

- SUBJECT:** Carry-over of consumer rebate funds for propane-fueled appliances
- COMMITTEE:** Energy Resources — favorable, without amendment
- VOTE:** 7 ayes — Keffer, Craddick, Farabee, Gonzalez Toureilles, Hardcastle, Rios Ybarra, Strama
- 1 nay — Crabb
- 1 absent — Crownover
- WITNESSES:** For — Bill Clinkscale, Texas Propane Gas Association; (*Registered, but did not testify*: Bill Van Hoy, Texas Propane Gas Association)
- Against — None
- On — (*Registered, but did not testify*: Dan Kelly, Railroad Commission of Texas)
- BACKGROUND:** The Alternative Fuels Research and Education Division (AFRED) of the Railroad Commission of Texas (RRC) was created in 1991 by the Texas Legislature and is responsible for educating the public about propane (LPG or LP-Gas) as an environmentally and economically beneficial alternative fuel for use in homes, on farms, and in motor vehicles.
- AFRED is funded by an additional fuel surcharge on propane that is deposited into a general revenue-dedicated account. Fifty percent of the revenue collected each year is allocated for rebates for consumers who buy propane-fueled appliances and equipment. The other 50 percent is used for administration of the division and other programs.
- Currently, the RRC moves any unused consumer rebate funds into their general available funds.
- DIGEST:** HB 1731 would amend the Natural Resources Code by requiring the RRC to carry over any unused consumer appliance rebate funds to make them available for rebates in the next fiscal year. This carry-over amount would not be included in the 50 percent statutory limitation on the amount of the fund usable for consumer rebates.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS
SAY:**

HB 1731 would ensure that any leftover consumer appliance rebate dollars would maintain their funding dedication and move forward into the next fiscal year, supplementing that year's collections for consumer rebates. The funds were collected by assessing a fee on the propane industry and have been earmarked for consumer rebates on propane-fueled items. The funds should be used for their intended purpose, rather than getting swept into the RRC's general available funds.

**OPPONENTS
SAY:**

HB 1731 effectively would remove the 50 percent statutory cap on the amount of funds usable for the rebate program and would allow unexpended funds to continue to build. If there is not enough demand for these rebate dollars, then the money should continue to be freed up to cover funding shortfalls elsewhere within the agency.