



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

FACT SHEET FOR S.B. 1064

gasoline formulations; air quality.

Purpose

Adds gasoline fuel reformulation options for all gasoline sold or offered for sale for use in motor vehicles in a county with a population of 1,200,000 or more persons and any portion of a county contained in outlined areas.

Background

Fuel sold in Arizona must meet minimum standards prescribed by statute and by Arizona Department of Agriculture Weights and Measures Division (Division) rule. All gasoline produced and shipped to or within Arizona and all gasoline sold or offered for sale for use in motor vehicles in a county with a population of 1,200,000 or more persons and any portion of a county contained in Area A (Area A) or the portion of Pinal County that is west of range 11 east, excluding the portion within Area A (Area C), must comply with one of two outlined fuel reformulation options, subject to a waiver by the U.S. Environmental Protection Agency (U.S. EPA) to comply with the federal Clean Air Act. All gasoline in Area A or Area C must also meet the statutory maximum vapor pressure requirements, which vary based on the time of year (A.R.S. §§ [3-3433](#) and [3-3493](#)).

Gasoline that is supplied or sold for fueling motor vehicles cannot contain a total of more than 0.10 percent oxygen by weight collectively from certain oxygenates listed in statute. [Laws 2017, Chapter 295](#) removed the prohibition on the use of iso-butanol in gasoline used for fueling motor vehicles, upon approval by the U.S. EPA ([A.R.S. § 3-3491](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

Gasoline Reformulation Options for Area A and Area C

1. Adds, to the fuel reformulation options for all gasoline sold or offered for sale for use in motor vehicles in Area A and Area C, a:
 - a) gasoline that meets standards for Federal Phase II reformulated gasoline, in effect on December 4, 2020, that meets all the maximum vapor pressure requirements and, for the period beginning November 1 through March 31 of each year, meets the minimum oxygen content or percentage requirements;
 - b) 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, in effect on February 16, 2024, and, for the period beginning November 1 through March 31 of each year, meets the prescribed requirements;

- c) gasoline or gasoline blend that meets any of the prescribed standards or is approved for use by the U.S. EPA; and
 - d) gasoline that meets standards for federal conventional gasoline that also meets the maximum vapor pressure requirements, and, for the period beginning November 1 through March 31 of each year, meets the prescribed minimum oxygen content or percentage requirements.
2. Adds additional standards for all gasoline produced and shipped to or within Arizona and sold or offered for sale for use in motor vehicles in Area A and Area C for the period beginning November 1 through March 31 of each year, including a:
 - 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, in effect on February 16, 2014;
 - b) gasoline that meets standards for Federal Phase II Reformulated Gasoline, in effect on December 4, 2020; and
 - c) gasoline or gasoline blend that meets any of the prescribed standards or is approved for use by the U.S. EPA.
3. Adds additional standards for all gasoline produced and shipped to or within Arizona and sold or offered for sale for use in motor vehicles in Area A and Area C for the period beginning May 31 through September 30 of each year, including a:
 - 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, in effect on February 16, 2014;
 - b) gasoline that meets standards for Federal Phase II Reformulated Gasoline, in effect on December 4, 2020; and
 - c) gasoline or gasoline blend that meets any of the prescribed standards or is approved for use by the U.S. EPA;
 - d) gasoline that meets the standards for California Phase 2 Reformulated Gasoline, including alternative formulations allowed by the predictive model, as adopted by the California Air Resources Board, in effect on January 1, 1997, except that the minimum oxygen content standard does not apply, and that meets the maximum vapor pressure requirements; and
 - e) gasoline that meets standards for federal conventional gasoline, that meets the maximum vapor pressure requirements and the minimum oxygen content or percentage requirements prescribed.
4. Requires the registered supplier or oxygenate blender, if a registered supplier or oxygenate blender submits a petition, to provide notice and a copy of the petition to the President of the Senate and the Speaker of the House of Representatives.
5. Allows a registered supplier or oxygenate blender that is not a retail seller, for the purposes of a gasoline or gasoline blend that meets any of the prescribed standards for approved use by the U.S. EPA, to 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 other outlined requirements 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 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 that obtained gasoline or a gasoline blend from the registered supplier or oxygenate blender meets the outlined requirements.

Petition

6. Allows the President of the Senate or the Speaker of the House of Representatives to petition the Associate Director of the Division to request that all registered suppliers or oxygenate blenders be allowed to comply with standards other than the prescribed standards if the petitioner can demonstrate that a registered supplier's or oxygenate blender's ability to supply ethanol or gasoline that meets the outlined specifications is in imminent danger and may result in supply shortages of ethanol or gasoline in Area A or in Area C.
7. Outlines information to be included in the petition.
8. Exempts the following from public record:
 - a) a petition submitted by the President of the Senate;
 - b) a petition submitted by the Speaker of the House of Representatives;
 - c) all communication regarding a petition between the President of the Senate or their agent and any other person; and
 - d) all communication regarding a petition between the Speaker of the House of Representatives or their agent and any other person.

Approval of Proposed Modifications

9. Requires the Director of the Arizona Department of Environmental Quality (ADEQ), within 30 days of the general effective date, to submit the proposed modifications to the gasoline fuel formulation requirements as part of the State Implementation Plan for Air Quality to the U.S. EPA for review and approval.
10. Conditions the enactment of this legislation on either:
 - a) the U.S. EPA approving the proposed modifications to the gasoline fuel formulation requirements as part of the State Implementation Plan for Air Quality by July 1, 2025; or
 - b) the proposed allowance of iso-butanol as a gasoline ingredient in Arizona being approved by the U.S. EPA and added as an additional proposed modification to the Gasoline Fuel Formulation Requirements as part of the State Implementation Plan for Air Quality.
11. Requires ADEQ, if the U.S. EPA rejects a portion of the fuel formulations authorized, before notifying the Director of the Arizona Legislative Council that the condition has not been met, to resubmit, to the U.S. EPA, the proposed modifications to the gasoline fuel formulations authorized that were not rejected for approval.
12. States that initial rejection of the authorized gasoline formulations authorized by the U.S. EPA does not constitute the conditional enactment not being met or does not prohibit ADEQ from resubmitting the gasoline formulations.
13. Requires the Director of the ADEQ to notify the Director of the Arizona Legislative Council in writing by October 1, 2025, either:
 - a) of the date on which the condition prescribed was met; or
 - b) that neither condition was met.

Miscellaneous

14. Makes technical and conforming changes.

15. Becomes effective on the general effective date, subject to the provisions of the conditional enactment.

Amendments Adopted by the Committee

1. Adds additional fuel blends.
2. Exempts the outlined petition from public record.
3. Makes conforming changes.

Senate Action

NREW 2/15/24 DPA 4-1-2

Prepared by Senate Research

February 19, 2024

RA/slp