**Union Calendar No. 340** 

<sup>104</sup>TH CONGRESS H. R. 1514

[Report No. 104–655, Part 1]

# A BILL

To authorize and facilitate a program to enhance safety, training, research and development, and safety education in the propane gas industry for the benefit of propane consumers and the public, and for other purposes.

July 10, 1996

Committee on Science discharged; committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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104th CONGRESS 2d Session

[Report No. 104-655, Part 1]

To authorize and facilitate a program to enhance safety, training, research and development, and safety education in the propane gas industry for the benefit of propane consumers and the public, and for other purposes.

# IN THE HOUSE OF REPRESENTATIVES

April 7, 1995

Mr. TAUZIN (for himself, Mr. HALL of Texas, Mr. CRAMER, Mr. ROEMER, Mr. BLUTE, Mr. GILLMOR, Mr. STUMP, Mr. EMERSON, Mr. HANCOCK, Mr. GEJDENSON, Mr. MINGE, Mr. CALLAHAN, Mr. GENE GREEN of Texas, Mr. BAESLER, Mr. COLLINS of Georgia, Mr. BISHOP, Mr. EVERETT, Mr. BEVILL, Mr. TAYLOR of North Carolina, Mr. BACHUS, Mr. KLUG, Mr. HILLIARD, Mr. PARKER, Mr. JEFFERSON, Mr. LEWIS of Kentucky, Mr. PAXON, Mr. BONILLA, Mr. MCINTOSH, Mr. TRAFICANT, Mr. OXLEY, Mr. TALENT, Mr. BROWDER, and Mr. JACOBS) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committee on Science, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

## JUNE 27, 1996

Reported from the Committee on Commerce with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

Referral to the Committee on Science extended for a period ending not later than July 26, 1996

#### JULY 10, 1996

Additional sponsors: Mr. HAMILTON, Mr. MONTGOMERY, Mrs. FOWLER, Mrs. MEEK of Florida, Ms. KAPTUR, Mr. DUNCAN, Mr. BRYANT of Tennessee, Mr. MYERS of Indiana, Mr. FOLEY, Mr. GILMAN, Mr. CUNNINGHAM, Mr. HOEKSTRA, Mr. ROGERS, Mrs. LINCOLN, Mr. SOLOMON, Ms. DANNER, Mr. HEFNER, Mr. JOHNSON of South Dakota, Mr. BRYANT of Texas, Mr. BURR, Mr. LARGENT, Mr. GORDON, Mr. LIPINSKI, Mr. MARTINEZ, Mr. SENSENBRENNER, Mr. RICHARDSON, Mr. QUILLEN, Mr. PAYNE of Virginia, Mr. Wolf, Mr. Funderburk, Mr. Skelton, Mr. Sisisky, Mr. OBERSTAR, Mr. TANNER, Mr. VOLKMER, Mr. ROSE, Ms. LOFGREN, Mr. SPENCE, Mr. McCrery, Mr. BARTLETT of Maryland, Ms. PRYCE, Mr. SPRATT, Mr. STENHOLM, Mr. BUNNING of Kentucky, Mr. PETERSON of Minnesota, Mr. HOBSON, Mr. SMITH of New Jersey, Mr. STEARNS, Mr. MCCOLLUM, Mr. CRAPO, Mrs. MEYERS of Kansas, Mr. FRELINGHUYSEN, Mr. BENTSEN, Mr. FIELDS of Texas, Mrs. Myrick, Mr. Pomeroy, Mr. CHAMBLISS, Mr. LUCAS, Mr. PICKETT, Mr. PETRI, Mr. WHITFIELD, Mr. WARD, Mr. STUPAK, Mr. FRANKS of Connecticut, Mr. SCOTT, Mr. LAHOOD, Mr. LAZIO of New York, Mr. MANZULLO, Mr. PASTOR, Mr. LEACH, Mr. BURTON of Indiana, Mr. WICKER, Mr. HALL of Ohio, Mr. BARCIA, MS. EDDIE BERNICE JOHNSON of Texas, Mr. BREWSTER, Mr. KLINK, Mr. HINCHEY, Mr. MOORHEAD, Mr. TAYLOR of Mississippi, Ms. FURSE, Mr. LINDER, Mr. FRANKS of New Jersev, Mr. GREENWOOD, Mr. DEUTSCH, Mrs. VUCANOVICH, Mr. GEPHARDT, Mr. SKEEN, Mr. BOEH-LERT, Mr. HASTERT, Mr. HUTCHINSON, Mr. THORNBERRY, Mr. HAYWORTH, Mrs. KELLY, Mr. GRAHAM, Mr. WAMP, Mr. DOOLEY of California, Mr. LoBiondo, Mr. Dickey, Mr. Abercrombie, Mr. Norwood, Mr. JOHNSTON of Florida, Mr. KILDEE, Ms. MCCARTHY, Mr. MARTINI, Mr. Zeliff, Mrs. Lowey, Mr. Wilson, Mr. Andrews, Mr. Baker of Louisiana, Mr. GOODLATTE, Mr. CLAY, Ms. MCKINNEY, Mr. WELDON of Pennsylvania, Mr. KINGSTON, Mr. BARR of Georgia, Mr. WATT of North Carolina, Mr. WATTS of Oklahoma, Mr. LIGHTFOOT, Mr. FAZIO of California, Mr. YOUNG of Alaska, Mr. HAYES, Mr. PALLONE, Mr. JONES, Mr. Calvert, Mr. Tejeda, Mr. McHugh, Mr. Weller, Mr. Boehner, Mr. CLEMENT, Mr. OLVER, Mr. DEAL of Georgia, Mr. EVANS, Mr. COBLE, Mr. DURBIN, Mr. PACKARD, Mr. PETE GEREN of Texas, Ms. WOOLSEY, Mr. LAUGHLIN, Mr. FAWELL, Mr. MURTHA, Mr. CHRYSLER, Mr. HEINEMAN, Mrs. SEASTRAND, Mr. TOWNS, Ms. DELAURO, Mr. SCHIFF, Mr. FARR of California, Mr. EHLERS, Mr. BALLENGER, Mr. RA-HALL, Mr. SAXTON, Mr. HASTINGS of Florida, Mr. BILBRAY, Mr. INGLIS of South Carolina, Mr. CLYBURN, Mrs. CLAYTON, Mrs. CUBIN, Mr. BASS, Mr. BROWN of Ohio, Mr. THORNTON, Mr. CASTLE, Mr. STUDDS, Ms. MOLINARI, Mr. STOCKMAN, Mr. HASTINGS of Washington, Mr. GUTKNECHT, Mr. GOODLING, Mr. GEKAS, Mrs. MORELLA, Mr. FRAZER, Mr. Edwards, Mr. Brownback, Mr. Latham, Mr. Walsh, Mr. TIAHRT, Mr. BILIRAKIS, Mr. DAVIS, Mr. SALMON, Mr. POSHARD, Mr. ROBERTS, Mr. BATEMAN, Mr. COSTELLO, Mr. SMITH of Texas, Mr. MCDADE, Mr. PORTER, Mr. BARRETT of Nebraska, Mr. LEWIS of Georgia, Mr. TORRES, Mr. ALLARD, Mr. FROST, Mr. CAMP, Mr. SHAYS, Mr. GUNDERSON, Mr. HOYER, Mr. COOLEY of Oregon, Mr. LUTHER, and Mr. Matsui

### JULY 10, 1996

Committee on Science discharged; committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on April 7, 1995]

# A BILL

3

- To authorize and facilitate a program to enhance safety, training, research and development, and safety education in the propane gas industry for the benefit of propane consumers and the public, and for other purposes.
  - 1 Be it enacted by the Senate and House of Representa-
  - 2 tives of the United States of America in Congress assembled,

# 3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Propane Education and
5 Research Act of 1996".

# 6 SEC. 2. FINDINGS.

7 The Congress finds that—

8 (1) propane gas, or liquefied petroleum gas, is 9 an essential energy commodity providing heat, hot 10 water, cooking fuel, and motor fuel among its many 11 uses to millions of Americans;

- (2) the use of propane is especially important to
  rural citizens and farmers, offering an efficient and
  economical source of gas energy;
- (3) propane has been recognized as a clean fuel
  and can contribute in many ways to reducing the
  pollution in our cities and towns; and
- 18 (4) propane is primarily domestically produced
  19 and its use provides energy security and jobs for
  20 Americans.

# 1 SEC. 3. DEFINITIONS.

2	For the purposes of this Act—
3	(1) the term "Council" means a Propane Edu-
4	cation and Research Council created pursuant to sec-
5	tion 4 of this Act;
6	(2) the term "industry" means those persons in-
7	volved in the production, transportation, and sale of
8	propane, and in the manufacture and distribution of
9	propane utilization equipment, in the United States;
10	(3) the term "industry trade association" means
11	an organization exempt from tax, under section
12	501(c) (3) or (6) of the Internal Revenue Code of
13	1986, representing the propane industry;
14	(4) the term "odorized propane" means propane
15	which has had odorant added to it;
16	(5) the term "producer" means the owner of pro-
17	pane at the time it is recovered at a gas processing
18	plant or refinery;
19	(6) the term "propane" means a hydrocarbon
20	whose chemical composition is predominantly $C^3H^8$ ,
21	whether recovered from natural gas or crude oil, and
22	includes liquefied petroleum gases and mixtures there-
23	of;
24	(7) the term "public member" means a member
25	of the Council, other than a representative of produc-
26	ers or retail marketers, representing significant users
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of propane, public safety officials, academia, the pro pane research community, or other groups knowledge able about propane;

4 (8) the term "qualified industry organization"
5 means the National Propane Gas Association, the Gas
6 Processors Association, a successor association of such
7 associations, or a group of retail marketers or produc8 ers who collectively represent at least 25 percent of the
9 volume of propane sold or produced in the United
10 States;

(9) the term "retail marketer" means a person engaged primarily in the sale of odorized propane to the ultimate consumer or to retail propane dispensers; (10) the term "retail propane dispenser" means a person who sells odorized propane to the ultimate consumer but is not engaged primarily in the business of such sales; and

18 (11) the term "Secretary" means the Secretary of
19 Energy.

# 20 SEC. 4. REFERENDA.

(a) CREATION OF PROGRAM.—The qualified industry
organizations may conduct, at their own expense, a referendum among producers and retail marketers for the creation
of a Propane Education and Research Council. The Council, if established, shall reimburse the qualified industry or-

1 ganizations for the cost of the referendum accounting and documentation. Such referendum shall be conducted by an 2 3 independent auditing firm agreed to by the qualified indus-4 try organizations. Voting rights in such referendum shall 5 be based on the volume of propane produced or odorized propane sold in the previous calendar year or other rep-6 7 resentative period. Upon approval of those persons rep-8 resenting two-thirds of the total volume of propane voted 9 in the retail marketer class and two-thirds of all propane 10 voted in the producer class, the Council shall be established, and shall be authorized to levy an assessment on odorized 11 propane in accordance with section 6. All persons voting 12 13 in the referendum shall certify to the independent auditing firm the volume of propane represented by their vote. 14

15 (b) TERMINATION.—On the Council's own initiative, or on petition to the Council by producers and retail mar-16 keters representing 35 percent of the volume of propane in 17 18 each class, the Council shall, at its own expense, hold a ref-19 erendum, to be conducted by an independent auditing firm selected by the Council, to determine whether the industry 20 21 favors termination or suspension of the Council. Termination or suspension shall not take effect unless it is ap-22 23 proved by persons representing more than one-half of the 24 total volume of odorized propane in the retail marketer class 25 and more than one-half of the total volume of propane in

the producer class, or is approved by persons representing
 more than two-thirds of the total volume of propane in ei ther such class.

# 4 SEC. 5. PROPANE EDUCATION AND RESEARCH COUNCIL.

5 (a) Selection of Members.—The qualified industry 6 organizations shall select all retail marketer, public, and 7 producer members of the Council. The producer organiza-8 tions shall select the producer members of the Council, the 9 retail marketer organizations shall select retail marketer members, and all qualified industry organizations shall 10 jointly select the public members. Vacancies in unfinished 11 terms of Council members shall be filled in the same manner 12 as were the original appointments. 13

(b) REPRESENTATION.—In selecting members of the
Council, the qualified industry organizations shall give due
regard to selecting a Council that is representative of the
industry, including representation of—

18 (1) gas processors and oil refiners among pro19 ducers;

20 (2) interstate and intrastate operators among re21 tail marketers;

(3) large and small companies among producers
and retail marketers, including agricultural cooperatives; and

25 (4) diverse geographic regions of the country.

1 (c) Membership.—The Council shall consist of 21 2 members, with 9 members representing retail marketers, 9 members representing producers, and 3 public members. 3 4 Other than the public members, Council members shall be 5 full-time employees or owners of businesses in the industry or representatives of agricultural cooperatives. No employee 6 7 of a qualified industry organization or other industry trade 8 association shall serve as a member of the Council, and no 9 member of the Council may serve concurrently as an officer of the Board of Directors of a qualified industry organiza-10 tion or other industry trade association. Only one person 11 at a time from any company or its affiliate may serve on 12 the Council. 13

(d) COMPENSATION.—Council members shall receive
no compensation for their services, nor shall Council members be reimbursed for expenses relating to their service, except that public members, upon request, may be reimbursed
for reasonable expenses directly related to their participation in Council meetings.

(e) TERMS.—Council members shall serve terms of 3
years and may serve not more than 2 full consecutive terms.
Members filling unexpired terms may serve not more than
a total of 7 consecutive years. Former members of the Council may be returned to the Council if they have not been
members for a period of 2 years. Initial appointments to

the Council shall be for terms of 1, 2, and 3 years, staggered
 to provide for the selection of 7 members each year.

3 (f) FUNCTIONS.—The Council shall develop programs 4 and projects and enter into contracts or agreements for im-5 plementing this Act, including programs to enhance consumer and employee safety and training, to provide for 6 7 research and development of clean and efficient propane 8 utilization equipment, to inform and educate the public 9 about safety and other issues associated with the use of pro-10 pane, and to provide for the payment of the costs thereof with funds collected pursuant to this Act. The Council shall 11 coordinate its activities with industry trade association and 12 13 others as appropriate to provide efficient delivery of services and to avoid unnecessary duplication of activities. 14

15 (g) USE OF FUNDS.—Not less than 5 percent of the funds collected through assessments pursuant to this Act 16 shall be used for programs and projects intended to benefit 17 the agriculture industry in the United States. The Council 18 shall coordinate its activities in this regard with agri-19 culture industry trade associations and other organizations 20 21 representing the agriculture industry. The percentage of 22 funds collected through assessments pursuant to this Act to 23 be used for projects relating to the use of propane as an 24 over-the-road motor fuel shall not exceed the percentage of 25 the total market for odorized propane that is used as a

motor vehicle fuel, based on the historical average of such
 use over the previous 3-year period.

3 (h) PRIORITIES.—Issues related to research and devel4 opment, safety, education, and training shall be given pri5 ority by the Council in the development of its programs and
6 projects.

7 (i) Administration.—The Council shall select from 8 among its members a Chairman and other officers as nec-9 essary, may establish committees and subcommittees of the 10 Council, and shall adopt rules and bylaws for the conduct of business and the implementation of this Act. The Council 11 shall establish procedures for the solicitation of industry 12 13 comment and recommendations on any significant plans, programs, and projects to be funded by the Council. The 14 15 Council may establish advisory committees of persons other than Council members. 16

17 (j) Administrative Expenses.—(1) The administrative expenses of operating the Council (not including costs 18 19 incurred in the collection of the assessment pursuant to sec-20 tion 7) plus amounts paid under paragraph (2) shall not 21 exceed 10 percent of the funds collected in any fiscal year. 22 (2) The Council shall annually reimburse the Sec-23 retary for costs incurred by the Federal Government relat-24 ing to the Council, except that such reimbursement for any 25 fiscal year shall not exceed the amount that the Secretary 1 determines is the average annual salary of two employees
 2 of the Department of Energy.

3 (k) BUDGET.—Before August 1 each year, the Council shall publish for public review and comment a budget plan 4 5 for the next calendar year, including the probable costs of all programs, projects, and contracts and a recommended 6 rate of assessment sufficient to cover such costs. Following 7 8 this review and comment, the Council shall submit the pro-9 posed budget to the Secretary and to the Congress. The Sec-10 retary may recommend programs and activities the Secretary considers appropriate. 11

12 (1) RECORDS; AUDITS.—The Council shall keep min-13 utes, books, and records that clearly reflect all of the acts and transactions of the Council and make public such infor-14 15 mation. The books of the Council shall be audited by a certified public accountant at least once each fiscal year and 16 at such other times as the Council may designate. Copies 17 of such audit shall be provided to all members of the Coun-18 cil, all qualified industry organizations, and to other mem-19 bers of the industry upon request. The Secretary shall re-20 21 ceive notice of meetings and may require reports on the ac-22 tivities of the Council, as well as reports on compliance, 23 violations, and complaints regarding the implementation of this Act. 24

(m) PUBLIC ACCESS TO COUNCIL PROCEEDINGS.—(1)
 All meetings of the Council shall be open to the public after
 at least 30 days advance public notice.

4 (2) The minutes of all meetings of the Council shall 5 be made available to and readily accessible by the public. 6 (n) ANNUAL REPORT.—Each year the Council shall 7 prepare and make publicly available a report which in-8 cludes an identification and description of all programs 9 and projects undertaken by the Council during the previous 10 year as well as those planned for the coming year. Such report shall also detail the allocation or planned allocation 11 of Council resources for each such program and project. 12

# 13 SEC. 6. ASSESSMENTS.

14 (a) AMOUNT.—The Council shall set the initial assess-15 ment at no greater than one tenth of 1 cent per gallon of odorized propane. Thereafter, annual assessments shall be 16 sufficient to cover the costs of the plans and programs devel-17 oped by the Council. The assessment shall not be greater 18 than one-half cent per gallon of odorized propane, unless 19 approved by a majority of those voting in a referendum 20 21 in both the producer and the retail marketer class. In no 22 case may the assessment be raised by more than one tenth 23 of 1 cent per gallon of odorized propane annually.

(b) OWNERSHIP.—The owner of odorized propane at
the time of odorization, or the time of import of odorized

propane, shall make the assessment based on the volume of
 odorized propane sold and placed into commerce. Assess ments collected are payable to the Council on a monthly
 basis by the 25th of the month following the month of such
 collection. Propane exported from the United States to an other country is not subject to the assessment.

7 (c) ALTERNATIVE COLLECTION RULES.—The Council
8 may establish an alternative means of collecting the assess9 ment if another means is found to be more efficient and
10 effective. The Council may establish a late payment charge
11 and rate of interest to be imposed on any person who fails
12 to remit or pay to the Council any amount due under this
13 Act.

14 (d) INVESTMENT OF FUNDS.—Pending disbursement 15 pursuant to a program, plan, or project, the Council may invest funds collected through assessments, and any other 16 funds received by the Council, only in obligations of the 17 18 United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any 19 interest-bearing account or certificate of deposit of a bank 20 21 that is a member of the Federal Reserve System, or in obli-22 gations fully guaranteed as to principal and interest by the 23 United States.

24 (e) STATE PROGRAMS.—The Council shall establish a
25 program coordinating the operation of the Council with

those of any State propane education and research council
 created by State law or regulation, or similar entity. Such
 coordination shall include a joint or coordinated assessment
 collection process, a reduced assessment, or an assessment
 rebate. A reduced assessment or rebate shall be 20 percent
 of the regular assessment collected in that State under this
 section. Assessment rebates shall be paid only to—

8 (1) a State propane education and research
9 council created by State law or regulation that meets
10 requirements established by the Council for specific
11 programs approved by the Council; or

(2) a similar entity, such as a foundation established by the retail propane gas industry in that
State, that meets requirements established by the
Council for specific programs approved by the
Council.

# 17 SEC. 7. COMPLIANCE.

18 The Council may bring suit in Federal court to compel 19 compliance with an assessment levied by the Council under 20 this Act. A successful action for compliance under this sec-21 tion may also require payment by the defendant of the costs 22 incurred by the Council in bringing such action.

# 23 SEC. 8. LOBBYING RESTRICTIONS.

No funds collected by the Council shall be used in any
manner for influencing legislation or elections, except that

the Council may recommend to the Secretary changes in
 this Act or other statutes that would further the purposes
 of this Act.

## 4 SEC. 9. MARKET SURVEY AND CONSUMER PROTECTION.

5 (a) PRICE ANALYSIS.—Beginning 2 years after estab-6 lishment of the Council and annually thereafter, the Sec-7 retary of Commerce, using only data provided by the En-8 ergy Information Administration and other public sources, 9 shall prepare and make available to the Council, the Sec-10 retary of Energy, and the public an analysis of changes in the price of propane relative to other energy sources. The 11 propane price analysis shall compare indexed changes in 12 13 the price of consumer grade propane to a composite of indexed changes in the price of residential electricity, residen-14 15 tial natural gas, and refiner price to end users of No. 2 fuel oil on an annual national average basis. For purposes 16 of indexing changes in consumer grade propane, residential 17 electricity, residential natural gas, and end user No. 2 fuel 18 oil prices, the Secretary of Commerce shall use a 5-year roll-19 ing average price beginning with the year 4 years prior 20 21 to the establishment of the Council.

(b) AUTHORITY TO RESTRICT ACTIVITIES.—If in any
year the 5-year average rolling price index of consumer
grade propane exceeds the 5-year rolling average price composite index of residential electricity, residential natural

gas, and refiner price to end users of No. 2 fuel oil in an 1 amount greater than 10.1 percent, the activities of the 2 Council shall be restricted to research and development, 3 4 training, and safety matters. The Council shall inform the Secretary of Energy and the Congress of any restriction of 5 activities under this subsection. Upon expiration of 180 6 7 days after the beginning of any such restriction of activities, 8 the Secretary of Commerce shall again conduct the propane 9 price analysis described in subsection (a). Activities of the Council shall continue to be restricted under this subsection 10 11 until the price index excess is 10.1 percent or less.

# 12 SEC. 10. PRICING.

13 In all cases, the price of propane shall be determined 14 by market forces. Consistent with the antitrust laws, the 15 Council may take no action, nor may any provision of this 16 Act be interpreted as establishing an agreement to pass 17 along to consumers the cost of the assessment provided for 18 in section 6.

# 19 SEC. 11. RELATION TO OTHER PROGRAMS.

Nothing in this Act may be construed to preempt or
supersede any other program relating to propane education
and research organized and operated under the laws of the
United States or any State.

1 SEC. 12. REPORTS.

2 Within 2 years after the date of enactment of this Act, 3 and at least once every 2 years thereafter, the Secretary of Commerce shall prepare and submit to the Congress and 4 5 the Secretary a report examining whether operation of the Council, in conjunction with the cumulative effects of mar-6 7 ket changes and Federal programs, has had an effect on propane consumers, including residential, agriculture, process, 8 9 and nonfuel users of propane. The Secretary of Commerce shall consider and, to the extent practicable, shall include 10 11 in the report submissions by propane consumers, and shall consider whether there have been long-term and short-term 12 13 effects on propane prices as a result of Council activities 14 and Federal programs, and whether there have been changes in the proportion of propane demand attributable to var-15 16 ious market segments. To the extent that the report dem-17 onstrates that there has been an adverse effect, the Secretary of Commerce shall include recommendations for correcting 18 19 the situation. Upon petition by affected parties or upon re-20 quest by the Secretary of Energy, the Secretary of Commerce may prepare and submit the report required by this 21 22 section at less than 2-year intervals.