

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3932-03
Bill No.: SCS for SB 788
Subject: Agriculture Dept.; Boards, Commissions, Committees, Councils
Type: Original
Date: April 4, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
LPG Inspection Fund	\$194,903	\$108,238	\$95,225
Total Estimated Net Effect on <u>Other</u> State Funds	\$194,903	\$108,238	\$95,225

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

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

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

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Agriculture (DOA)** assume this proposal if enacted, will create a revenue source to fund the propane meter and safety inspection program. This program is statutorily mandated to annually inspect and test all liquid meters used for measurement and retail sale of liquefied petroleum gas. In addition, these employees perform safety inspections at propane bulk facilities, schools, churches, hospitals, nursing homes, etc. A seven member advisory committee will be established to assist with program needs and offer recommendations regarding statutory and administrative changes. This proposal establishes an initial assessment of two-tenths of one cent per gallon of odorize propane. The minimum is set at one-tenth of one cent and a maximum of three-tenths cent per gallon of odorize propane.

The DOA will need 8.00 FTE to implement the provisions of this proposal – 6.00 Fuel Device Safety Inspectors and 2.00 Senior Office Support Assistants (Keyboarding).

Four of the Fuel Device Safety Inspectors will be dedicated to propane safety inspections and the prevention of propane related accidents at propane bulk facilities, schools, churches, hospitals, nursing homes, etc. throughout state. These employees will also inspect new propane installations to ensure they are safe and in compliance with relevant codes.

ASSUMPTION (continued)

The other two Fuel Device Safety Inspectors will test the more than 1,500 propane meters in the state for accuracy. These meters are on propane delivery trucks and stationary dispensers located throughout the state.

Two clerical staff are needed to manage the propane safety and fuel device inspection records, maintain annual pressure test files, manage the registration of propane service companies, process and retain site plans for each new propane installation, and complete other tasks as needed.

Fee revenues are estimated using 2005 propane consumption reports. It should be noted that this revenue will fluctuate depending on propane usage (e.g. mild winters result in lower propane use).

In response to a prior proposal the **Department of Natural Resources** assumed 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.

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 Revenue** assume this fee will be processed in the same manner as other fees collected by the Excise Tax Section, no additional FTE is anticipated.

ASSUMPTION (continued)

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
LPG INSPECTION FUND			
<u>Revenue - LPG Assessment & Fees</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>
Total Fund Revenue	\$600,000	\$600,000	\$600,000
<u>Cost - Department of Agriculture</u>			
Salaries (8 FTE)	(\$199,868)	(\$245,838)	(\$251,981)
Fringe Benefits	(\$88,062)	(\$108,316)	(\$111,024)
Equipment & Expense	<u>(\$117,167)</u>	<u>(\$137,608)</u>	<u>(\$141,737)</u>
Total Fund Costs	(\$405,097)	(\$491,762)	(\$504,745)
ESTIMATED NET EFFECT ON LPG INSPECTION FUND	<u>\$194,903</u>	<u>\$108,238</u>	<u>\$95,255</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Only on a very limited number of propane businesses required to remit an assessment on odorize propane.

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

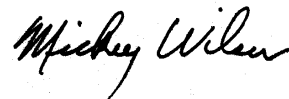
This act maintains the authority by the Department of Agriculture to promulgate rules governing the Missouri Propane Safety Act. The act creates an advisory council who shall monitor the activity of the propane inspection program and make any recommendations to the director of the Department of Agriculture to ensure the effective operation of the program.

The act lays out the calculation for the liquid meter inspection fee; the fees shall be paid on a monthly basis and the director of the Department of Revenue, based on recommendations from the Department of Agriculture, shall fix the rate for the following year.

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



Mickey Wilson, CPA
Director
April 4, 2006