

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3932-01  
Bill No.: SB 788  
Subject: Agriculture Dept.; Boards, Commissions, Committees, Councils  
Type: Original  
Date: March 6, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$15,000)	(\$15,000)	(\$15,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$15,000)</b>	<b>(\$15,000)</b>	<b>(\$15,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials with the **Department of Agriculture** assume this proposal creates the "Missouri Propane Gas Authority" consisting of nine commissioners selected by the Governor and approved by the Senate representing industry, state agencies, and the general public. The commission is authorized to employ an executive director and employees as deemed necessary. The commission is required to submit a budget plan, project list, and fee assessment recommendations to the Director of Agriculture for approval at the beginning of each fiscal year. A report of authority activities will be submitted to the Director of Agriculture, the Governor and General Assembly at the end of each fiscal year. The books and accounts of the authority will be audited by an independent CPA at least annually. The authority shall set an assessment fee for inspection of propane installations as well as determine fees for permits, licenses, and certificates required by Chapter 323. A "Propane Inspection Fund" is created for funds collected under 323.154. Section 323.156 addresses violations of the chapter and penalties.

The propane meter inspection program (323.100) is a dedicated Weights and Measures function and should be retained within the Department of Agriculture. It is unclear to what extent the Department of Agriculture will maintain authority over propane regulation - it appears the authority will be responsible for major decision making.

ASSUMPTION (continued)

The department assumes the collection of propane meter test fees will no longer be handled by the Weights and Measures Division; thereby reducing General Revenue by \$15,000 per year.

The Department of Agriculture will have one representative on the Missouri Propane Gas Authority.

The Missouri Propane Gas Authority will be responsible for selection and payment of executive director and all staff deemed necessary by said authority.

The assessment of 1/10 of one cent per gallon of odorized propane is estimated to generate \$325,000, annually, based on figures obtained from the Missouri Energy Program. This amount, along with other fees authorized in Chapter 323 will generate revenue equal to the cost of administering this proposal.

The **Department of Natural Resources** assume this proposal would be known as the Missouri Propane Safety Act. It would establish a nine-member Missouri Propane Gas Authority with the Department of Agriculture to ensure the administration and enforcement of chapter 323 and related rules and regulations regarding the safety of liquefied petroleum gases.

Members of the Authority would be appointed by the Governor and approved by the Senate. One member is to be a full time employee of the Department of Natural Resources. Commissioners would receive no compensation for their duties but would be reimbursed from the funds of the authority for actual and necessary expenses incurred in the performance of official duties.

Therefore, the department would not anticipate any significant direct fiscal impact from this proposal.

Officials from **State Treasurer's Office** assume the proposal creates the Propane Inspection Fund. The Treasurer is the custodian of the fund and shall approve disbursements from the fund. The Treasurer's Office only ensures the disbursements are made from a lawful appropriation and does not exceed the amount of the appropriation. The Treasurer's Office will need a FTE (Analyst I - \$36,444 plus E&E) to monitor these disbursements if the wording is not changed.

**Oversight** assumes this would be accomplished during the normal budgetary process. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

Officials from the **Department of Transportation** assume no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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**GENERAL REVENUE**

<u>Loss - Department of Agriculture</u> Reduction of Current Fees Collected	<u>(\$15,000)</u>	<u>(\$15,000)</u>	<u>(\$15,000)</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$15,000)</u></b>	<b><u>(\$15,000)</u></b>	<b><u>(\$15,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Possibly - the proposed language removes the \$10.00 per meter test fee for propane meter inspection and states the fee will be determined by the Missouri propane gas authority. There is no way to determine what that fee will be or when it will be determined. Also, mention is made in 323.154(5) that the authority, in conjunction with the department, shall set fees for permits, licenses or certificates required by Chapter 323. Again, there is no way to determine what these fees will be at this time. Currently, there are no charges associated with issuing permits, licenses, or certificates. This proposal authorizes a 1/10 of one cent per gallon assessment on propane sold in the state.

Businesses that own propane (prior to odorization in the state or the owner of odorized propane at the time of import into the state) would be responsible for payment of the assessment authorized in this proposal. Businesses affected by chapter 323 would also be required to pay fees for permits, licenses and certificates set by the authority. The new testing fee that would be set by the authority would affect businesses involved in the retail sale of liquefied petroleum gas.

## DESCRIPTION

The act changes the fee amount paid by owners of liquid meters used for the measurement and sale of liquified petroleum gas to an amount to be determined by the newly created "Missouri Propane Gas Authority". The Authority shall be made up of a commission whose membership is detailed in the act, and staffed by an executive director to be chosen by the commissioners. The Authority shall work with the Department of Agriculture to ensure the compliance with the provisions of the act and those detailed throughout Chapter 323, RSMo, pertaining to liquified petroleum gas. The Authority shall be responsible for programs that aim to prevent and control propane related accidents and they have been granted rule making authority in the act to achieve that goal. All other regulations governing the use and sale of propane are preempted with the act, charging the Authority with that responsibility.

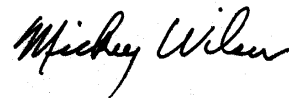
The act directs the Authority to assess a fee for propane inspections, the calculation for which is detailed in the act, and all monies from these fees shall be deposited into the newly created Propane Inspection Fund. The fund shall be used to support the Propane Gas Authority.

Any violations of the act and subsequent investigations shall be handled by the Director of the Department of Agriculture at the direction of the Authority.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

## SOURCES OF INFORMATION

Department of Agriculture  
Department of Natural Resources  
Department of Transportation  
State Treasurer's Office



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