

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1550

SPONSOR: Senator Grant

SUBJECT: Liquefied Petroleum Gas Sales

DATE: March 16, 2000 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Overcash</u>	<u>Poole</u>	<u>AG</u>	<u>Favorable</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

This bill revises various definitions relating to the sale of liquefied petroleum gas. The bill defines “category IV liquefied petroleum gas dispenser and recreational servicer,” and redefines “qualifier,” “category I liquefied petroleum gas dealer,” “category II liquefied petroleum gas dealer,” and “speciality installer.”

The bill sets application and renewal fees for “category IV liquefied petroleum gas dispenser and recreational servicers”, revises renewal fees for “category III liquefied petroleum gas cylinder exchange unit operators,” reduces fees for applications made during the last six months of the year, and authorizes transfers of licenses.

The bill mandates continuing education requirements for persons certified to handle liquefied petroleum gas (“qualifiers”), provides for periods of validity for qualifier cards, and allows renewal of qualifications.

The bill establishes examination and certification requirements for “master qualifiers.” The bill also requires dealers to designate a master qualifier at each licensed location and report vacancies in qualifier and master qualifier positions to the Department of Agriculture and Consumer Services (department).

The bill raises the required minimum liability insurance of dealers.

The bill increases civil penalties for violations of the department’s rules relative to liquefied petroleum gas pipelines.

The bill increases minimum bulk storage requirements, eliminates the exemption from minimum storage requirements for independent dealers, and provides an exemption for dealers operating single dispensing units and cylinder exchange unit operators.

The bill eliminates the requirement for annual certified public audits of the Florida Propane Gas, Education, Safety, and Research Council (Council), and authorizes review and inspection of the Council's records by the department's Inspector General, the Auditor General, and other interested parties.

This bill amends sections 527.01, 527.02, 527.04, 527.06, 527.11, and 527.22, Florida Statutes.

## **II. Present Situation:**

Chapter 527, F.S., contains provisions regarding the sale of liquefied petroleum gas. "Liquefied petroleum gas" is defined as "any material which is composed predominantly of any of the following hydrocarbons, or mixtures of the same: propane, propylene, butanes (normal or isobutane), and butylenes."

The Department of Agriculture and Consumer Services (department) is charged with enforcing all provisions of chapter 527, F.S., and to that end may promulgate and enforce rules relating to the safe handling of liquefied petroleum gas and proper installation, storing, selling, utilizing, transporting, servicing, testing, repairing, and maintaining of liquefied petroleum gas equipment and systems. The department may also adopt rules necessary to assure the competence of persons engaged in the business, including the licensure, testing, and qualifying of such persons.

Each business location is required to be licensed, and all applicants for licensure, except class III petroleum gas cylinder exchange operators, are required to post bond or carry liability insurance in the amount of \$300,000. Class III petroleum gas cylinder exchange operators are required to post bond or have liability insurance in the amount of \$100,000.

Any person applying for a license to engage in the activities of a pipeline system operator, category I liquefied petroleum gas dealer, category II liquefied petroleum gas dispenser, LP gas installer, speciality installer, requalifier of cylinders, or fabricator, repairer, and tester of vehicle and cargo tanks must pass a written competency exam. Upon successful completion of the competency exam, the applicant is issued a "qualifier identification card." Every business organization is required to have a full-time "qualifier" at all times.

Distributors of liquefied petroleum gas for resale are required to install a bulk storage filling plant of not less than 12,000 gallons (water capacity) within the state. In lieu of this, they may lease such space from a wholesaler, provided they have a written agreement with the wholesaler to provide liquefied petroleum gas for a continuous twelve-month period.

Chapter 97-105, L.O.F., established the Florida, Propane Gas Education, Safety, and Research Council (Council) to study problems arising in the production, transportation, marketing, and use of propane gas, and to formulate and provide recommendations and policy alternatives to the Commissioner of Agriculture and Consumer Services. The accounting records of the Council are audited by a certified public accountant at least once each fiscal year.

### III. Effect of Proposed Changes:

**Section 1.** Amends s. 527.01, F.S., to revise and clarify definitions used in chapter 527, F.S., “Sale of Liquefied Petroleum Gas”:

- Redefines “Qualifier” to include a category IV liquefied petroleum dispensing unit operator or recreational vehicle servicer.
- Redefines “Category I liquefied petroleum gas dealer” to specify that this category includes any person selling or offering to sell liquefied petroleum gasoline to the ultimate consumer, either by delivery or at a stationary location.
- Redefines “Category II liquefied petroleum gas dispenser” to include any person engaging in the business of operating a cylinder exchange unit.
- Defines “Category IV liquefied petroleum gas dispenser and recreational vehicle servicer” as any person engaging in the business of operating a liquefied petroleum gas dispensing unit for the purpose of serving liquid petroleum gas to the ultimate consumer for industrial, commercial, or domestic use, and selling or offering to sell, leasing or offering to lease, apparatus, appliances, and equipment for the use of liquefied petroleum gas, and whose services include the installation, service, or repair of recreational vehicle liquefied petroleum gas appliances and equipment.
- Redefines “Specialty installer” to include any person selling or offering to sell, or leasing or offering to lease, apparatus, appliances, and equipment to the use of liquefied petroleum gas.
- Moves the definition of “Wholesaler” from s. 527.11, F.S., to s. 527.01, F.S.

**Section 2.** Amends s. 527.02, F.S., to revise licensing requirements and fees:

- Includes “category IV liquefied petroleum gas dispenser and recreational vehicle servicer” within the licensure and examination requirements and penalty provisions of chapter 527, F.S., and sets application and renewal fees.
- Replaces variable renewal fees for category III liquefied petroleum gas cylinder exchange unit operators having multiple locations with a standard renewal fee of \$65.
- Reduces license fee to one-half for applicants submitting an application for an original license during the last six months of the license year.
- Provides for transfer of a license to another person, firm, or corporation upon written request by the original license holder.
- Requires continuing education for retention of qualifier identification cards.
- Provides that qualifier identification cards, other than those issued to category I liquefied petroleum gas dealers and liquefied petroleum gas installers, will remain in effect as long as

the individual provides proof of active employment in the area of examination and meets continuing education requirements.

- Provides that qualifier identifier cards issued to category I liquefied petroleum gas dealers and liquefied petroleum gas installers shall expire three years after the date of issuance. Provides that cards issued prior to July 1, 2000, will remain valid until July 1, 2003. Allows category I liquefied petroleum gas dealers and liquefied petroleum gas installers to renew their qualifications on or before that date, upon completion of 12 hours of approved continuous education courses. Provides that, alternatively, category I liquefied petroleum gas dealers and liquefied petroleum gas installers may sit for the master qualifier examination during that three-year period.
- Requires dealers to identify to the department one master qualifier who is a full-time employee, and who is a manager, owner, or person primarily responsible for overseeing operations at that location.
- Establishes examination and certification requirements for master qualifiers. Provides applicant must be a category I liquefied petroleum gas dealer or installer qualifier, or be employed by a licensed category I liquefied petroleum gas dealer or installer or applicant for such license, and must pass a master qualifier competency examination.
- Allows a master qualifier to transfer from one licensed company to another, upon written request to the department.
- Provides for a three-year date of validity for master qualifier status, and requires continuing education courses as a condition of renewal.
- Requires category I liquefied petroleum gas dealers and liquefied petroleum gas installers licensed as of August 31, 2000, to identify to the department a designated master qualifier.
- Requires dealers to report any vacancy in a qualifier or master qualifier position, and provides for suspension or revocation of a dealer's license, or eligibility for a license, for failure to obtain a replacement qualifier.
- Authorizes transfer of an individual's competency qualifications to another license holder.

**Section 3.** Amends s. 527.04, F.S., to raise insurance requirements for all categories other than dealers in appliances and equipment for use of liquefied petroleum gas and category III liquefied petroleum gas cylinder exchange operators from \$300,000 minimum general liability to \$1,000,000 minimum general liability. Raises insurance requirements for class III liquefied petroleum gas cylinder exchange operators from \$100,000 minimum general liability to \$300,000 minimum general liability.

**Section 4.** Amends s. 527.06, F.S., to increase civil penalties for violation of the department's rules relative to liquid petroleum gas pipelines from \$1,000 for each violation for each day the violation persists, to \$25,000 for each violation for each day the violation persists. Increases the aggregate amount of penalties that can be assessed from \$200,000 to \$500,000.

**Section 5.** Amends s. 527.11, F.S., to increase the minimum bulk storage requirements for liquefied petroleum gas distributors from 12,000 gallons (water capacity) to 18,000 gallons (water capacity). Requires bulk storage filling plants to be located within a 75-mile radius of the licensee's business location. Provides that wholesalers who enter into written agreements with distributors for storage of liquefied petroleum gas may not allocate an amount of storage that exceeds the wholesaler's total storage capacity minus 18,000 gallons (water capacity). Eliminates the exemption from minimum storage requirements for independent dealers, and provides an exemption from storage requirements for dealers operating a single dispensing unit for on-site sales, and operators of cylinder exchange units.

**Section 6.** Amends s. 527.22, F.S., to delete the requirement for periodic audits of the Council by certified public accountants. Authorizes review and inspection of the Council's records by the department's Inspector General, the Auditor General, and other interested parties.

**Section 7.** Provides that this act shall take effect July 1, 2000..

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

#### **V. Economic Impact and Fiscal Note:**

##### **A. Tax/Fee Issues:**

Companies having multiple cylinder exchange licenses currently pay a renewal fee of \$65 for the first 30 locations and \$50 for each additional location. The bill requires a flat renewal fee of \$65 for each location.

The bill allows a prorated license fee of one-half the original license fee for applications received during the last six months of the year, and requires a \$50 fee for transfer of a license within a current license year.

The bill provides for a nonrefundable fee of \$30 for the master qualifier examination, and a \$30 fee for a master qualifier certificate renewal.

**B. Private Sector Impact:**

The proposed statutory language concerning minimum storage, insurance, and licensing will have negligible impact on the private sector, as reported by the department.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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