



UNITED STATES SENATOR

John Thune

S O U T H D A K O T A

Alternative Energy Refueling System Act of 2006 (S.2614)

Bill DESCRIPTION

On April 7, 2006, Senator John Thune and Senator Barack Obama introduced the Alternative Energy Refueling System Act. The goal of this legislation is to increase the number of alternative fuel tanks at refueling stations across the country. Specifically, the legislation would:

- Allow station owners to be reimbursed for 30 percent (not exceeding \$30,000) of the expenses related to the purchase and installation of alternative refueling systems. Unlike the existing tax credit that is only available once per station, an eligible refueling station could be reimbursed for up to two alternative refueling systems per station;
- Provide partial reimbursement for eligible alternative refueling systems, such as: E-85, bio-diesel, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, or other alternative fuels as defined by the Environmental Protection Agency;
- Not increase taxes or add to the federal deficit. The reimbursement would be paid for out of a portion of the interest earned annually from the Leaking Underground Storage Tank (LUST) Trust Fund. Last year alone, this Trust Fund generated \$67 million in interest off the Fund's \$2.5 billion balance;
- Not reduce the environmental requirements that owners of Underground Storage Tanks must currently meet. In fact, this bill would lower the number of underground storage tank leaks by increasing the number of alternative refueling stations.
- **Compliment the growing number of alternative vehicles across the country, protect the environment and allow our country to reduce its dependence on foreign sources of oil.**

GROWING NEED FOR ALTERNATIVE REFUELING INFRASTRUCTURE

Just to highlight how this legislation would impact one of the eligible alternative fuels, take for instance that:

- Currently there are more than 5 million Flexible Fuel Vehicles (FFV's) on the road that can run on either E-85 or regular gasoline.
- However, of the 180,000 gas stations across the country, only 600 offer E-85 ethanol. In short, this means that less than one half of 1 percent of all stations offer E-85 ethanol.
- The average cost of purchasing and installing an E-85 refueling system is approximately \$40,000 to \$200,000 depending on the geographic area and the size of the tank.

Ethanol production is at an all time high of 4.5 billion gallons per year. Nationwide, there are currently 97 plants producing ethanol with 35 more under construction – which will add 2.3 billion gallons of ethanol production by next year. The Energy Policy Act requires the annual use of 7.5 billion gallons of alternative fuel by the year 2012.

LUST FUND BACKGROUND

- In 1986, the Congress established the LUST Fund to fund the clean up of leaks at tank sites where the owners fail to do so.
- The fund is capitalized through a one-tenth of one cent per gallon tax on gasoline and other motor fuels. During FY 2005, this tax generated over \$190 million. In FY 2005, Congress appropriated roughly \$73 million from the LUST Fund to assist states with emergency clean-ups and to cover the administrative costs associated with state UST programs.
- This bill would in no way decrease the annual allocation of LUST funds to the states. Each year, the LUST Fund generates more revenue than is appropriated. The alternative energy refueling system reimbursement would be funded by using a portion of the interest that is generated from the LUST Trust Fund surplus. Currently, the Trust Fund balance stands at over \$2.5 billion, which earned \$67 million in interest last year.