; AMENDING SECTION 3-3493, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2016, CHAPTER 232, SECTION 27; AMENDING SECTION 3-3493, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2017, CHAPTER 295, SECTION 2; AMENDING SECTION 3-3494, ARIZONA REVISED STATUTES; AMENDING TITLE 3, CHAPTER 19, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 3-3499; RELATING TO MOTOR FUEL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

- j -

 Be it enacted by the Legislature of the State of Arizona: Section 1. Section 3-3433, Arizona Revised Statutes, is amended to read:

# 3-3433. Standards for motor fuel; exceptions

- A. Except as provided in section 3-3434 and subsections C, D, E, F, G and K of this section, a retail seller or fleet owner shall not store, sell or expose or offer for sale any motor fuel, kerosene, oil or other liquid or gaseous fuel or lubricating oil, lubricant, mixtures of lubricants or other similar products if the product fails to meet the standards specified in this section and in the rules adopted by the associate director.
- B. A person shall not misrepresent the nature, origination, quality, grade or identity of any product specified in subsection A of this section or represent the nature, origination, quality, grade or identity of such product in any manner calculated or tending to mislead or in any way deceive. This subsection does not prohibit product origination disclaimer labeling on the retail dispenser.
- C. After consultation with the director of the department of environmental quality, the standards and test methods for motor fuels shall be established by the associate director of the division by rule.
- D. Maximum vapor pressure for gasoline that is supplied or sold OR OFFERED FOR SALE by any person RETAIL SELLER and that is intended as a final product for the fueling of motor vehicles in a county with a population of one million two hundred thousand or more persons and any portion of a county contained in area A shall be 9.0 pounds per square inch from and after September 30 through March 31 of each year. Fuel used in motor vehicles at a manufacturer's proving ground or a motor vehicle racing event is exempt from this subsection.
- E. From and after September 30 through March 31 of each year, a person shall not supply or sell gasoline that exceeds the ASTM D4814 class A vapor pressure/distillation class ten volume percent evaporated distillation temperature.
- F. Maximum vapor pressure for gasoline that is supplied or sold OR OFFERED FOR SALE by any person RETAIL SELLER and that is intended as a final product for the fueling of motor vehicles in a county with a population of one million two hundred thousand persons or more and any portion of a county contained in area A shall be 7.0 pounds per square inch from and after May 31 through September 30 of each year. Fuel used in motor vehicles at a manufacturer's proving ground or a motor vehicle racing event is exempt from this subsection.
- G. Exclusively for the purposes of transportation conformity and only if the administrator of the United States environmental protection agency fails to approve the applicable plan required pursuant to section 49-406, maximum vapor pressure for gasoline that is supplied or sold by any person and that is intended as a final product for the fueling of

- 1 -

 motor vehicles in area B shall be ten pounds per square inch from and after September 30 through March 31 of each year. Fuel used in motor vehicles at a manufacturer's proving ground or a motor vehicle racing event is exempt from this subsection.

- H. Notwithstanding subsections D, F and G of this section, the associate director of the division in consultation with the director of the department of environmental quality shall approve alternate fuel control measures that are submitted by gasoline providers and that the director and the associate director determine will result in either of the following:
- 1. Motor vehicle carbon monoxide emissions that are equal to or less than emissions that result under compliance with subsection D of this section and section 3-3492. In making this determination, the associate director of the division and the director of the department of environmental quality shall compare the emissions of the alternate fuel control measure with the emissions of a fuel with a maximum vapor pressure standard as prescribed by this section and with the minimum oxygen content or percentage by volume of ethanol as prescribed by section 3-3492.
- 2. Motor vehicle non-methane hydrocarbon emissions that are equal to or less than the emissions that result under compliance with subsection F of this section. In making this determination, the associate director of the division and the director of the department of environmental quality shall compare the motor vehicle non-methane hydrocarbon emissions of the alternate fuel control measure with the motor vehicle non-methane hydrocarbon emissions of a fuel that complies with the maximum vapor pressure standard as prescribed by subsection F of this section.
- I. Any alternate fuel control measures that are approved shall not increase emissions of non-methane hydrocarbons, particulates, carbon monoxide or oxides of nitrogen. Alternate fuel control measures approved pursuant to subsection H of this section and this subsection may be used by any gasoline provider unless the approval is rescinded more than one hundred eighty days before the first day of a gasoline control period. Gasoline providers that use an approved alternate fuel control measure shall annually submit a compliance plan to the associate director no NOT later than sixty days before the first day of a gasoline control period.
- J. A person shall not sell or offer or expose for sale diesel fuel grade 1, 2 or 4 as defined in ASTM D975, biodiesel, biodiesel blends or biomass-based diesel or biomass-based diesel blends that contain sulfur in excess of fifteen parts per million. Locomotive and marine diesel fuel is exempt from this requirement if the fuel meets the requirements of 40 Code of Federal Regulations section 80.513(g) and (h).
- K. A person shall label dispensers at which biodiesel, biodiesel blends, biomass-based diesel or biomass-based diesel blends are dispensed in conformance with 16 Code of Federal Regulations part 306. This section

- 2 -

does not preclude a person from labeling a dispenser that dispenses diesel fuel that contains up to five percent biodiesel or biomass-based diesel with a label that states "may contain up to five percent biodiesel" or "may contain up to five percent biomass-based diesel".

- L. For biodiesel blends that contain more than five percent by volume of biodiesel, a person shall prepare product transfer documents in a manner that notifies the transferee of the percent by volume of biodiesel in the product.
- M. The associate director shall adopt rules regarding the establishment and enforcement of all of the following:
- 1. National or federal standards for individual biofuels and biofuel blends.
- 2. United States environmental protection agency and ASTM test methods for individual biofuels and biofuel blends.
- 3. Registration and reporting requirements for producers, blenders and suppliers of biofuels and biofuel blends.
- 4. Labeling requirements for biofuels and biofuel blends other than biodiesel or biodiesel blends.
- 5. Quality assurance and quality control programs for producers, blenders and suppliers of biofuels and biofuel blends addressing rack, batch or other blending.
- 6. Requirements that the dispensing equipment meet appropriate UL ratings where available and applicable, that the equipment comply with rules adopted by the division relating to approval, installation and sale of devices and that the equipment be compatible with the products being dispensed.
- N. A biofuels or biofuel blends producer, blender, distributor, supplier or retail seller that is in compliance with this section and the rules adopted pursuant to this section is not liable to a consumer for any injuries or property damage related to a consumer who misfuels.
- O. If any person transfers custody or title of a diesel fuel or distillate, biodiesel, a biodiesel blend, biomass-based diesel or a biomass-based diesel blend, except if the fuel is dispensed into a motor vehicle or nonroad, locomotive or marine equipment, the transferor shall provide to the transferee product transfer documents that conform with 40 Code of Federal Regulations section 80.590.
- P. If the transfer of a motor fuel is from a terminal, storage facility, or transmix facility, the product transfer documents shall contain the information prescribed in subsection 0 of this section. In addition, the fuel transporter shall ensure that the name and address of the final destination for the shipment, as prescribed by division rule, are included and that the product transfer documents accompany the shipment to its final destination.

- 3 -

 Sec. 2. Section 3-3493, Arizona Revised Statutes, as amended by Laws 2016, chapter 232, section 27, is amended to read:

3-3493. Area A; fuel reformulation; rules; exception

- A. All gasoline produced and shipped to or within this state and sold or offered for sale for use in motor vehicles in a county with a population of one million two hundred thousand or more persons and any portion of a county contained in area A, subject to an appropriate waiver granted by the administrator of the United States environmental protection agency pursuant to section 211(c)(4) of the clean air act as defined in section 49-401.01, shall comply with either ONE of the following fuel reformulation options:
- 1. A gasoline that meets standards for federal phase II reformulated gasoline, as provided in 40 Code of Federal Regulations section 80.41, paragraphs (e) through (h), in effect on January 1, 1999, except that the minimum oxygen content standard does not apply. The gasoline shall also meet the maximum vapor pressure requirements in section 3-3433, subsections D and F.
- 2. A GASOLINE THAT MEETS STANDARDS FOR California phase 2 reformulated gasoline, including alternative formulations allowed by the predictive model, as adopted by the California air resources board pursuant to California Code of Regulations title 13, sections 2261 through 2262.7 and 2265, in effect on January 1, 1997, except that the minimum oxygen content standard does not apply. The gasoline shall also meet the maximum vapor pressure requirements in section 3-3433, subsections D and F.
- 3. A GASOLINE THAT MEETS STANDARDS FOR FEDERAL PHASE II REFORMULATED GASOLINE, AS PROVIDED IN 40 CODE OF FEDERAL REGULATIONS SECTIONS 1090.200 THROUGH 1090.295, IN EFFECT ON DECEMBER 4, 2020. THE GASOLINE SHALL ALSO MEET THE MAXIMUM VAPOR PRESSURE REQUIREMENTS IN SECTION 3-3433, SUBSECTION F. FOR THE PERIOD BEGINNING NOVEMBER 1 THROUGH MARCH 31 OF EACH YEAR, THE GASOLINE SHALL ALSO MEET THE MINIMUM OXYGEN CONTENT OR PERCENTAGE REQUIREMENTS PRESCRIBED IN SECTION 3-3492.
- 4. A GASOLINE THAT MEETS STANDARDS FOR CALIFORNIA PHASE 3 REFORMULATED GASOLINE, INCLUDING ALTERNATIVE FORMULATIONS ALLOWED BY THE PREDICTIVE MODEL, AS ADOPTED BY THE CALIFORNIA AIR RESOURCES BOARD PURSUANT TO CALIFORNIA CODE OF REGULATIONS TITLE 13, SECTIONS 2261 THROUGH 2262.7 AND 2265, IN EFFECT ON FEBRUARY 16, 2014. FOR THE PERIOD BEGINNING NOVEMBER 1 THROUGH MARCH 31 OF EACH YEAR, THE GASOLINE SHALL ALSO MEET THE REQUIREMENTS PRESCRIBED IN SECTION 3-3492.
- 5. A GASOLINE THAT MEETS STANDARDS FOR FEDERAL CONVENTIONAL GASOLINE. THE GASOLINE SHALL ALSO MEET THE MAXIMUM VAPOR PRESSURE REQUIREMENTS IN SECTION 3-3433, SUBSECTION F. FOR THE PERIOD BEGINNING NOVEMBER 1 THROUGH MARCH 31 OF EACH YEAR, THE GASOLINE SHALL ALSO MEET THE MINIMUM OXYGEN CONTENT OR PERCENTAGE REQUIREMENTS PRESCRIBED IN SECTION 3-3492.

- 4 -

- 6. A GASOLINE OR GASOLINE BLEND THAT MEETS ANY OF THE STANDARDS PRESCRIBED BY THIS SUBSECTION OR APPROVED FOR USE BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY.
- B. For the period beginning November 1 through March 31 of each year, all gasoline produced and shipped to or within this state and sold or offered for sale for use in motor vehicles in a county with a population of one million two hundred thousand or more persons and any portion of a county contained in area A, subject to an appropriate waiver granted by the administrator of the United States environmental protection agency pursuant to section 211(c)(4) of the clean air act as defined in section 49-401.01, shall comply with ONE OF THE FOLLOWING standards for:
- 1. California phase 2 reformulated gasoline, including alternative formulations allowed by the predictive model, as adopted by the California air resources board pursuant to California Code of Regulations title 13, sections 2261 through 2262.7 and 2265, in effect on January 1, 1997 and shall meet the maximum vapor pressure requirements in section 3-3433, subsections D and F. The fuel described in this subsection shall meet the requirements of section 3-3492, subsection A, paragraph 1.
- 2. NOTWITHSTANDING SECTION 3-3433, SUBSECTION D, A GASOLINE THAT MEETS STANDARDS FOR CALIFORNIA PHASE 3 REFORMULATED GASOLINE, INCLUDING ALTERNATIVE FORMULATIONS ALLOWED BY THE PREDICTIVE MODEL, AS ADOPTED BY THE CALIFORNIA AIR RESOURCES BOARD PURSUANT TO CALIFORNIA CODE OF REGULATIONS TITLE 13, SECTIONS 2261 THROUGH 2262.7 AND 2265, IN EFFECT ON FEBRUARY 16, 2014.
- 3. NOTWITHSTANDING SECTION 3-3433, SUBSECTION D, A GASOLINE THAT MEETS STANDARDS FOR FEDERAL PHASE II REFORMULATED GASOLINE, AS PROVIDED IN 40 CODE OF FEDERAL REGULATIONS SECTIONS 1090.200 THROUGH 1090.295, IN EFFECT ON DECEMBER 4, 2020.
- 4. A GASOLINE THAT MEETS STANDARDS FOR FEDERAL PHASE II REFORMULATED GASOLINE, AS PROVIDED IN 40 CODE OF FEDERAL REGULATIONS SECTIONS 1090.200 THROUGH 1090.295, IN EFFECT ON DECEMBER 4, 2020.
- 5. A GASOLINE THAT MEETS STANDARDS FOR CALIFORNIA PHASE 3 REFORMULATED GASOLINE, INCLUDING ALTERNATIVE FORMULATIONS ALLOWED BY THE PREDICTIVE MODEL, AS ADOPTED BY THE CALIFORNIA AIR RESOURCES BOARD PURSUANT TO CALIFORNIA CODE OF REGULATIONS TITLE 13, SECTIONS 2261 THROUGH 2262.7 AND 2265, IN EFFECT ON FEBRUARY 16, 2014.
- 6. A GASOLINE OR GASOLINE BLEND THAT MEETS ANY OF THE STANDARDS PRESCRIBED BY THIS SUBSECTION OR APPROVED FOR USE BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY.
- C. Any registered supplier or oxygenate blender, as defined in division rules, THE PRESIDENT OF THE SENATE OR THE SPEAKER OF THE HOUSE OF REPRESENTATIVES may petition the associate director to request that all registered suppliers or oxygenate blenders be allowed to comply with standards other than the standards prescribed by THIS SECTION OR section 3-3492, subsection A if the petitioner can demonstrate that A REGISTERED

- 5 -

 SUPPLIER'S OR OXYGENATE BLENDER'S ABILITY TO SUPPLY ethanol supply shortages are OR GASOLINE THAT MEETS THE SPECIFICATIONS OF SUBSECTION A OR B OF THIS SECTION IS IN imminent DANGER AND MAY RESULT IN SUPPLY SHORTAGES OF ETHANOL OR GASOLINE IN AREA A. IF A REGISTERED SUPPLIER OR OXYGENATE BLENDER, AS DEFINED IN DIVISION RULES, SUBMITS A PETITION PURSUANT TO THIS SECTION, THE REGISTERED SUPPLIER OR OXYGENATE BLENDER SHALL PROVIDE NOTICE AND A COPY OF THE PETITION TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. FOR THE PURPOSES OF THIS SUBSECTION, ALL OF THE FOLLOWING ARE EXEMPT FROM THE PROVISIONS OF TITLE 39, CHAPTER 1:

- 1. A PETITION SUBMITTED BY THE PRESIDENT OF THE SENATE.
- 2. A PETITION SUBMITTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
- 3. ALL COMMUNICATION REGARDING A PETITION BETWEEN THE PRESIDENT OF THE SENATE OR THEIR AGENT AND ANY OTHER PERSON.
- 4. ALL COMMUNICATION REGARDING A PETITION BETWEEN THE SPEAKER OF THE HOUSE OF REPRESENTATIVES OR THEIR AGENT AND ANY OTHER PERSON.
  - D. The petition shall:
- 1. Identify specific supply conditions that will result in a shortage of ethanol.
  - 1. FOR OXYGENATE SHORTAGES:
- 2. (a) Identify which oxygenate or oxygenates and the concentration that will be blended into gasoline BY THE PETITIONER OR REGISTERED SUPPLIERS OR OXYGENATE BLENDERS, AS DEFINED IN DIVISION RULES, for sale or use in area A.
- 3. (b) Demonstrate that the alternative oxygenate blend comes closest to meeting a three and one-half percent by weight oxygen content at reasonable cost, unless the registered supplier or oxygenate blender is petitioning to use a gasoline-ethanol blend containing less than ten percent by volume of ethanol.
- 2. FOR GASOLINE SHORTAGES, IDENTIFY THE FORMULATION OF GASOLINE THAT THE PETITIONER OR REGISTERED SUPPLIERS OR OXYGENATE BLENDERS, AS DEFINED IN DIVISION RULES, WILL SELL IN LIEU OF GASOLINE MEETING THE STANDARDS IN SUBSECTION A OR B OF THIS SECTION.
- 4. 3. Specify a PROJECTED time period for compliance with any provision of THIS SECTION AND section 3-3492, subsection A, not to exceed sixty days.
- E. The associate director shall either grant or deny the petition in writing within seven days of its receipt. Any decision by the associate director to grant the petition shall be equally applicable to all registered suppliers or oxygenate blenders and shall not be selectively applied to any single registered supplier or oxygenate blender. The petition may be granted only if the associate director verifies that the basis for requesting the petition is factual.

- 6 -

- F. The associate director may reauthorize a petition if the petitioner can demonstrate that the conditions have continued. The reauthorization of a petition shall not exceed thirty days.
- G. The associate director of the division shall consult with the director of the department of environmental quality before granting, reauthorizing or denying any such petition.
- H. The ASSOCIATE director OF THE DIVISION, of environmental quality in consultation with the associate director of the division DEPARTMENT OF ENVIRONMENTAL QUALITY, shall adopt by rule:
- 1. Requirements to implement subsections A, B, C and D of this section.
- 2. Requirements for recordkeeping, reporting and analytical methods for fuel providers to demonstrate compliance with subsections A, B, C and D of this section.
- I. FOR THE PURPOSES OF SUBSECTION A, PARAGRAPH 6 OF THIS SECTION, A REGISTERED SUPPLIER OR OXYGENATE BLENDER, AS DEFINED IN DIVISION RULES, THAT IS NOT A RETAIL SELLER MAY HOLD, POSSESS, TRANSPORT, STORE AND BLEND AND SELL OR OFFER FOR SALE TO ANOTHER REGISTERED SUPPLIER OR OXYGENATE BLENDER ALL GASOLINE AND GASOLINE BLENDS THAT DO NOT MEET THE REQUIREMENTS OF SUBSECTION A, PARAGRAPH 1, 2, 3, 4 OR 5 OF THIS SECTION IF THE GASOLINE OR GASOLINE BLEND THAT IS ULTIMATELY SOLD OR OFFERED FOR SALE TO THE PUBLIC BY RELEVANT RETAIL SELLERS THAT SELL OR OFFER FOR SALE GASOLINE OR A GASOLINE BLEND FOR USE IN MOTOR VEHICLES IN A COUNTY WITH A POPULATION OF ONE MILLION TWO HUNDRED THOUSAND OR MORE PERSONS AND ANY PORTION OF A COUNTY CONTAINED IN AREA A AND THAT OBTAIN GASOLINE OR A GASOLINE BLEND FROM THE REGISTERED SUPPLIER OR OXYGENATE BLENDER OR FROM A REGISTERED SUPPLIER OR OXYGENATE BLENDER MEETS THE REQUIREMENTS OF SUBSECTION A OF THIS SECTION.
- 1. J. This section does not apply to fuel sold for use at a motor vehicle manufacturer proving ground or at a motor vehicle racing event.
- Sec. 3. Section 3-3493, Arizona Revised Statutes, as amended by Laws 2017, chapter 295, section 2, is amended to read:
  - 3-3493. Area A; fuel reformulation; rules; exception
- A. All gasoline produced and shipped to or within this state and sold or offered for sale for use in motor vehicles in a county with a population of one million two hundred thousand or more persons and any portion of a county contained in area A, subject to an appropriate waiver granted by the administrator of the United States environmental protection agency pursuant to section 211(c)(4) of the clean air act as defined in section 49-401.01, shall comply with either ONE of the following fuel reformulation options:
- 1. A gasoline that meets standards for federal phase II reformulated gasoline, as provided in 40 Code of Federal Regulations section 80.41, paragraphs (e) through (h), in effect on January 1, 1999,

- 7 -

except that the minimum oxygen content standard does not apply. The gasoline shall also meet the maximum vapor pressure requirements in section 3-3433, subsections D and F.

- 2. A GASOLINE THAT MEETS STANDARDS FOR California phase 2 reformulated gasoline, including alternative formulations allowed by the predictive model, as adopted by the California air resources board pursuant to California Code of Regulations title 13, sections 2261 through 2262.7 and 2265, in effect on January 1, 1997, except that the minimum oxygen content standard does not apply. The gasoline shall also meet the maximum vapor pressure requirements in section 3-3433, subsections D and F.
- 3. A GASOLINE THAT MEETS STANDARDS FOR FEDERAL PHASE II REFORMULATED GASOLINE, AS PROVIDED IN 40 CODE OF FEDERAL REGULATIONS SECTIONS 1090.200 THROUGH 1090.295, IN EFFECT ON DECEMBER 4, 2020. THE GASOLINE SHALL ALSO MEET THE MAXIMUM VAPOR PRESSURE REQUIREMENTS IN SECTION 3-3433, SUBSECTION F. FOR THE PERIOD BEGINNING NOVEMBER 1 THROUGH MARCH 31 OF EACH YEAR, THE GASOLINE SHALL ALSO MEET THE MINIMUM OXYGEN CONTENT OR PERCENTAGE REQUIREMENTS PRESCRIBED IN SECTION 3-3492.
- 4. A GASOLINE THAT MEETS STANDARDS FOR CALIFORNIA PHASE 3 REFORMULATED GASOLINE, INCLUDING ALTERNATIVE FORMULATIONS ALLOWED BY THE PREDICTIVE MODEL, AS ADOPTED BY THE CALIFORNIA AIR RESOURCES BOARD PURSUANT TO CALIFORNIA CODE OF REGULATIONS TITLE 13, SECTIONS 2261 THROUGH 2262.7 AND 2265, IN EFFECT ON FEBRUARY 16, 2014. FOR THE PERIOD BEGINNING NOVEMBER 1 THROUGH MARCH 31 OF EACH YEAR, THE GASOLINE SHALL ALSO MEET THE REQUIREMENTS PRESCRIBED IN SECTION 3-3492.
- 5. A GASOLINE THAT MEETS STANDARDS FOR FEDERAL CONVENTIONAL GASOLINE. THE GASOLINE SHALL ALSO MEET THE MAXIMUM VAPOR PRESSURE REQUIREMENTS IN SECTION 3-3433, SUBSECTION F. FOR THE PERIOD BEGINNING NOVEMBER 1 THROUGH MARCH 31 OF EACH YEAR, THE GASOLINE SHALL ALSO MEET THE MINIMUM OXYGEN CONTENT OR PERCENTAGE REQUIREMENTS PRESCRIBED IN SECTION 3-3492.
- 6. A GASOLINE OR GASOLINE BLEND THAT MEETS ANY OF THE STANDARDS PRESCRIBED BY THIS SUBSECTION OR APPROVED FOR USE BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY.
- B. For the period beginning November 1 through March 31 of each year, all gasoline produced and shipped to or within this state and sold or offered for sale for use in motor vehicles in a county with a population of one million two hundred thousand or more persons and any portion of a county contained in area A, subject to an appropriate waiver granted by the administrator of the United States environmental protection agency pursuant to section 211(c)(4) of the clean air act as defined in section 49-401.01, shall comply with ONE OF THE FOLLOWING standards for:
- 1. California phase 2 reformulated gasoline, including alternative formulations allowed by the predictive model, as adopted by the California air resources board pursuant to California Code of Regulations title 13,

- 8 -

sections 2261 through 2262.7 and 2265, in effect on January 1, 1997 and shall meet the maximum vapor pressure requirements in section 3-3433, subsections D and F. The fuel described in this subsection PARAGRAPH shall meet the requirements of section 3-3492, subsection A, paragraph 1 or  $\frac{2}{3}$ .

- 2. NOTWITHSTANDING SECTION 3-3433, SUBSECTION D, A GASOLINE THAT MEETS STANDARDS FOR CALIFORNIA PHASE 3 REFORMULATED GASOLINE, INCLUDING ALTERNATIVE FORMULATIONS ALLOWED BY THE PREDICTIVE MODEL, AS ADOPTED BY THE CALIFORNIA AIR RESOURCES BOARD PURSUANT TO CALIFORNIA CODE OF REGULATIONS TITLE 13, SECTIONS 2261 THROUGH 2262.7 AND 2265, IN EFFECT ON FEBRUARY 16, 2014.
- 3. NOTWITHSTANDING SECTION 3-3433, SUBSECTION D, A GASOLINE THAT MEETS STANDARDS FOR FEDERAL PHASE II REFORMULATED GASOLINE, AS PROVIDED IN 40 CODE OF FEDERAL REGULATIONS SECTIONS 1090.200 THROUGH 1090.295, IN EFFECT ON DECEMBER 4, 2020.
- 4. A GASOLINE THAT MEETS STANDARDS FOR FEDERAL PHASE II REFORMULATED GASOLINE, AS PROVIDED IN 40 CODE OF FEDERAL REGULATIONS SECTIONS 1090.200 THROUGH 1090.295, IN EFFECT ON DECEMBER 4, 2020.
- 5. A GASOLINE THAT MEETS STANDARDS FOR CALIFORNIA PHASE 3 REFORMULATED GASOLINE, INCLUDING ALTERNATIVE FORMULATIONS ALLOWED BY THE PREDICTIVE MODEL, AS ADOPTED BY THE CALIFORNIA AIR RESOURCES BOARD PURSUANT TO CALIFORNIA CODE OF REGULATIONS TITLE 13, SECTIONS 2261 THROUGH 2262.7 AND 2265, IN EFFECT ON FEBRUARY 16, 2014.
- 6. A GASOLINE OR GASOLINE BLEND THAT MEETS ANY OF THE STANDARDS PRESCRIBED BY THIS SUBSECTION OR APPROVED FOR USE BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY.
- C. Any registered supplier or oxygenate blender, as defined in division rules, THE PRESIDENT OF THE SENATE OR THE SPEAKER OF THE HOUSE OF REPRESENTATIVES may petition the associate director to request that all registered suppliers or oxygenate blenders RETAIL SELLERS be allowed to comply with standards other than SELL OR OFFER FOR SALE GASOLINE FOR USE IN MOTOR VEHICLES IN AREA A THAT DOES NOT MEET the standards prescribed by THIS SECTION OR section 3-3492, subsection A if the petitioner can demonstrate that THE PETITIONER'S ABILITY TO SUPPLY ethanol supply shortages are OR GASOLINE THAT MEETS THE SPECIFICATIONS OF SUBSECTION A OR B OF THIS SECTION IS IN imminent DANGER AND MAY RESULT IN SUPPLY SHORTAGES OF ETHANOL OR GASOLINE IN AREA A. IF A REGISTERED SUPPLIER OR OXYGENATE BLENDER, AS DEFINED IN DIVISION RULES, SUBMITS A PETITION PURSUANT TO THIS SECTION, THE REGISTERED SUPPLIER OR OXYGENATE BLENDER SHALL PROVIDE NOTICE AND A COPY OF THE PETITION TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. FOR THE PURPOSES OF THIS SUBSECTION, ALL OF THE FOLLOWING ARE EXEMPT FROM THE PROVISIONS OF TITLE 39, CHAPTER 1:
  - 1. A PETITION SUBMITTED BY THE PRESIDENT OF THE SENATE.
- 2. A PETITION SUBMITTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

- 9 -

- 3. ALL COMMUNICATION REGARDING A PETITION BETWEEN THE PRESIDENT OF THE SENATE OR THEIR AGENT AND ANY OTHER PERSON.
- 4. ALL COMMUNICATION REGARDING A PETITION BETWEEN THE SPEAKER OF THE HOUSE OF REPRESENTATIVES OR THEIR AGENT AND ANY OTHER PERSON.
  - D. The petition shall:
- 1. Identify specific supply conditions that will result in a shortage of ethanol.
  - 1. FOR OXYGENATE SHORTAGES:
- 2. (a) Identify which oxygenate or oxygenates and the concentration that will be blended into gasoline BY THE PETITIONER OR REGISTERED SUPPLIERS OR OXYGENATE BLENDERS, AS DEFINED IN DIVISION RULES, for sale or use in area A.
- 3. (b) Demonstrate that the alternative oxygenate blend comes closest to meeting a three and one-half percent by weight oxygen content at reasonable cost, unless the registered supplier or oxygenate blender is petitioning to use a gasoline-ethanol blend containing less than ten percent by volume of ethanol.
- 2. FOR GASOLINE SHORTAGES, IDENTIFY THE FORMULATION OF GASOLINE THAT THE PETITIONER OR REGISTERED SUPPLIERS OR OXYGENATE BLENDERS, AS DEFINED IN DIVISION RULES, WILL SELL IN LIEU OF GASOLINE MEETING THE STANDARDS IN SUBSECTION A OR B OF THIS SECTION.
- 4. 3. Specify a PROJECTED time period for compliance with any provision of THIS SECTION OR section 3-3492, subsection A, not to exceed sixty days.
- E. The associate director shall either grant or deny the petition in writing within seven days of its receipt. Any decision by the associate director to grant the petition shall be equally applicable to all registered suppliers or oxygenate blenders and shall not be selectively applied to any single registered supplier or oxygenate blender. The petition may be granted only if the associate director verifies that the basis for requesting the petition is factual.
- F. The associate director may reauthorize a petition if the petitioner can demonstrate that the conditions have continued. The reauthorization of a petition shall not exceed thirty days.
- G. The associate director of the division shall consult with the director of the department of environmental quality before granting, reauthorizing or denying any such petition.
- H. The ASSOCIATE director OF THE DIVISION, of environmental quality in consultation with the associate director of the division DEPARTMENT OF ENVIRONMENTAL QUALITY, shall adopt by rule:
- 1. Requirements to implement subsections A, B, C and D of this section.
- 2. Requirements for recordkeeping, reporting and analytical methods for fuel providers to demonstrate compliance with subsections A, B, C and D of this section.

- 10 -

- I. FOR THE PURPOSES OF SUBSECTION A, PARAGRAPH 6 OF THIS SECTION, A REGISTERED SUPPLIER OR OXYGENATE BLENDER, AS DEFINED IN DIVISION RULES, THAT IS NOT A RETAIL SELLER MAY HOLD, POSSESS, TRANSPORT, STORE AND BLEND AND SELL OR OFFER FOR SALE TO ANOTHER REGISTERED SUPPLIER OR OXYGENATE BLENDER ALL GASOLINE AND GASOLINE BLENDS THAT DO NOT MEET THE REQUIREMENTS OF SUBSECTION A, PARAGRAPH 1, 2, 3, 4 OR 5 OF THIS SECTION IF THE GASOLINE OR GASOLINE BLEND THAT IS ULTIMATELY SOLD OR OFFERED FOR SALE TO THE PUBLIC BY RELEVANT RETAIL SELLERS THAT SELL OR OFFER FOR SALE GASOLINE OR A GASOLINE BLEND FOR USE IN MOTOR VEHICLES IN A COUNTY WITH A POPULATION OF ONE MILLION TWO HUNDRED THOUSAND OR MORE PERSONS AND ANY PORTION OF A COUNTY CONTAINED IN AREA A AND THAT OBTAIN GASOLINE OR A GASOLINE BLEND FROM THE REGISTERED SUPPLIER OR OXYGENATE BLENDER OR FROM A REGISTERED SUPPLIER OR OXYGENATE BLENDER MEETS THE REQUIREMENTS OF SUBSECTION A OF THIS SECTION.
- J. FOR THE PURPOSES OF SUBSECTION B, PARAGRAPH 6 OF THIS SECTION, A REGISTERED SUPPLIER OR OXYGENATE BLENDER, AS DEFINED IN DIVISION RULES, THAT IS NOT A RETAIL SELLER MAY HOLD, POSSESS, TRANSPORT, STORE AND BLEND AND SELL OR OFFER FOR SALE TO ANOTHER REGISTERED SUPPLIER OR OXYGENATE BLENDER ALL GASOLINE AND GASOLINE BLENDS THAT DO NOT MEET THE REQUIREMENTS OF ANY PARAGRAPH OF SUBSECTION B OF THIS SECTION IF THE GASOLINE OR GASOLINE BLEND THAT IS ULTIMATELY SOLD OR OFFERED FOR SALE TO THE PUBLIC BY RELEVANT RETAIL SELLERS THAT SELL OR OFFER FOR SALE GASOLINE OR A GASOLINE BLEND FOR USE IN MOTOR VEHICLES IN A COUNTY WITH A POPULATION OF ONE MILLION TWO HUNDRED THOUSAND OR MORE PERSONS AND ANY PORTION OF A COUNTY CONTAINED IN AREA A AND THAT OBTAIN GASOLINE OR A GASOLINE BLEND FROM THE REGISTERED SUPPLIER OR OXYGENATE BLENDER OR FROM A REGISTERED SUPPLIER OR OXYGENATE BLENDER MEETS THE REQUIREMENTS OF SUBSECTION B, PARAGRAPH 6 OF THIS SECTION.
- T. K. This section does not apply to fuel sold for use at a motor vehicle manufacturer proving ground or at a motor vehicle racing event.
- Sec. 4. Section 3-3494, Arizona Revised Statutes, is amended to read:

#### 3-3494. Area C; fuel reformulation; rules; exception

- A. From and after May 31 through September 30 of each year, all gasoline produced and shipped to or within this state and sold or offered for sale for use in motor vehicles in area C shall comply with either ONE of the following fuel reformulation options:
- 1. A gasoline that meets standards for federal phase II reformulated gasoline, as provided in 40 Code of Federal Regulations section 80.41, paragraphs (e) through (h) SECTIONS 1090.200 THROUGH 1090.295, in effect on January 1, 1999, except that the minimum oxygen content standard does not apply DECEMBER 4, 2020. The gasoline shall also

- 11 -

 meet the maximum vapor pressure requirements in section 3-3434, subsection  $\overline{D}$  F.

- 2. A GASOLINE THAT MEETS STANDARDS FOR California phase 2 3 reformulated gasoline, including alternative formulations allowed by the predictive model, as adopted by the California air resources board pursuant to California Code of Regulations title 13, sections 2261 through 2262.7 and 2265, in effect on January 1, 1997, except that the minimum oxygen content standard does not apply. The gasoline shall also meet the maximum vapor pressure requirements in section 3-3434, subsection D FEBRUARY 16, 2014.
- 3. NOTWITHSTANDING SECTION 3-3433, SUBSECTION D, A GASOLINE THAT MEETS STANDARDS FOR CALIFORNIA PHASE 3 REFORMULATED GASOLINE, INCLUDING ALTERNATIVE FORMULATIONS ALLOWED BY THE PREDICTIVE MODEL, AS ADOPTED BY THE CALIFORNIA AIR RESOURCES BOARD PURSUANT TO CALIFORNIA CODE OF REGULATIONS TITLE 13, SECTIONS 2261 THROUGH 2262.7 AND 2265, IN EFFECT ON FEBRUARY 16, 2014.
- 4. NOTWITHSTANDING SECTION 3-3433, SUBSECTION D, A GASOLINE THAT MEETS STANDARDS FOR FEDERAL PHASE II REFORMULATED GASOLINE, AS PROVIDED IN 40 CODE OF FEDERAL REGULATIONS SECTIONS 1090.200 THROUGH 1090.295, IN EFFECT ON DECEMBER 4, 2020.
- 5. A GASOLINE THAT MEETS STANDARDS FOR CALIFORNIA PHASE 2 REFORMULATED GASOLINE, INCLUDING ALTERNATIVE FORMULATIONS ALLOWED BY THE PREDICTIVE MODEL, AS ADOPTED BY THE CALIFORNIA AIR RESOURCES BOARD PURSUANT TO CALIFORNIA CODE OF REGULATIONS TITLE 13, SECTIONS 2261 THROUGH 2262.7 AND 2265, IN EFFECT ON JANUARY 1, 1997, EXCEPT THAT THE MINIMUM OXYGEN CONTENT STANDARD DOES NOT APPLY. THE GASOLINE SHALL ALSO MEET THE MAXIMUM VAPOR PRESSURE REQUIREMENTS IN SECTION 3-3434, SUBSECTION D.
- 6. A GASOLINE THAT MEETS STANDARDS FOR FEDERAL CONVENTIONAL GASOLINE. THE GASOLINE SHALL ALSO MEET THE MAXIMUM VAPOR PRESSURE REQUIREMENTS IN SECTION 3-3433, SUBSECTION F AND THE MINIMUM OXYGEN CONTENT OR PERCENTAGE REQUIREMENTS PRESCRIBED IN SECTION 3-3492.
- 7. A GASOLINE OR GASOLINE BLEND THAT MEETS ANY OF THE STANDARDS PRESCRIBED BY THIS SUBSECTION OR APPROVED FOR USE BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY.
- B. Any registered supplier or oxygenate blender, as defined in division rules, OR THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES JOINTLY may petition the associate director to request that all registered suppliers or oxygenate blenders RETAIL SELLERS be allowed to supply SELL OR OFFER FOR SALE gasoline FOR USE IN MOTOR VEHICLES in area C that does not meet the standards in subsection A of this section if the petitioner demonstrates that a shortage in the REGISTERED SUPPLIER'S OR OXYGENATE BLENDER'S, AS DEFINED IN DIVISION RULES, ABILITY TO supply of gasoline meeting THAT MEETS the standards in subsection A of this section is IN imminent DANGER AND MAY RESULT IN SUPPLY SHORTAGES OF GASOLINE IN AREA C. IF A REGISTERED SUPPLIER OR

- 12 -

OXYGENATE BLENDER, AS DEFINED IN DIVISION RULES, SUBMITS A PETITION PURSUANT TO THIS SECTION, THE REGISTERED SUPPLIER OR OXYGENATE BLENDER SHALL PROVIDE NOTICE AND A COPY OF THE PETITION TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. FOR THE PURPOSES OF THIS SUBSECTION, ALL OF THE FOLLOWING ARE EXEMPT FROM THE PROVISIONS OF TITLE 39, CHAPTER 1:

- 1. A PETITION SUBMITTED BY THE PRESIDENT OF THE SENATE.
- 2. A PETITION SUBMITTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
- 3. ALL COMMUNICATION REGARDING A PETITION BETWEEN THE PRESIDENT OF THE SENATE OR THEIR AGENT AND ANY OTHER PERSON.
- 4. ALL COMMUNICATION REGARDING A PETITION BETWEEN THE SPEAKER OF THE HOUSE OF REPRESENTATIVES OR THEIR AGENT AND ANY OTHER PERSON.
  - C. A petition under subsection B of this section shall:
- 1. Identify specific supply conditions that will result in a shortage of gasoline meeting the standards in subsection A of this section.
- 2. 1. Identify the formulation of gasoline that THE PETITIONER OR REGISTERED SUPPLIERS OR OXYGENATE BLENDERS, AS DEFINED IN DIVISION RULES, will be sold SELL in area C in lieu of gasoline meeting the standards in subsection A of this section.
- 3. 2. Specify a PROJECTED time period for compliance with the standards of subsection A of this section not to exceed sixty days.
- D. The associate director shall either grant or deny a petition under subsection B of this section in writing within seven days of its receipt. Any decision by the associate director to grant the petition shall be equally applicable to all registered suppliers or oxygenate blenders and shall not be selectively applied to any single registered supplier or oxygenate blender. The petition may be granted only if the associate director verifies that the basis for requesting the petition is factual.
- E. The associate director may reauthorize a petition granted under subsection B of this section if the petitioner demonstrates that the conditions identified in the petition have continued. The reauthorization of a petition shall not exceed thirty days.
- F. The associate director of the division shall consult with the director of the department of environmental quality before granting, reauthorizing or denying any petition under subsection B of this section.
- G. The associate director, in consultation with the director of the department of environmental quality, shall adopt by rule:
- 1. Requirements to implement subsections A, B and C of this section.
- 2. Requirements for recordkeeping, reporting and analytical methods for fuel providers to demonstrate compliance with subsection A of this section.

- 13 -

 H. This section does not apply to fuel sold for use at a motor vehicle manufacturer proving ground or at a motor vehicle racing event.

Sec. 5. Title 3, chapter 19, article 6, Arizona Revised Statutes, is amended by adding section 3-3499, to read:

3-3499. Fuel reformulations; petition

THE PRESIDENT OF THE SENATE OR THE SPEAKER OF THE HOUSE OF REPRESENTATIVES MAY PETITION THE ASSOCIATE DIRECTOR TO REQUEST ANY RETAILER SELLER BE ALLOWED TO SELL OR OFFER FOR SALE ANY GASOLINE FORMULATIONS IN AREA A OR AREA C THAT DO NOT MEET THE STANDARDS PRESCRIBED BY SECTION 3-3492, 3-3493 OR 3-3494. FOR THE PURPOSES OF THIS SECTION, ALL OF THE FOLLOWING ARE EXEMPT FROM THE PROVISIONS OF TITLE 39, CHAPTER 1:

- 1. A PETITION SUBMITTED BY THE PRESIDENT OF THE SENATE.
- 2. A PETITION SUBMITTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
- 3. ALL COMMUNICATION REGARDING A PETITION BETWEEN THE PRESIDENT OF THE SENATE OR THEIR AGENT AND ANY OTHER PERSON.
- 4. ALL COMMUNICATION REGARDING A PETITION BETWEEN THE SPEAKER OF THE HOUSE OF REPRESENTATIVES OR THEIR AGENT AND ANY OTHER PERSON.

# Sec. 6. <u>Submission to United States environmental protection</u> agency; partial rejection; resubmission

- A. Within one hundred twenty days of the effective date of this act, the director of the department of environmental quality shall submit the proposed modifications to the gasoline fuel formulation requirements as provided in Laws 2017, chapter 295 and this act as part of the state implementation plan for air quality to the United States environmental protection agency for review and approval. If the United States environmental protection agency rejects a portion of the fuel formulations authorized by Laws 2017, chapter 295 and this act, before notifying the director of the Arizona legislative council that the condition has not been met the department of environmental quality shall resubmit the proposed modifications to the gasoline fuel formulations to the United States environmental protection agency authorized by this act that were not rejected to the United States environmental protection agency for approval.
- B. Initial rejection of the gasoline formulations authorized by this act by the United States environmental protection agency does not constitute the condition provided in section 7 of this act not being met or does not prohibit the department of environmental quality from resubmitting the gasoline formulations pursuant to subsection A of this section.
- C. The weights and measures services division of the Arizona department of agriculture and the division's associate director shall maintain a list of all approved gasoline formulations by area in this state on the department's website. The associate director shall update

- 14 -

the list as the United States environmental protection agency approves or denies new gasoline formulations pursuant to this act. The associate director shall post separately on the department's website both of the following:

- 1. A map that includes all currently approved gasoline formulations by area in this state.
- 2. A map of area A, area B and area C as defined in section 49-541, Arizona Revised Statutes.

# Sec. 7. <u>Conditional enactment; notice</u>

- A. Section 3-3493, Arizona Revised Statutes, as amended by Laws 2016, chapter 232, section 27 and this act, and section 3-3494, Arizona Revised Statutes, as amended by this act, do not become effective unless on or before July 1, 2025 the United States environmental protection agency approves the proposed modifications to the gasoline fuel formulation requirements as part of the state implementation plan for air quality.
- B. Section 3-3493, Arizona Revised Statutes, as amended by Laws 2017, chapter 295, section 2 and this act, does not become effective unless the condition prescribed by Laws 2017, chapter 295, section 3, as amended by Laws 2022, chapter 177, section 12, is met and on or before July 1, 2025 the United States environmental protection agency approves the additional proposed modifications to the gasoline fuel formulation requirements in this act as part of the state implementation plan for air quality.
- C. The director of the department of environmental quality shall notify the director of the Arizona legislative council in writing on or before October 1, 2025 either:
- 1. Of the date on which the condition prescribed by subsection A or B of this section was met.
  - 2. That neither condition was met.

- 15 -