

BILL ANALYSIS

Senate Research Center

S.B. 925
By: Ogden
Natural Resources
3-20-97
As Filed

DIGEST

In 1991, the Texas Legislature created the first propane "checkoff" program in the United States. The law established a dedicated fund in the state treasury to receive fees paid by the industry on first Texas sales of odorized propane in Texas. The Railroad Commission uses the money to operate propane research, public education, and marketing programs through its Alternative Fuels Research and Education Division (AFRED). In 1996, the United States Congress enacted the federal Propane Education and Research Act. Under the Act, the National Propane Gas Association and the Gas Processors Association will hold separate retailer and supplier referendums. If both referendums pass, a Propane Education and Research Council (PERC) will be formed. The federal Act mandates a joint fee collection process with existing state programs and allows states to keep up to 20 percent of the federal money collected for use on programs approved by PERC. Texas' share of the national checkoff is estimated at \$80,000 annually. This bill will simplify Texas' checkoff system and make it consistent with the federal system; authorize the Railroad Commission to enter into an agreement with the national Propane Education and Research Council to collect the national assessment on all liquified petroleum gas odorized in Texas and receive a rebate of 20 percent of collections; and authorize the Railroad Commission to enter into agreements with counterpoint organizations in other states to collect and transfer state assessments on liquified petroleum gas that is odorized in one state and delivered in another.

PURPOSE

As proposed, S.B. 925 simplifies Texas' checkoff system and makes it consistent with the federal system; authorizes the Railroad Commission to enter into an agreement with the national Propane Education and Research Council to collect the national assessment on all liquified petroleum gas odorized in Texas and receive a rebate of 20 percent of collections; and authorizes the Railroad Commission to enter into agreements with counterpoint organizations in other states to collect and transfer state assessments on liquified petroleum gas that is odorized in one state and delivered in another.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Railroad Commission in SECTION 7 (Section 113.246(a), Natural Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 113.243(b), Natural Resources Code, to provide that the Alternative Fuels Research and Education Fund (fund) consists of money from funds collected by the Railroad Commission (RRC) under agreements with other states pursuant to Subsection (c) of Section 113.246 of this chapter.

SECTION 2. Amends Section 113.243(b), Natural Resources Code, to provide that the fund consists of money from assessments, rebates on assessments, and other funds collected by RRC under the federal Propane Education and Research Act (P.L. 104-284 (1996)) or other applicable federal law. Makes a conforming change.

SECTION 3. Amends Section 113.243(c), Natural Resources Code, to require rules adopted and promulgated by RRC under this section to specify a limitation on the proportion of the fund usable

for the rebate program that limits the proportion usable to not more than 50 percent, rather than 25 percent, of the funds available.

SECTION 4. Amends Section 113.244, Natural Resources Code, to provide that a fee is imposed on odorized liquified petroleum gas (LPG), rather than on the first sale of odorized LPG, delivered into any means of conveyance to be sold and placed into commerce. Deletes a provision regarding collection of the fee. Requires the fee to be in an amount determined by a certain schedule. Deletes references to cargo tanks. Requires the owner of LPG at the time of odorization, or the time of import of odorized LPG, to pay the fee based on the net amount of odorized LPG sold and placed into commerce. Requires the fee to be collected and remitted to RRC pursuant to Section 113.245 of this chapter by the person who odorizes the LPG or imports odorized LPG. Deletes a provision regarding the computation of the fee. Defines "import." Provides that the fee does not apply to a delivery of odorized LPG destined for export from the United States, rather than from this state, if the LPG is in continuous movement to a destination outside the United States, rather than this state. Requires the fee on LPG destined for export to another state and in continuous movement to a destination on that state to be assessed at the rate in effect in that state, if RRC is party to an agreement with that state's propane education and research program. Authorizes RRC to transfer fees collected under Subsection (e) of this section to the agency or organization that is party to RRC's agreement with that state.

SECTION 5. Amends Section 113.245, Natural Resources Code, to require each person responsible for collecting and remitting a fee on a delivery of LPG, rather than each operator of a loading rack, to file a report with RRC and remit the amount of fees required to be collected or paid during the preceding month, on or before the 25th day of the month following the end of each calendar month. Makes conforming changes.

SECTION 6. Amends Section 113.246, Natural Resources Code, to authorize RRC to enter into agreements with agencies of or organizations in other states to coordinate the administration, collection, reporting, and payment of the fees payable or collected under this subchapter and other states' propane education and research programs created by state law or regulation. Sets forth items that may be contained in the agreements.

SECTION 7. Amends Section 113.246, Natural Resources Code, to require RRC to adopt rules necessary for the administration, collection, reporting, and payment of the fees payable or collected under the Propane Education and Research Act of 1996 or other applicable federal law. Authorizes RRC to enter into certain agreements with other states and federal entities regarding fees. Sets forth items that may be contained in the agreements.

SECTION 8. Effective date for SECTIONS 1, 3, 4, 5, 6, 8, 9, and 10: September 1, 1997.

SECTION 9. Effective date for SECTIONS 2 and 7: upon the later of either September 1, 1997, or RRC's receipt and acceptance of a written report by an independent auditing firm confirming that the industry referendums required under Section 4 of the Propane Education and Research Act of 1996 have been approved by producers representing two-third of the total volume of propane voted in the retail marketer class.

SECTION 10. Emergency clause.