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**Natural Resources and Energy Committee
October 24, 2017 Public Hearing
SB 440 Testimony**

Thank you for allowing me to speak today on Senate Bill 440. This proposal responds to the problems the propane industry and its customers in Wisconsin have endured during periods of extreme weather conditions when they did not have sufficient resources to adequately deal with the challenges faced by retailers and their customers.

SB 440 allows for the Wisconsin Propane Education and Research Council (Council) to levy an assessment to participating members of the Wisconsin Propane Gas Association propane retailers. This is similar to what is currently being done by other commodity groups like the Milk Marketers Board, Wisconsin State Cranberry Growers Association, Wisconsin Corn Growers Association, and the Wisconsin Soybean Marketing Board.

This program will work similar to the current National Propane Gas Association (NPGA)/Propane Education Research Council (PERC) assessment program allowing the Council to fund educational, training and safety programs, fund public service announcements, emergency response programs, offer appliance rebates, and host district meetings. The option to create a state assessment allows the Council to continue funding and expanding programs, reinstate previous programs, or will allow for the creation of new programs.

Wisconsin is one of the few states in the Midwest that does not have a state assessment program. We are only receiving assessment funds through the National Propane Education and Research Council. Of the Midwest Regional Propane Education and Research Councils Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, and Ohio all have state assessment programs while also receiving assessment funds from the National Propane Education and Research Council.

The bill creates a referendum process and an assessment, and allows the Council to ensure compliance with suppliers. With the passage of this SB 440 the Council will have 120 days to hold a referendum of the propane retailers for the authority to levy the assessment. Once the referendum is passed, an assessment will be paid by participating retail members of the Wisconsin Propane Gas Association of two tenths of one cent per gallon of odorized propane. This is to be paid to the terminal supplier when the retailer receives the odorized propane. Any increases of the assessment exceeding one half of one tenth of a cent per gallon will need to be approved, under Senate Amendment 1, by two-thirds majority referendum among the participating retail members.

The compliance component of the bill allows for the Council to be able to bring any legal action to a Circuit Court in the State of Wisconsin to compel compliance for the terminal suppliers to collect the assessment being paid by the retailers.

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**Testimony for Senate Bill 440
Senate Committee on Natural Resources and Energy
October 24, 2017**

I would like to thank Chairman Cowles and the entire Senate Committee on Natural Resources and Energy for allowing me to testify today on Senate Bill 440, which will help propane retailers improve their businesses by contributing directly to their own program through a nationally established process.

Senate Bill 440 will allow the Wisconsin Propane Education and Research Council (WiPERC) to establish a voluntary industry assessment program that would allow propane retailers in Wisconsin to be assessed at a rate of two tenths of one cent per gallon of odorized propane. The propane assessment, paid for by propane retailers, would provide funding for safety programs, training, consumer education, appliance and meter rebates, public service announcements and volunteer fire department training for propane burns.

Currently, Wisconsin is the only state in the Midwest that does not have a state assessment program. Neighboring states such as Minnesota, Iowa, Michigan, and Illinois all have programs and their propane retailers are better equipped from their training and safety programs. Additionally, in Wisconsin alone, dairy, soybeans, cranberries, beef, pork, ginseng and others all have their own assessment programs.

If passed into law, propane retailers in Wisconsin would have to pass a referendum of approval before implementing such a fee. Additionally, the rate of 2/10th of a cent per gallon cannot be increased more than 1/2 of a 10th-cent unless approved by an additional referendum by propane retailers in Wisconsin. It is important to note that if a retailer does not want to participate, then they can opt out of the assessment.

The propane assessment program is a commitment by the legislature to the propane industry in Wisconsin to help maintain their business and provide support to help them grow their business. The Wisconsin Propane Education and Research Council has 10 years of experience running the national program and they are ready to put a state funded program in place to help improve the industry statewide.

I am hoping for strong bipartisan support on this legislation and would be happy to answer any questions.