

FISCAL NOTE

SB 375 - HB 1056

February 26, 2001

SUMMARY OF BILL:

- Authorizes utility districts, electric cooperatives, and municipal electric companies to enter into or continue in the retail sales and distribution of liquefied petroleum (propane).
- Further authorizes these entities to sell, distribute, lease, rent, install, construct, modernize, retrofit, maintain, or repair propane gas-related systems, propane gas products, or propane gas equipment.
- Requires the sales of liquefied petroleum and other services by these entities must be provided by a for-profit corporation in which all the stock is owned by the utility district, electric cooperative, or municipal electric company.
- Prohibits the for-profit companies established by these entities from being subsidized in any way by the parent utility district, electric cooperative, or municipal electric company.
- Requires the for-profit corporation to maintain separate financial records. All equipment used by the for-profit corporation must be owned by the corporation including, but not limited to, motor vehicles, storage tanks, pipes, tools and other personal property.
- All assets presently used in the provision of propane gas services may be sold to the for-profit corporation; provided, however, if such assets are directly or indirectly sold to such corporation, then the assets must be sold at fair market value. The corporation must also be housed at a facility separate from the municipal electric company, electric cooperative, or utility district.
- Requires all persons working with or for the corporation to be employees of the corporation.
- Requires all mailing and billing by the corporation to be done separately from the utility district, electric cooperative or municipal electric company.
- Prohibits both direct and indirect financial assistance including loans and grants from the utility district, electric cooperative, or municipal electric company to the for-profit corporation.
- Requires all meters to be read by the for-profit corporation.
- Subjects the for-profit corporation to state and federal taxes.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Revenues - Exceeds \$100,000 / Permissive

Increase Local Govt. Expenditures - Exceeds \$100,000 / Permissive

Estimate assumes to the extent that local utility districts, electric cooperatives and municipal electric companies choose to enter into the business of distributing propane they would incur a significant increase in expenditures to establish operations and a significant increase in revenues from the sale of propane. The number of local governmental entities that would choose to enter this business cannot be determined.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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