

# Los Angeles Times

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*From the Los Angeles Times*

## **Vegetable oil fuels cars -- and tax bills**

**Diesel owners who switch to cooking grease can run afoul of the law. Just ask the governor.**

By Evan Halper

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Dave Eck, a Half Moon Bay mechanic, had attracted a media spotlight with his fleet of vehicles fueled by used fryer grease from a local chowder house. So when Sacramento called, he figured officials wanted advice on promoting alternative fuels.

Not at all. The government rang to notify Eck that he was a tax cheat. He was scolded for failing to get a "diesel fuel supplier's license," reporting quarterly how many gallons of grease he burns, and paying a tax on each gallon.

"All of a sudden they nailed me for a road tax," said Eck, who drives a Hummer converted to run on vegetable oil. "I said, 'Not a problem. I'll do my part. But what do I get? At least let me into the carpool lane.' "

No such luck. The state offered Eck only a potentially large fine -- and not just for failing to pay taxes. He can also get in trouble for carting kitchen grease away from eateries without a license from the state Meat and Poultry Inspection Branch.

Or for not having at least \$1 million in liability insurance, in case he spills some of the stuff. Or for not getting permission from the state Air Resources Board to burn fat in the first place.

The regulations are so burdensome that even Gov. Arnold Schwarzenegger, trying to set an example for Californians by driving a Hummer that burns cooking oil he buys at Costco, had not complied. Schwarzenegger, who has said that the exhaust from his Hummer smells so much like French fries that his passengers get hunger pangs, was unaware that he was required to send Sacramento an 18-cent road tax for every gallon of kitchen oil he burned, according to spokesman Aaron McLear. After The Times raised the issue, McLear said the governor would pay the taxes he owed.

The governor's staff says it is working on making it easier to drive using vegetable oil without being an outlaw.

"We are very interested in making sure people who have these kinds of vehicles are able to comply as easily as possible," McLear said.

But environmentalists are frustrated. "It is ridiculous that we live in what is presumed to be one of the greenest states in the nation, yet we have the most antiquated laws to deal with green energy," said Josh Tickell, an alternative-fuels advocate and filmmaker whose documentary "Fields of Fuel" recently won the audience award at the Sundance Film Festival.

"Everyone I know wants to do the right thing by the law," he said. "But the state is not set up to even clearly provide information to folks."

The veggie oil crowd is hardly on the radical fringe anymore. Garages report being overwhelmed with conversion business, and restaurants throughout the Southland are contending with raids on their used-grease tanks.

Advocates say more than 250,000 Americans are running their vehicles on [cooking oil](#), with the biggest concentration in California. Drivers do it for different reasons: to protect the environment, to reduce dependence on foreign oil or to save money. Those using vegetable oil say they do so for as little as \$1 a gallon, even though grease yields better mileage than gasoline and about the same as diesel fuel.

Almost all of them are doing it underground. The state tax board has processed fewer than 70 of the required "fuel supplier" licenses, according to a spokeswoman. Most of those are for businesses selling commercial biodiesel, a more mainstream fuel that is typically mixed with as much as 80% petroleum.

State agencies say they have reasons for doing things the way they do. Tax authorities say biofuel drivers need to pay for using California's roads, just like everyone else, and there is no simple way to collect from those who don't go to the gas pumps, where road taxes are normally levied.

The meat and poultry agency is worried about toxic spills. Officials with the [air board](#) are troubled by kitchen-grease emissions, especially when spewed by vintage diesel Mercedes-Benzes, the make of choice for many vegetable oil converts.

Matthew Tiffany, a 26-year-old student and environmentalist in Monrovia, tried to help some 20 veggie oil drivers go legal and found the task nearly impossible.

Tiffany, who fills his 1981 diesel Mercedes with fryer grease from a neighborhood Japanese restaurant, launched a cooperative called Good Earth Grease Haulers. His mission was to bring veggie oil drivers into the mainstream.

But Good Earth Grease Haulers quickly collapsed, after Tiffany got tangled in red tape trying to help members comply with [license requirements](#).

"They want us to follow all these rules that were set up to regulate people who transport hundreds of gallons a day," Tiffany said.

He recently appeared before a legislative committee to urge lawmakers to exempt veggie oil

users from having to pay for a license after the Meat and Poultry Inspection Branch raised the cost from \$75 to \$300.

Assemblyman Doug LaMalfa (R-Richvale), a rice farmer who is handy with car engines, expressed bewilderment at the hoops Tiffany had to jump through to get permission to transport a few gallons of used fryer grease.

"Why do you even tell anyone you are taking it?" he asked.

Tiffany reminded the assemblyman that it was required by law.

Although most drivers burning kitchen oil have managed to evade enforcement -- government agencies say they have handed out few citations -- those who attract attention to themselves by promoting the alternative fuel tend to hear from regulators.

Craig Reece, owner of PlantDrive in Berkeley, which sells kits to convert diesel engines to run on vegetable oil, said he got a call from state officials about paying the road tax. He has since been sending the tax forms to all his customers, but he figures only a few are actually registering with the state and keeping logs of how much oil they burn.

"A lot of my customers think this fuel should be exempt from taxes," he said. "They feel they ought to get something for the climate-change-neutral aspect of it."

Illinois, North Carolina, Texas, Rhode Island and Indiana have exempted drivers burning kitchen grease from paying such a tax. In North Carolina, the move came at the behest of a state senator who motors around in a small car powered by soybean oil. The legislator said it wasn't paying the taxes that bothered him so much as the hours required to do the paperwork.

Terry Tamminen, an advisor to Schwarzenegger on energy and environmental policy, acknowledged that California has been slow to adapt.

"When you go through a period of change, there is always a clunkiness to the bureaucracy," he said.

But he said the state should not overlook the value of alternative-fuel pioneers.

"Our mentality is to look for the next silver bullet" to replace petroleum, Tamminen said by telephone while driving a car fueled by compressed natural gas. "But there is no silver bullet, only buckshot. We are going to need every one of these silver buckshots to be developed as best it can."

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