

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1252-04
Bill No.: SB 453
Subject: Agriculture Dept.; Mining and Oil and Gas Production.
Type: Original
Date: February 14, 2007

Bill Summary: Creates the Missouri Propane Safety Act

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0	\$189,200	\$189,200
Total Estimated Net Effect on General Revenue Fund	\$0	\$189,200	\$189,200

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Propane Inspection Fund	\$0	\$110,800	\$110,800
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$110,800	\$110,800

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	0	-2	-2
Propane Inspection Fund	0	2	2
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Secretary of State's Office** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Agriculture (AGR)** assume this proposal removes the AGR from performing the duties set forth in Chapter 323 and replaces it with a commission. The commission is to be housed in the AGR and is solely responsible for administering the provisions of Chapter 323. Currently, there are two general revenue employees in the propane inspection program. These employees perform meter proving inspections. This is a specialized weights and measures function and should remain with the Department of Agriculture, Division of Weights and Measures. Safety inspections are not being performed due to budget reductions.

This proposal imposes an assessment fee on the propane industry to fund the program. The initial assessment fee of one-tenth of one cent per gallon is expected to generate approximately \$300,000 of additional state revenue. However, it is unclear how the program will operate until an adequate balance is available in the fund. Monies collected for meter inspections that are currently deposited into the general revenue fund (i.e. about \$15,000 annually) would be re-directed into the propane inspection fund. There are no fees for permits, licenses or certificates associated with this program. It would be difficult for AGR to determine the impact of these fees for individuals involved in the handling, transporting, storing of propane or involved in the business of installing, repairing or servicing of piping, equipment or appliances for use with propane.

ASSUMPTION (continued)

There are two penalty provisions. One for safety violations, which is set at not more than \$500 per day per violation. The other refers to penalties for failure to remit any assessment or fee required, which is not less than \$500 nor more than \$5,000 for each violation. Each violation will be a separate offense. All fees and penalties are to be determined by the Director of the Commission.

There will be a reduction of approximately \$15,000 per year in general revenue due to the redirection of propane meter testing fees from GR to the Propane Inspection Fund. This fiscal note also assumes the loss of two existing MDA employees with a total current costs of \$204,200 GR. Net effect on GR will be \$189,200 annually.

An assessment fee of one-tenth of one cent per gallon of odorized propane would generate \$300,000.00 per year based upon 2005 consumption reports. It should be noted that these fees will fluctuate depending on usage (e.g. a mild winter).

AGR is unable to determine the amount of expenditures from the propane inspection program because it appears that the commission will be responsible for determining the methods to carry out the provisions of Chapter 323.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Revenue</u> - Department of Agriculture			
Propane Insepection Meter Fees	\$0	(\$15,000)	(\$15,000)
<u>Savings</u> - Department of Agriculture			
Salaries	\$0	\$128,000	\$128,000
Fringe Benefits	\$0	\$51,200	\$51,200
Equipment & Expense	<u>\$0</u>	<u>\$25,000</u>	<u>\$25,000</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$189,200</u>	<u>\$189,200</u>
Estimated Net Change for General Revenue Fund	0	-2	-2
PROPANE INSPECTION FUND			
<u>Revenue</u> - Department of Agriculture			
Propane Assessment Fee	\$0	\$300,000	\$300,000
<u>Transfer In</u> - Propane Inspection Meter Fees			
	\$0	\$15,000	\$15,000
<u>Cost</u> -Propane Inspection Fund			
Salaries	\$0	(\$128,000)	(\$128,000)
Fringe Benefits	\$0	(\$51,200)	(\$51,200)
Equipment & Expense	<u>\$0</u>	<u>(\$25,000)</u>	<u>(\$25,000)</u>
ESTIMATED NET EFFECTON PROPANE INSPECTION FUND	<u>\$0</u>	<u>\$110,800</u>	<u>\$110,800</u>
Estimated Net Change for Propane Inspection Fund	0	2	2

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

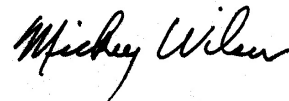
FISCAL DESCRIPTION

The proposed legislation creates the Missouri Propane Safety Act and appears to have an effect on general revenue and the propane inspection fund.

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

Secretary of State's Office
Department of Agriculture



Mickey Wilson, CPA
Director
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