

Approved: 2-9-99
Date

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson Senator David Corbin at 8:12 a.m. on February 4, 1999 in Room 254-E of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes Office
Lila McClafin, Committee Secretary

Conferees appearing before the committee:

Steve Kearney, Propane Marketers Association of Kansas
Lee Eisenhower, Executive Director, Propane Marketers of Kansas
Joe Lieber, Kansas Cooperative Council

Others attending:

See attached list.

The minutes of the February 3 meeting were presented. With a motion by Senator Morris and a second by Senator Vratil the minutes were approved as written.

Chairperson Corbin opened the hearing on **SB 158 - Relating to propane, creating the Kansas propane education and research council.** A fiscal note was distributed stating that passage of the bill would have no fiscal impact on the Department of Agriculture and the Department of Transportation. Because the gallons of propane sold in Kansas each year is not known, the Division of Budget had no estimate of the amount of revenue that would be generated by the assessment.

Steve Kearney, Propane Marketers Assn of Kansas, said the bill had been introduced at the request of propane marketers. He introduced Lee Eisenhower, Executive Director, of that association.

Lee Eisenhower, Propane Marketers of Kansas, said the proposed legislation would give them the funds they need to enhance safety by providing safety educational materials for propane marketers, employees, consumers and the general public. It would also, provide funds for additional training of plumbers who work with/on propane installations and appliances. By providing funds for research and development of safer more efficient consumer products public safety will be enhanced (Attachment 1).

Ms. Eisenhower responding to a question said they conducted a survey in the fall and 86% of their marketers responded with 83% showing support of the checkoff program. She responded to questions about how this program would work and she emphasized the safety benefits.

Joe Lieber, Kansas Cooperative Council, testified in support of the bill. He said many of their farm supply cooperatives sell propane and they feel **SB 158** would help provide a more safe handling of propane by the industry, the user and the general public (Attachment 2). Mr. Lieber responded to several questions regarding how the checkoff would be set up.

The audiences consisted of a large number of propane marketers, and several responded to questions. They told the committee they supported the program because it is a safety issue. They stressed that better education of the marketers and consumers will provide a safer product. Better inspection of equipment and a rebate mechanism would encourage customers to replace old regulars this would provide safety for their customers. They stressed that inspection of equipment every five years would result in a safer product for all parties involved.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES, Room 254-E Statehouse, at 8:00 a.m. on February 4, 1999.

The hearing on **SB 158** was closed.

The meeting adjourned at 8:48 a.m.

The next meeting will be held on February 9, 1999.

SENATE ENERGY & NATURAL RESOURCES
COMMITTEE GUEST LIST

DATE: 2-4-99

NAME	REPRESENTING
STEVE KEARNEY	PROPANE MARKETERS
LEE EISENHOWER	" "
Joe Lieber	KS Co-op Council
CODY WRAY	FAIRBANK EQUIPMENT, INC.
Dale Rose	Sterling Butane/Ferrell/gas
Kenny Weishaar	Fairbank Eq Inc
Jim Brewer, Jr	Jim's Propane
Johnnie Fiene	MIDWAY CO-OP INC.
Brad Thompson	Bridgman Hill Inc
Larry M. Job	American Welding & Tool
Bernie D. Job	American Welding & Tool
Deanne Benoit Osborn	Benoit Propane
Jeff Young	Midwest Energy Inc.
VICKIE WOODBURY	PMAK
Ron Stiles	Spring Hill Oil Co.
Lisa A O'Brien	Kaw Valley Propane
Stan Stark	CO-AG Oakley, KS
Leslie Kaufman	KFB
Don K. Miles	KEC



Propane Marketers Association of Kansas

214 S.W. 6th Avenue, Suite 305 Topeka, KS 66603-3719

Phone 785-354-1749

Fax 785-354-1740

Testimony Regarding

Senate Bill 158

Presented to the Senate Energy and Natural Resources Committee

February 4, 1999

By Lee Eisenhauer, Executive Vice-President

Propane Marketers Association of Kansas

Mr. Chairman and Members of the Committee:

My name is Lee Eisenhauer, and I serve the propane marketers and others involved in the propane industry in the state of Kansas as executive vice-president of their trade association.

We thank you for having introduced Senate Bill 158, and for allowing us this opportunity to be here today.

A propane check-off, as established by Senate Bill 158, will provide a program and funds for our industry to accomplish statewide what the individual businesses struggle to afford, or cannot afford, to do.

Last week we provided you a sheet entitled "*Why does Kansas need a Propane Check-off?*", with the answer: TO ENHANCE SAFETY. I've attached another copy of that sheet, and I believe referring to it best explains how the program can enhance safety for consumers and for propane employees. (*Please refer to attachment.*)

We have met and conferred with administrators of the programs in Texas, Oklahoma and Missouri, whose programs have been in effect long enough to see what can be accomplished; and we sincerely believe that Kansas propane consumers and the industry will also benefit from such a program.

A survey of the propane marketers in Kansas revealed that an overwhelming majority want to provide as much safety as possible; so, we urge passage of S.B. 158.

Thank you again for your consideration. I would be happy to answer any questions.

Senate Energy & Natural Resources

Attachment: /

Date: 2-4-99

Q. Why does Kansas need a Propane Check-off?

A. TO ENHANCE SAFETY!

1. **By enabling increased education for propane consumers and the general public through safety informational materials.** Many propane marketers try to do this on their own, at great expense. Funds from a check-off will enable uniform education throughout the state, now unaffordable to most.
2. **By enabling the offering of rebates to customers for replacement of their old, possibly unsafe regulators.** Although there is no law requiring replacement of regulators, manufacturers have begun recommending replacement after fifteen years of use. Many customers will not allow replacement due to the cost, thus creating some unsafe conditions. We all know nothing works forever!
3. **By enabling increased education for propane marketers and employees, and others who work with propane appliances, installations, etc.** For example: the Propane Marketers Association of Kansas provides marketers/employees the nationally recognized Certified Employee Training Program (CETP) at considerable cost to marketers. Funds from a check-off will enable that training to be enlarged upon, plus additional training, by cutting those marketers' costs; and also enable offering training for plumbers, etc. who work with/on propane installations and appliances.
4. **By increasing the public's knowledge of propane through statewide promotions.**
5. **By providing funds for research and development of safer, more efficient consumer products.**

Q. What exactly is a check-off program?

- A. A check-off program is designed for an industry to provide for itself (*no tax dollars or state or federal subsidies*) the funds to enable improvements in its specific industry. In our case, of course, that product is propane. There are more than 150 different check-off programs at federal and state levels. Most of those were formed specifically to increase sales of that industry's products. The primary purpose of the propane check-off is to increase safety through education and promotion.

Q. How will it work?

- A. A Kansas Propane Education and Research Council (KanPERC) will be established through legislation - the Kansas Propane Education and Research Act - to manage the program. Nine council members will be appointed by the Governor - 4 retail marketers; 2 wholesalers, resellers, suppliers or importers; 2 manufacturers or distributors of propane gas equipment or transporters or propane; and 1 public member. Any wholesaler, reseller, supplier or importer who sells propane to a retail marketer in Kansas will submit to the PERCouncil monthly the amount of one-half cent per each gallon sold.

Q. Do any other states currently have propane check-offs?

- A. Yes, a number of states have begun their programs within the past few years, including our neighboring states. Missouri and Oklahoma have had successful programs for several years; Nebraska and Oklahoma each passed legislation this year and are launching their programs.

Testimony of SB 158
Energy and Natural Resources Committee
February 4, 1999
Prepared by Joe Lieber, Kansas Cooperative Council

Mr. Chairman and members of the Committee. I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council. The Council has a membership of nearly 200 cooperative businesses who have a combined total of nearly 200,000 Kansans.

Many of our farm supply cooperatives sell propane, and we feel the provisions of SB 158 will help provide a more safe handling of propane by the industry, the user and the general public.

The Kansas Cooperative Council supports the passage of SB 158.

Thank you for your time. I will be happy to attempt to answer any questions.

Senate Energy & Natural Resources

Attachment: 2

Date: 2-4-99 2-1