

SESSION OF 2003

**CONFERENCE COMMITTEE REPORT BRIEF  
HOUSE BILL NO. 2038**

As Agreed to April 1, 2003

**Brief \***

HB 2038 would create the Kansas Propane Education and Research Council to be governed by a 10-member council. The council would be appointed by the Governor from a list of nominees submitted by "qualified industry organizations." Four members of the council would represent retail marketers; two members would represent wholesalers, resellers, suppliers, and importers; two members would represent manufacturers and distributors of propane equipment and transporters; one would represent the public; and one, an ex-officio member, would be the State Fire Marshal or that person's designee. The council would report annually to the House and Senate Agriculture Committees on its programs, projects, and activities. The report provided in 2004 to these committees would include a review of propane safety policies, statutes, rules and regulations in Kansas and adjoining states and would include recommendations the council deems appropriate for policy, statutory, or regulatory changes in Kansas to improve propane safety.

The council would be required to develop programs and projects implementing the act. The programs and projects would include enhancement of consumer and employee safety and training programs, with safety issues to receive the first priority. Moneys could not be used to purchase equipment for programs or projects by a private, for profit corporation or other business association or entity.

Also, no funds of the council could be used for purchase of propane products and equipment or replace propane products and equipment, including through cost-share programs, for Kansas consumers, except that the council may purchase propane products and equipment for display in programs or projects. Except as provided for in the reports to the standing agriculture committees, the moneys collected by the

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council could be expended only for the purposes of the legislation and could not be used in any manner for influencing legislation or for political campaign contributions. Meetings of the council and any committees and subcommittees of the council would be subject to the Open Meetings Act. The bill would permit the hiring of an executive director and other employees.

The expenses of the council would be funded by the imposition of an initial assessment of not more than two-tenths of one cent per gallon of odorized propane. The bill establishes a maximum assessment at three-tenths cent per gallon and restricts the increase the council could make to one-tenth cent per gallon annually. The assessment is to be paid by owners of propane at the time of odorization or at the time of import of odorized propane. The bill would limit the administrative costs of operating the council to 10 percent of the funds collected in any fiscal year.

## **Background**

This bill was introduced at the request of a spokesperson from the Propane Marketers Association of Kansas. At the hearing on the bill before the House Agriculture Committee, the spokesperson from the Association stated that the bill allowed industry to gather resources to provide uniform safety education and information programs that would otherwise be unavailable for many businesses and consumers. The conferee stated that similar programs have been established in 30 other states. The Committee was told that a large portion of the council's program would be to help firefighters learn how to deal with propane fires. The conferee estimated that \$385,000 would be raised through the two tenths of a cent assessment.

Other proponents of the bill included Representative Shriver and representatives of Ferrellgas, Farmway Co-op, Ruralgas Company, Tri-State Tank LLC, the Kansas Cooperative Council, the Kansas Fire Service Alliance, and the State Fire Marshal's Office. There were no opponents to the bill.

The Senate Committee on Agriculture amended the bill to:

- ! change the percent of the moneys collected which could be spent for administrative costs from 15 percent to 10 percent;

- ! expressly subject the council and any committees or subcommittees of the council to the Open Meetings Act;
- ! limit the types of programs and projects of the council by removing language which would have permitted undefined activities and programs;
- ! prohibit funds of the council from being used for the purchase or consumer products or to replace consumer products, including through cost-share programs, for Kansas consumers, except that the council may purchase consumer products for display in programs or projects;
- ! require that the 2004 report to the standing agriculture committees include a review of propane safety policies, statutes, rules and regulations in Kansas and adjoining states, and include recommendations the council deems appropriate for policy, statutory or regulatory changes in Kansas to improve propane safety;
- ! limit to the reports to the standing agriculture committees the authority of the council to expend moneys for influencing legislation or for political campaign contributions – otherwise, the money would be spent only for the purposes of the bill; and
- ! eliminate language that would have established a process whereby the council or retail marketers, under certain circumstances, could terminate or suspend the monetary assessment provided for under the bill.

The Conference Committee clarified the prohibition of use of money by eliminating the term "consumer products" and replaced it with "propane products and equipment."

The fiscal note on the original bill states that the bill will have no effect on any state fund and that the council created by the legislation would have no direct fiscal tie to state government and would not be considered a state agency.