HOUSE OF REPRESENTATIVES TWENTY-FIFTH LEGISLATURE, 2010 STATE OF HAWAII

H.B. NO. ²⁶³¹ H.D. 2 S.D. 2

A BILL FOR AN ACT

RELATING TO ENERGY INDUSTRY REPORTING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 486H-13, Hawaii Revised Statutes, is 2 amended as follows:

3 1. By amending subsection (1) to read:

4 "(1) The suspension of the maximum pre-tax wholesale
5 gasoline price shall suspend the commission's duty to calculate
6 and publish the maximum pre-tax wholesale gasoline price that
7 would have been in effect but for the suspension, but shall not
8 suspend or affect:

9 (1) Any duty to register, timely provide information, make
10 a report, or file a statement under chapter 486J; or
11 (2) Any duty of the commission to [+

12 (A) Timely obtain, analyze, or publicly disclose or
 13 report information under chapter 486J; and
 14 (B) Enforce] enforce chapter 486B."

15 2. By amending subsection (n) to read:

16 "(n) The [commission] department of business, economic
17 development, and tourism shall have the power to determine the

1 extent to which a manufacturer, wholesaler, or jobber is 2 complying with any requirement imposed or rule adopted under 3 this section, including the power to compel a manufacturer, 4 wholesaler, or jobber to submit documents, data, and information 5 necessary and appropriate for the [commission] department of 6 business, economic development, and tourism to determine [such] 7 compliance. [The commission may use-data collected pursuant to 8 chapter 486J in determining such compliance.]" 9 SECTION 2. Section 486J-1, Hawaii Revised Statutes, is 10 amended as follows: 11 By adding three new definitions to read: 1. 12 ""Biofuels" means liquid or qaseous fuels produced from 13 organic sources such as biomass crops, agricultural residues, 14 and oil crops, such as palm oil, canola oil, soybean oil, waste 15 cooking oil, grease, and food wastes, animal residues and 16 wastes, and sewage and landfill wastes. 17 "Inventory" means the volume, in barrels, of reserve that 18 is normally maintained by the reporting entity on a monthly 19 basis. 20 "Storage capacity" means the maximum volume, in barrels, of

21 used and useful facility capacity for storage."

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1 By repealing the definitions of "competitively priced", 2. 2 "corporate overhead expenses", "dealer tank wagon price", "major 3 fuel user", "major marketer", "major oil producer", "major oil 4 storer", "major oil transporter", "nonrefiner wholesale price", 5 "refiner wholesale price", and "wholesale liquid fuel prices". 6 [""Competitively priced" means fuel-grade ethanol for which 7 the wholesale price, minus the value of all applicable federal, 8 state, and county tax credits and exemptions, is not more than 9 the average posted rack price of unleaded gasoline of comparable 10 grade published in the State. 11 "Corporate overhead expenses" means the expenses or costs 12 allocated by the refiners that reflect their Hawaii business 13 units' share of corporate staff costs, such as legal, finance, 14 accounting, information technology, and similar costs. 15 "Dealer-tank wagon price" means the wholesale price at 16 which liquid fuel is sold to any retail outlet by any 17 distributor priced on a delivered basis to a retail outlet. 18 "Major fuel user" means any person who uses fuel in the 19 manufacture of products or for the generation of power in 20 amounts determined by the commission as having a major effect on 21 energy supplies.

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1	"Major marketer" means any person who sells natural gas,
2	propane, synthetic natural gas, or oil in amounts determined by
3	the commission as having a major effect on energy supplies.
4	"Major oil producer" means any person who produces oil in
5	amounts determined by the commission as having a major effect on
6	energy supplies.
7	"Major oil storer" means any person who stores oil or other
8	petroleum products in amounts determined by the commission as
9	having a major effect on energy supplies.
10	"Major oil transporter" means any person who transports oil
11	or other petroleum products in amounts determined by the
12	commission as having a major effect on energy supplies.
13	"Nonrefiner wholesale price" means the wholesale price at
14	which liquid fuel is sold by any distributor, not a refiner, to
15	any other distributor, not a refiner, for resale at any
16	subsequent wholesale or retail transaction.
17	"Refiner wholesale price" means the wholesale price at
18	which liquid fuel is sold by a refiner to any distributor, not a
19	refiner, for resale at any subsequent wholesale or retail
20	transaction.
21	"Wholesale liquid fuel prices" means the prices at which
22	liquid fuel is sold at wholesale for resale at wholesale or
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1	retail, typically but not limited to gasoline and diesel for
2	motor vehicles, and include "dealer tank wagon price",
3	"nonrefiner wholesale price", and "refiner wholesale price"."]
4	SECTION 3. Section 486J-3, Hawaii Revised Statutes, is
5	amended to read as follows:
6	"§486J-3 Statements. [(a)] Each [week] <u>month,</u> every
7	refiner and distributor [and major fuel user shall file with the
8	commission, on forms prescribed, prepared, and furnished by the
9	commission, a certified statement showing on a statewide
10	consolidated basis, and], on a reporting date established by the
11	director, shall file on forms furnished by the department
12	showing separately for each county and for the islands of Lanai
13	and Molokai within which and whereon fuel is sold or used during
14	the last preceding reporting [week,] month, the following:
15	[(1) The total number of gallons or units of fuel, by type
16	or grade, refined, manufactured, or compounded by the
17	distributor-within the State and, if for ultimate sale
18	or consumption in another county or on another island,
19	the number of gallons or units of fuel, by type or
20	grade, sold, exchanged, or otherwise transferred or
21	used by the distributor in each county or island;

1	(2)	The total number of gallons or units of fuel, by type
2		or grade, imported or exported by the distributor; the
3		total volumes of fuel, by type or grade, sold,
4		exchanged, or otherwise transferred or used by the
5		distributor; and if for ultimate sale or consumption
6		in another county or on another island, the number of
7		gallons or units of fuel, by type or grade, sold,
8		exchanged, or otherwise transferred or used by the
9		distributor in each county or island;
10	(3)	The total number of gallons or units of fuel sold as
11		liquid fuel, aviation fuel, diesel fuel, and other
12		types of fuel as required by the commission;
13	(4)	The total number of gallons or units of fuel, by type
14		or grade, and their respective sales prices for all
15		fuel sold to federal, state, and county agencies,
16		ships stores, or base exchanges, commercial
17		agricultural accounts, commercial nonagricultural
18		accounts, retail dealers, and other customers as
19		required by the commission;
20	(5) -	Weekly-weighted average acquisition cost per-barrel
21		and volumes of foreign or domestic crude oil or other
22		liquid fuels, finished or unfinished, imported to

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1		Hawaii, including information identifying the source
2		of the crude oil or other liquid fuels;
3	(6)	The effective date and time, and the amount of change
4		in cents per gallon, of any increase or decrease in
5		wholesale price occurring during the week and the
6		weekly weighted average wholesale prices and sales
7		volumes of finished unleaded regular and premium motor
8		gasoline, and of each other grade of gasoline sold, by
9		island, to retail outlets, by classes of retail trade,
10		and to wholesale distributors;
11	-(7)	Weekly weighted average retail prices, and sales
12	•	volumes of finished unleaded regular and premium motor
13		gasoline, and of each other grade of gasoline sold, by
14		island, by retail distributor outlets of all classes
15		of retail trade and by any distributor to other end-
16		users; provided that the commission may purchase
17		retail-price data from data service companies that the
18		commission may use to substitute some or all data to
19		meet the reporting requirement for retail price data
20		under this paragraph;
21	.(8) -	The effective date and time, and the amount of change
22		in cents per gallon, of any increase or decrease in



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1		wholesale-price-occurring during the week and the
2		weekly weighted average wholesale prices, and sales
3		volumes of No. 2-diesel-fuel and No. 2 fuel oil, by
4		island, to retail distributor outlets, by classes of
5		retail trade, and to all other wholesale distributors.
6		Weighted average wholesale prices and sales volumes
7		shall be reported by type of wholesale liquid fuel
8		price;
9	(9)	Weekly weighted average retail prices, and sales
10		volumes of No. 2 diesel fuel and No. 2 fuel oil sold,
11		by island, by retail distributor outlets of all
12		classes of retail trade and by any distributor to
13		other-end-users. The commission may purchase retail
14		price data from data service companies that the
15		commission may use to substitute some or all data to
16		meet the reporting requirement for retail price data
17		under this paragraph;
18	(10)	Weekly weighted average prices, and sales volumes for
19		retail sales and wholesale sales, by island, of No. 1
20		distillate, kerosene, finished aviation gasoline,
21		kerosene type jet fuel, No. 4 fuel oil, residual fuel
22		oil, and consumer grade propane;

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1	- (11)	For each distributor that is a refiner, the gross
2	L	margins or spreads between a refiner's average
3		weighted acquisition price for each gallon of crude
4		oil and blendstock refined within the State and the
5		average weighted prices for each gallon or unit of
6		fuel sold, by county or island, to another
7		distributor, a retail dealer, end-user, and consumer;
8	(12)	For each distributor that is not a refiner, the gross
9		margins or spreads between the distributor's average
10		weighted price for each-gallon or unit of fuel $_{\lambda}$
11	;	acquired by the distributor and the average weighted
12		prices for each gallon or unit of fuel sold, by county
13		or island, to another distributor, a retail dealer,
14		end user, or consumer; and
15	(13)	Revenues, expenses, profits and losses, and any other
16		financial or operating information as may be required
17		by the commission.
18	The commi	ssion shall-prescribe applicable standards and
19	practices	-for reporting to facilitate uniformity, consistency,
20	and compa	rability of the data to be submitted.]
21	(1)	The total volume of fuel imported into and exported
22		from Hawaii, and if for ultimate sale or consumption

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1		in another county or on another island, the total
2		volume of fuel, in barrels, by import location
3		(foreign and domestic), by specific crude oil
4		imported, and by liquid fuel type, aviation fuel,
5		diesel fuel, biofuels, and other types of fuel as
6		required by the department, that is sold, exchanged,
7		or otherwise transferred or used by the distributor;
8	(2)	The total volume of fuel refined, manufactured, or
9		compounded by refineries, in barrels, by company, and
10		by specific crude oil and by liquid fuel type,
11		aviation fuel, diesel fuel, biofuels, and other types
12		of fuel as required by the department, including No. 2
13	•	diesel fuel, No. 1 distillate, No. 2 fuel oil, No. 4
14		fuel oil, kerosene, finished aviation gasoline,
15		kerosene-type jet fuel, residual fuel oil, consumer
16		grade propane, and gasoline (regular, midgrade, and
17		premium);
18	(3)	The total volume of fuel distributed, in barrels, by
19		company, by island, and by liquid fuel type, aviation
20		fuel, diesel fuel, biofuels, and other types of fuel
21		as required by the department, and by:
22		(A) Classes of retail trade;

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. 1	<u>(B</u>) Federal, state, county agencies, ships stores, or
2		base exchanges, commercial agriculture accounts,
3		commercial non-agriculture accounts, retail
4		dealers, and other customers as required by the
5		department; and
6	(0	Wholesale distributor; and
7	(4) Th	ne total volume of inventory and storage capacity, in
8	ba	arrels, by reporting entity, by method of
9	tr	cansportation of receipts and distribution, by
10	sp	pecific crude oil, and by liquid fuel type, aviation
11	fu	el, diesel fuel, biofuels, and other types of fuel
12	as	s required by the department.
13	[-(b) E	Each major marketer shall submit to the commission,
14	at-a-time-ar	nd in a form as the commission shall prescribe,
15	information,	including petroleum and petroleum product receipts,
16	exchanges, i	inventories, and distributions.
17	- (c) Tł	ne-commission may require additional information as
18	and when the	- commission deems necessary to perform the
19	commission's	responsibilities under this chapter.
20	(d) Ir	nformation in the statements filed pursuant to this
21	section shall	ll be collected and maintained for the purpose of
22	facilitating	g the analysis required by this chapter; provided
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1	that the commission shall make the information available to the
2	public, to the extent permitted under sections 486J-6 and
3	486J 8.]"
4	SECTION 4. Section 486J-5.5, Hawaii Revised Statutes, is
5	amended to read as follows:
6	"[[]§486J-5.5[]] [Petroleum industry monitoring, analysis,
7	and reporting] Energy data collection program. The [commission]
8	department shall establish the [petroleum industry monitoring,
9	analysis, and reporting] energy data collection program that
10	includes development and maintenance of an [automated petroleum
11	industry information reporting] energy database system that
12	meets the requirements of government $[\tau]$ and industry, $[and the$
13	public] while promoting sound policy making [and consumer
14	information and protection. The purpose of the petroleum
15	industry monitoring, analysis, and reporting program is to
16	conduct and facilitate the efficient analysis and reporting of
17	all information and data provided by the petroleum industry
18	pursuant to this chapter. The commission shall develop the
19	petroleum industry monitoring, analysis, and reporting program
20	in a manner that will result in greater market transparency and
21	provide useful information to the general public and those
22	agencies that are authorized to conduct oversight of the
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1	petroleum industry and ensure compliance with all-relevant
2	laws.], energy planning, energy assurance planning, and energy
. 3	security."
4	SECTION 5. Section 486J-6, Hawaii Revised Statutes, is
5	amended to read as follows:
6	"§486J-6 Confidential information. (a) Confidential
7	commercial information provided to the [commission] department
8	pursuant to this chapter that is exempt from public disclosure
9	under section 92F-13 shall be held in confidence by the
10	[commission] department or aggregated to the extent necessary in
11	the [commission's] department's discretion to ensure
12	confidentiality as required by chapter 92F.
13	(b) No data or information submitted to the [commission]
14	department shall be deemed confidential if it is shown that the
15	person submitting the information or data has made it public.
16	(c) Unless otherwise provided by law, with respect to data
17	that the commission [obtains] or department obtained or [is] was
18	provided pursuant to section 486J-3, 486J-4, 486J-4.5, or
19	486J-5[$_{7}$] prior to their repeal, neither the commission or
20	department nor any employee of the commission or department may
21	do any of the following:

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,1	(1)	Use the information furnished or obtained for any
2		purpose other than the purposes for which it is
3		supplied;
4	(2)	Make any publication whereby the data furnished by any
5		person can be identified; or
6	(3)	Permit any person other than the commission, the
7		department of taxation, the attorney general, the
8		consumer advocate, the department of business,
9		economic development, and tourism, and the authorized
10		representatives and employees of each to examine the
11		individual reports or statements provided."
12	SECT	ION 6. Section 486J-7, Hawaii Revised Statutes, is
13	amended t	o read as follows:
14	"§48	6J-7 Confidential information obtained by another
15	state age	ncy. Any confidential information pertinent to the
16	responsib	ilities of the commission or the department specified
17	in this c	hapter that is obtained by another state agency,
18	including	the department of taxation, the attorney general, and
19	the consu	mer advocate, shall be available only to the attorney
20	general,	the attorney general's authorized representatives, the
21	departmen	t of business, economic development, and tourism, and
22	the commi	ssion and shall be treated in a confidential manner."
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SECTION 7. Section 486J-9, Hawaii Revised Statutes, is
 amended by amending subsections (a), (b), and (c) to read as
 follows:

The [commission] department shall notify those 4 "(a) 5 persons who have failed to timely provide the information specified in section 486J-3[, 486J 4, or 486J-4.5] or requested 6 7 by the [commission] department under section 486J-3[, 486J-4, or 486J 4.5]. If, within five business days after being notified 8 9 of the failure to provide the specified or requested information, the person fails to supply the specified or 10 requested information, the person shall be subject to a civil 11 penalty of not less than \$50,000 per day nor more than \$100,000 12 per day for each day the submission of information is refused or 13 14 delayed.

Any person, or any employee of any person, who 15 (b) 16 wilfully makes any false statement, representation, or certification in any record, report, plan, or other document 17 filed with the [commission] department shall be subject to a 18 civil penalty not to exceed \$500,000 and shall be deemed to have 19 committed an unfair or deceptive act or practice in the conduct 20 of a trade or commerce and subject to the penalties specified in 21 22 chapters 480 and 486B.

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1	(C)	The [commission] <u>department</u> shall refer any matter
2	under sub	section (a) or (b) to the attorney general, who may
3	exercise	any appropriate legal or equitable remedies that may be
4	available	to the State."
5	SECT	ION 8. Section 486J-4, Hawaii Revised Statutes, is
6	repealed.	
7	["§4	86J-4 Informational reports. (a) Each major oil
8	producer,	refiner, marketer, oil transporter, and oil storer
9	shall sub	mit to the commission, in a form as the commission
10	shall pre	scribe, information that includes the following:
11	(1)	Major oil transporters shall report on petroleum by
12		reporting the capacities of each major transportation
13		system, the amount transported by each system, and
14		inventories thereof. The provision of the information
15		shall not be construed to increase and decrease any
16		authority the commission may otherwise have;
17	(2)	Major oil storers shall report on storage capacity,
18		inventories, receipts and distributions, and methods
19		of transportation of receipts and distributions;
20	(3)	Refiners shall report on facility capacity and
21		utilization and method of transportation of refinery
22		receipts and distributions; and

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1	(4) Major oil marketers shall report on facility capacity
2	and methods of transportation of receipts and
3	distributions.
4	(b) The commission may require additional information as
5	and when the commission deems necessary to perform the
6	commission's responsibilities under this chapter."]
7	SECTION 9. Section 486J-4.5, Hawaii Revised Statutes, is
8	repealed.
9	["§486J-4.5 Informational cost reports. (a) Each
10	refiner, on a semi-annual-basis, at reporting dates as the
11	commission may-establish, shall file with the commission, on
12	forms prescribed, prepared, and furnished by the commission, a
13	certified statement of operating and overhead costs for the
14	refiner's Hawaii operations that shall include but not be
15	limited-to-the-following:
16	(1) Crude oil costs and sources;
17	(2) Other-feedstock-costs and sources;
18	(3) Refinery operating expenses;
19	(4) Marketing operating expenses by petroleum product;
20	(5) Distribution expenses by petroleum-product; and
21	(6) Corporate overhead expenses.

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1	(b) In addition to the reporting required under subsection
2	(a), each distributor shall file with the commission all
3	Securities and Exchange Commission Forms 10 K, 10 Q, annual
4	reports, quarterly reports, and earnings supplements published
5	by the distributor.
6	(c) Each distributor, except a distributor who is so
7	defined solely by criteria in paragraph (4) of that definition
8	in section 486J 1, who sells liquid fuel only at retail and is
9	not a refiner, shall file with the commission, on a semi annual
10	basis at reporting dates as the commission may establish, on
11	forms prescribed, prepared, and furnished by the commission, a
12	certified statement of operating and overhead costs that shall
13	include the following:
14	(1) Gasoline purchases and exchanges and sources;
15	(2) Diesel purchases and exchanges and sources;
16	(3) Marketing expenses; and
17	(4) Distribution expenses."]
18	SECTION 10. Section 486J-5, Hawaii Revised Statutes, is
19	repealed.
20	["§486J-5 Analysis of information; summary reports. (a)
21	The commission, with the commission's own staff and other
22	support staff with expertise and experience in, or with, the
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1	petroleum	industry, shall gather, analyze, and interpret the	
2	informatio	on submitted to it pursuant to sections 486J 3, 486J 4,	
3	and 486J 4	4.5 and other information relating to the supply,	
4	prices, m a	argins, and profits of petroleum products, with	
5	particula:	r emphasis on motor vehicle fuels, including but not	
6	limited to all of the following:		
7	(1)	The nature, cause, and extent of any petroleum or	
8	8 	petroleum-product-situation or condition affecting	
9		supply, price, margins, or profits;	
10	-(2)	The prices, with particular emphasis on wholesale and	
11		retail motor vehicle fuel prices, and any significant	
12		changes in prices charged by the petroleum industry	
13		for petroleum or petroleum products sold in Hawaii and	
14		the reasons for the changes;	
15	(3)	The income, expenses, margins, and profits in Hawaii,	
16		both before and after taxes, of each distributor and	
17		the income, expenses, margins, and profits, both	
18		before and after taxes, of major oil companies in	
19		other regions of the United States and other	
20		countries; and	
21	(4)	The emerging trends-relating to supply, demand, price,	
22		margins, and profits.	
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1	(b) The commission shall analyze the effects of state and
2	federal policies, rules, and regulations upon the supply and
3	pricing of petroleum products.
4	(c) The commission shall publish annually and submit to
5	the governor and the legislature twenty days prior to the first
6	day of each regular legislative session a summary, including any
7	analysis and interpretation of the information submitted to it
8	pursuant to this chapter, and any other activities taken by the
9	commission, including civil penalties imposed and referrals of
10	violations to the attorney general under section 486J 9. Any
11	person may submit comments in writing regarding the accuracy or
12	sufficiency of the information submitted."]
13	SECTION 11. Section 486J-5.3, Hawaii Revised Statutes, is
14	repealed.
15	["[§486J-5.3] Use and analysis of information by the
16	department of business, economic development, and tourism. The
17	department, with its own staff and other support staff with
18	relevant expertise and experience, shall use the information
19	obtained under this chapter to effectuate the purposes of
20	chapters 125C, 196, and other-relevant laws."]
21	SECTION 12. Section 486J-5.6, Hawaii Revised Statutes, is
22	repealed.

1	[" [§486J-5.6] Petroleum industry monitoring, analysis, and
2	reporting special fund. (a) There is established a petroleum
3	industry monitoring, analysis, and reporting special fund to be
4	administered by the commission.
5	(b) The legislature may make appropriations from the
6	general revenues of the State of Hawaii, not to exceed
7	\$2,000,000 in any fiscal year, for the petroleum industry
8	monitoring, analysis, and reporting special fund.
9	(c) Moneys in the special fund shall be used to:
10	(1) Administer-the petroleum industry monitoring,
11	analysis, and reporting program pursuant to this
12	chapter; and
13	(2) Establish full time staff positions in the
14	commission to implement and maintain the petroleum
15	industry monitoring, analysis, and reporting program,
16	including the automated petroleum industry information
17	reporting system established by section 486J-5.5."]
18	SECTION 13. Section 486J-8, Hawaii Revised Statutes, is
19	repealed.
20	["§486J-8 Sharing of information obtained by the
21	commission. (a) Except as provided in subsections (b) and (c),
22	the commission shall make any information obtained by the
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1	commission under this chapter, including confidential
2	information, available only to the attorney general, the
3	department of taxation, the consumer advocate, the department of
4	business, economic development, and tourism, an appropriate
5	legislative committee, and the authorized representative of
6	each, who shall safeguard the confidentiality of all
7	confidential information received.
8	(b) The commission shall disclose to the public, using the
9	best readily available technology, the information contained in
10	the statements that are filed pursuant to section 486J-3, except
11	to the extent that disclosure is prohibited under section
12	486J-6. The commission shall publicly report this information
13	within fourteen days pursuant to the reporting dates established
14	by the commission under section 486J-3.
15	(c) Nothing in this section shall be construed to prohibit
16	the implementation of the petroleum industry monitoring,
17	analysis, and reporting program under section 486J-5.5 or the
18	public disclosure of the analysis of information and reports
19	described in section 486J-5."]
20	SECTION 14. Statutory material to be repealed is bracketed
21	and stricken. New statutory material is underscored.
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SECTION 15. This Act shall take effect on July 1, 2050.



Report Title:

Petroleum Industry; Information

Description:

Repeals the Petroleum Industry Monitoring, Analysis, and Reporting Program, and its special fund; requires refiners and distributors to report monthly to the Department of Business, Economic Development, and Tourism, on fuel imported, exported, transferred, used, refined, manufactured, compounded, and distributed. Effective July 1, 2050. (SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

