



HF 543 – Propane Education and Research Council (LSB 1907HV)
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 Fiscal Note Version – New

Description

House File 543 modifies provisions applicable to the Propane Education and Research Council.

Background

The Iowa Propane Education and Research Council is a nonprofit organization established by the Propane Education and Research Council Act ([Chapter 182, 2007 Iowa Acts](#)). The Council and its activities are funded from an annual assessment from propane marketers in the State of Iowa at a rate of one-tenth of one cent on each gallon of odorized propane sold in Iowa. The Council is required to develop programs and projects to enhance consumer and employee safety and training, provide for research and development of clean and efficient propane utilization equipment, provide information and education to the public about safety and other issues associated with the use of propane, and develop programs and projects that provide assistance to individuals eligible for the low-income energy assistance program. Issues related to research and development, safety education, and training are to be given priority by the Council in the development of programs and projects.

The FY 2012 Iowa Propane Education Research Council Programs and Projects totaled \$284,603. Of this total, \$278,572 was expended as follows:

Project	Amount Estimated	Amount Expended	Program End Date
2012 Energy Star Safe Furnace Rebate	\$ 110,000	\$ 110,000	12/15/2012
Safety Director Project	126,000	126,000	on-going
Continuing Education and Training Materials	15,000	15,000	on-going
Fire Service Training Bureau Fire Schools	12,000	6,600	12/5/2012
Farm Bureau Co-Sponsor	1,000	1,000	9/30/2012
2012 DOT Hazmat Classes	4,000	3,493	7/18/2012
LIHEAP "Out of Gas" Brochures	600	476	12/13/2012
Coloring Book Project for the State Fire Marshal	6,160	6,160	6/30/2012
Fire Training Bureau Prop	9,425	9,425	5/31/2012
Propane Railcar Research Project	418	418	1/31/2012
	<u>\$ 284,603</u>	<u>\$ 278,572</u>	

Projects are not done on a calendar year. Some dollars not used in 2011 were used in 2012.

The one-tenth of one cent on each gallon assessment took effect January 2008. The following chart shows the amount collected by the assessment each calendar year.

Iowa Propane Education and Research Council Assessment				
2008	2009	2010	2011	2012
\$ 335,569	\$ 486,027	\$ 324,430	\$ 321,781	\$ 272,435

According to the U.S. Energy Information Administration, the following is information on all sales and deliveries of Iowa propane by prime supplier.

Iowa Propane All Sales/Deliveries by Prime Supplier						
(Thousands of Gallons Per Day)						
2005	2006	2007	2008	2009	2010	2011
791.2	769.2	817.0	1,108.5	1,285.9	890.0	815.6

This Bill permits the Council, upon majority vote, to increase or decrease the annual assessment as necessary, but the amount cannot exceed two-tenths of one cent on each gallon of odorized propane sold. The amount collected by the Council has been decreasing in recent years due to mild winters and dry summers, and therefore, lower propane sales. The following is an example comparing this Bill to current law:

Current Law	1,000 gallons x .001=\$1.00
HF 543	1,000 gallons x .002= \$2.00

Fiscal Impact

There is no impact to the State General Fund.

Based on the calendar year 2012 experience, the maximum impact to propane retailers will be an annual assessment fee increase statewide of \$272,000, for a total impact of \$544,000.

Sources

Department of Public Safety
Iowa Propane Gas Association
U.S. Energy Information Administration

/s/ Holly M. Lyons

March 21, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
