

- SUBJECT:** Establishing TDA fuel-quality inspection program
- COMMITTEE:** Agriculture and Livestock — committee substitute recommended
- VOTE:** 9 ayes — Gonzalez Toureilles, Anderson, B. Brown, Crabb, Hardcastle, Heflin, Kleinschmidt, Rios Ybarra, Swinford
- 0 nays
- WITNESSES:** For — None
- Against — None
- On — Drew DeBerry, TDA; Debbie Hastings, Texas Oil and Gas Association; Chris Newton, Texas Petroleum Marketers and Convenience Store Association; Martin Parrish, Valero Energy Corporation; (*Registered, but did not testify*, David Kostroun, Texas Department of Agriculture)
- BACKGROUND:** The Texas Department of Agriculture (TDA) operates a weights and measures program that oversees the quality of commodities by inspecting them for accuracy. The program is designed to protect businesses and consumers from fraud. Field inspectors from the department inspect various commodities to ensure compliance with TDA rules.
- DIGEST:** HB 2925 would require TDA to adopt minimum fuel quality standards for motor fuel. TDA standards would be based on fuel quality standards set by the American Society for Testing Materials and the National Institute of Standards and Technology.
- The bill would require TDA to test fuel at gas stations around the state to ensure compliance with minimum standards. TDA would order gas stations with unsatisfactory fuel quality to stop selling fuel until the fuel complied with TDA rules. The bill would require TDA to set up a toll-free number for public reporting of complaints related to weights and measures.

Refusing to allow TDA to test motor fuel would be an offense. The bill would increase the fine associated with violations of TDA standards from \$500 to \$5,000 per day for each violation.

HB 2925 would exempt weighing or measuring devices from TDA requirements if:

- it was not cost effective for TDA;
- it was not feasible with current resources or standards; or
- it would not substantially benefit consumers.

The bill would remove references to sealers in the code and replace them with TDA inspectors. Licensed TDA inspectors would be able to:

- inspect, test and repair a weighing or measuring device;
- inspect, test and repair a liquefied petroleum gas meter;
- inspect, test and repair a ranch scale;
- return a weighing or measuring device to service;
- prohibit a broken device from being used; and
- prohibit use of a an inaccurate device.

The bill also would update language on weighing and measuring devices in the code. Cities would no longer be required to pay expenses associated with TDA commodity inspections.

This bill would take effect September 1, 2009.

**SUPPORTERS  
SAY:**

CSHB 2925 would protect Texas consumers by helping to ensure that the quality of fuel sold at gas stations meets basic standards. Recent spikes in gasoline prices made consumers more aware of the quality of fuel they were paying for. In 2008, TDA received a record number of complaints about poor fuel quality at gas stations around the state. At four dollars per gallon, consumers wanted to make sure they were getting a full gallon of gas that had not been diluted with water. CSHB 2925 would provide TDA with a statutory mandate to inspect fuel at gas stations for fuel quality.

By increasing the fine for violators to \$5,000 per day, CSHB 2925 would discourage people from tampering with fuel. Although the vast majority of gas stations sell quality fuel, there are some that knowingly violate fuel quality standards. These violators deserve a strong penalty. CSHB 2925

would put teeth into the law and send a strong message to fuel quality violators.

CSHB 2925 would help gasoline producers protect the integrity of their product. Major gasoline producers would like to know which stations may be diluting their fuel. Gasoline producers routinely perform expensive laboratory tests to conform the quality of their fuel. Individuals who dilute fuel with water or otherwise compromise its quality are affecting the reputation of producer's products. CSHB 2925 would help producers to identify the culprits that taint the image of their product.

**OPPONENTS  
SAY:**

The \$5,000 per day fine established by the bill would disproportionately affect small businesses. Smaller fuel stations, whose owners may not have been aware of fuel quality problems, cannot afford to pay a \$5,000-per-day fine. The bill would make it even more difficult for small business to compete in the gas station industry.

**NOTES:**

The companion bill, SB 2089 by Whitmire, was reported favorably, as substituted on April 30 and recommended for the Local and Uncontested Calendar.