

BILL ANALYSIS

C.S.H.B. 4690
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Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that adopted national standards for motor fuel quality have divided Texas along the 99th longitude line, causing logistical challenges for the fuel industry and potential issues for consumers, that may require certain fuel retailers to source fuel from different terminals, each meeting different standards depending on their location relative to the 99th longitude line. The bill author has also informed the committee that the regulatory requirements cause operational costs to increase significantly, with these added expenses being ultimately passed on to consumers in the form of higher gas prices and potential fuel shortages, particularly in rural areas with fewer gas stations. C.S.H.B. 4690 seeks to provide retailers with the flexibility to choose where to secure fuel that complies with the fuel quality standards for either side of the 99th longitude line by creating a statutory exception to the recently adopted national standards, allowing retailers to meet the fuel quality standards for either side of the 99th longitude line, rather than being restricted by geographic boundaries.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Commission of Licensing and Regulation in SECTIONS 2 and 3 of this bill.

ANALYSIS

C.S.H.B. 4690 repeals Section 2310.202, Occupations Code, which establishes minimum motor fuel quality and testing standards for motor fuel that is sold or offered for sale in Texas that are adopted by the Texas Commission of Licensing and Regulation (TCLR) and which authorizes TCLR to adopt rules as necessary to bring about uniformity between the standards established under those provisions and the nationally recognized standards as specified in statute.

C.S.H.B. 4690 amends the Occupations Code to require TCLR instead to set by rule the minimum quality standards for motor fuel sold or offered for sale in Texas to the most recently adopted or amended petroleum standards on the date of the sale by ASTM International. The bill requires TCLR to adopt rules to ensure that gasoline or gasoline blended with ethanol that is sold or offered for sale in Texas meets the standard specification requirements applicable to the period and region, as described in the most recent edition of ASTM International's publication D4814, "Standard Specification for Automotive Spark-Ignition Engine Fuel."

C.S.H.B. 4690 establishes the following exceptions to the motor fuel quality standards established under the bill's provisions:

- gasoline or gasoline blended with ethanol that is sold or offered for sale in Texas during periods when areas adjacent to the meridian of 99° 00' west longitude line on opposite sides of the line have different volatility classes under the most recently adopted Schedule of U.S. Seasonal and Geographic Volatility Classes in ASTM International's publication D4814, "Standard Specification for Automotive Spark-Ignition Engine Fuel," conforms with statutory provisions relating to motor fuel metering and quality and TCLR rules if it complies with the volatility class for either area; and
- gasoline sold or offered for sale in Texas conforms with those provisions and rules set by TCLR if it meets or exceeds the most recently adopted Driveability Index prescribed by the Vapor Pressure and Distillation Class Requirements for vapor pressure or distillation classes AAA, AA, or A under ASTM International's publication D4814, "Standard Specification for Automotive Spark-Ignition Engine Fuel."

The bill establishes that gasoline blended with up to 15 volume percent ethanol is granted a vapor pressure tolerance waiver of 1.0 pound per square inch except for gasoline blends sold or offered for sale beginning May 1 and ending October 1 each year in counties required to comply with low emissions motor fuel standards. The bill authorizes seasonal specifications for vapor pressure to be extended for a maximum period of 15 days to allow for the distribution of existing stocks but prohibits new stocks of a higher volatility classification from being offered for retail sale in Texas before the effective date of the higher volatility classification. The bill establishes that the vapor-to-liquid ratio specification under these provisions does not apply to gasoline or gasoline ethanol blends and establishes that these provisions may not be construed to interfere with regulations for low emissions motor fuels adopted by the state to comply with federal law.

C.S.H.B. 4690 does the following:

- replaces the requirement for specifications and tolerances for motor fuel metering devices to be the same as those recommended by the National Institute of Standards and Technology with a requirement for TCLR to set by rule such specifications and tolerances to be the same as the most recently adopted or amended standards recommended by the institute at the time the device is used;
- repeals the provision requiring TCLR to adopt rules regulating the methods and procedures applicable to motor fuel testing; and
- specifies that in implementing provisions relating to the authorization of the Texas Department of Licensing and Regulation (TDLR) to issue a stop-sale order under certain circumstances, TDLR or an authorized representative of TDLR must follow the standards and procedures described by statutory provisions governing the testing of motor fuel quality for collecting, sampling, and handling motor fuel instead of procedures adopted by TDLR for collecting, sampling, and handling motor fuel.

C.S.H.B. 4690 establishes that the bill's provisions apply only to a violation committed on or after the bill's effective date. A violation committed before the bill's effective date is governed by the law in effect when the violation was committed, and the former law is continued in effect for that purpose. For these purposes, a violation was committed before the bill's effective date if any element of the violation was committed before that date.

C.S.H.B. 4690 repeals Section 2310.202 and Section 2310.203(c-1), Occupations Code.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 4690 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Both the introduced and substitute replace the requirement for specifications and tolerances for motor fuel metering devices to be the same as those recommended by the National Institute of Standards and Technology. The introduced replaced that requirement with a requirement for the specifications and tolerances to be the same as those adopted in the most current edition of the institute's Handbook 44, whereas the substitute replaces that requirement with a requirement for TCLR to set by rule such specifications and tolerances to be the same as the most recently adopted or amended standards recommended by the institute at the time the device is used.

Both the introduced and substitute set out provisions relating to the minimum quality standards for motor fuel sold or offered for sale in Texas. However, the introduced required those standards to be the most recently adopted, nationally recognized ASTM International petroleum standards, including subsequent amendments and editions, whereas the substitute requires those standards to be set by rule by TCLR to the most recently adopted or amended petroleum standards on the date of the sale by ASTM International. Both the introduced and substitute provide standards for gasoline or gasoline blended with ethanol sold or offered for sale in Texas, however, the introduced required that such gasoline conform with ASTM Designation D4814 for the applicable period and region at all times, whereas the substitute requires TCLR to adopt rules to ensure that such gasoline meets the standard specification requirements applicable to the period and region, as described in the most recent edition of ASTM International's publication D4814, "Standard Specification for Automotive Spark-Ignition Engine Fuel."

With respect to the introduced version's provision establishing that gasoline sold or offered for sale during certain periods relating to the volatility classes of different areas conforms with statutory provisions relating to motor fuel metering and quality and TCLR rules if it complies with the volatility class for either area, the substitute does the following:

- specifies that the gasoline must be sold or offered for sale in Texas, which the introduced did not; and
- changes the certain periods during which such gasoline is sold or offered for sale from when areas on either side of the 99-degree longitude line have different volatility classes, as provided in the ASTM Designation D4814 Schedule of U.S. Seasonal and Geographic Volatility Classes, as in the introduced, to when areas adjacent to the meridian of 99° 00' west longitude line on opposite sides of the line have different volatility classes under the most recently adopted Schedule of U.S. Seasonal and Geographic Volatility Classes in ASTM International's publication D4814, "Standard Specification for Automotive Spark-Ignition Engine Fuel."

The introduced established that gasoline sold or offered for sale that meets or exceeds the Driveability Index prescribed by the ASTM Designation D4814 Vapor Pressure and Distillation Class Requirements for vapor pressure or distillation classes AAA, AA, or A conforms with ASTM standards, statutory provisions governing motor fuel metering and quality, and rules set by TCLR. However, the substitute does the following:

- specifies that the gasoline must be sold or offered for sale in Texas, which the introduced did not;
- specifies that the Driveability Index must be the most recently adopted version, which the introduced did not;
- specifies that ASTM International's publication D4814 is the "Standard Specification for Automotive Spark-Ignition Engine Fuel," which the introduced did not; and
- with respect to the certain standards, removes ASTM standards, and includes only rules set by TCLR and provisions governing motor fuel metering and quality as the standards to which such gasoline conforms.

With respect to other exceptions to motor fuel quality standards, the substitute does the following:

- in the introduced version's provision establishing that granting gasoline blended with up to 15 volume percent ethanol a vapor pressure tolerance waiver of 1.0 pound per square inch except for gasoline blends sold or offered for sale in a specific circumstance,

changes the circumstance from such blends being sold or offered for sale from May 1 through October 1 in counties of Texas required to comply with low emissions fuels, as in the introduced, to such blends being sold or offered for sale beginning May 1 and ending October 1 each year in counties required to comply with low emissions motor fuel standards;

- in the provision authorizing seasonal specifications for vapor pressure to be extended for a maximum period of 15 days for the distribution of certain stocks, replaces old stocks, as in the introduced, with existing stocks;
- specifies that the prohibition against new stocks of a higher volatility classification from being offered for retail sale before the effective date of the higher volatility classification applies to stocks being offered for retail sale in Texas;
- replaces a provision waiving the vapor-to-liquid ratio specification for gasoline/ethanol blends, as in the introduced, to establish instead that the specification does not apply to gasoline or gasoline ethanol blends; and
- includes a provision absent from the introduced establishing that the exceptions to motor fuel quality standards may not be construed to interfere with regulations for low emissions motor fuels adopted by Texas to comply with federal law.

With respect to the introduced version's procedural provision, the substitute does the following:

- includes a provision absent from the introduced establishing that the bill's provisions apply only to a violation committed on or after the bill's effective date; and
- removes certain references to an offense that were present in the introduced.

The substitute omits the introduced version's provisions defining "ASTM" and "NIST."