



Senate Fiscal Agency  
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Senate Bill 1133 (Substitute S-2 as reported)  
Sponsor: Senator Ed McBroom  
Committee: Energy and Technology

### **CONTENT**

The bill would enact the "Propane Commission Act" to do the following:

- Create the Propane Commission within the Michigan Department of Agriculture and Rural Development (MDARD) and prescribe the Commission's membership.
- Require the Commission's expenditures to be audited by a certified public accountant (CPA) at least annually and require the CPA to give copies of the audit to the Commission members and the Director of MDARD within 30 days after completing it.
- Require the Commission to foster, develop, and promote the sale and safe use of propane in the State through programs and projects intended to enhance safety, promote energy efficient appliances and equipment, promote propane vehicles, and promote propane as a clean energy source.
- Subject to a referendum, levy an initial assessment at the rate of 1/10 of one cent per gallon on odorized propane sold and placed into commerce in the State and require the Commission to determine the assessment rate for subsequent years.
- Create the Propane Commission Fund within the State Treasury and require the Commission to deposit all assessments collected by the Commission with the State Treasurer.
- Within 60 days after the Act's effective date, require the Director to hold a referendum on the question of whether the initial assessment would be levied.
- Entitle each retail propane marketer with customers in the State to one vote representing a single firm, individual, proprietorship, corporation, company association, partnership, or spouse- or family-owned business, regardless of the number of bulk plants or retail sales outlets owned.
- If a referendum passed, require the Director to hold a subsequent referendum on the question of whether to terminate it if the Director received a petition signed by at least 33-1/3% of all retail propane marketers with customers in the State.
- If the initial referendum failed, or if a subsequent referendum to terminate the assessment passed, require the Commission to phase out its operations in the six months following the date of the referendum, among other things.
- Require a person who failed to collect or remit an assessment to pay the Commission the amount due, plus a 10% late fee and an additional late fee of 1.0% of the amount due for each month the payment was overdue.
- Allow the Commission to file a written complaint with the Director documenting that a person had failed to collect or remit an assessment or a late fee.

Legislative Analyst: Tyler VanHuyse

## **FISCAL IMPACT**

The bill would have a negligible fiscal impact on MDARD. The Department has existing staff who have the responsibility to provide administrative support for several boards and commissions, and, should the proposed referendum result in the levy of a propane industry assessment, any costs that MDARD incurred from the operation of the proposed Propane Commission would be supported by fee revenue from the Propane Commission Fund that would be established in the Department of Treasury.

The bill would have a minimal fiscal impact on the Department of Treasury. The Department of Treasury would manage the Propane Commission Fund, which would include accounting and directing the investment of funds. The costs for these activities would be minimal and within current appropriations.

Date Completed: 12-1-20

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