## FIRST REGULAR SESSION SENATE COMMITTEE SUBSTITUTE FOR HOUSE COMMITTEE SUBSTITUTE FOR

## HOUSE BILL NO. 426

## 94TH GENERAL ASSEMBLY

Reported from the Committee on Commerce, Energy and the Environment, April 19, 2007, with recommendation that the Senate Committee Substitute do pass.

TERRY L. SPIELER, Secretary.

## AN ACT

To repeal sections 323.010, 323.020, 323.050, 323.060, 323.075, 323.080, 323.090, and 323.110, RSMo, and to enact in lieu thereof twelve new sections relating to the Missouri propane safety act, with a penalty provision.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 323.010, 323.020, 323.050, 323.060, 323.075, 323.080, 2 323.090, and 323.110, RSMo, are repealed and twelve new sections enacted in lieu 3 thereof, to be known as sections 323.005, 323.010, 323.020, 323.025, 323.050, 4 323.060, 323.075, 323.080, 323.090, 323.105, 323.110, and 323.115, to read as 5 follows:

323.005. This chapter may be cited as the "Missouri Propane 2 Safety Act".

323.010. For the purposes of this chapter, the following words and phrases 2 shall mean:

3 (1) "Affiliated industry", any person or firm engaged in the 4 manufacturing, assembling, and marketing of appliances, containers, 5 and products used in the propane industry, the interstate or intrastate 6 transportation or storage of propane, the installation or design of 7 propane piping systems, or other such affiliation with the commercial, 8 residential, or agricultural use of propane by consumers in Missouri;

- 9
- (2) "Commission", the Missouri propane gas commission;

(3) "Compressed natural gas" (CNG), a mixture of hydrocarbon gases and
vapors, consisting principally of methane in gaseous form that has been

13

12 compressed for use as a vehicular fuel;

(4) "Director", the executive director of the commission;

[(2)] (5) "Dispensing station", a system of compressors, safety devices, cylinders, piping, fittings, valves, regulators, gauges, relief devices, vents, installation fixtures and other compressed natural gas equipment intended for use in conjunction with motor vehicle fueling by compressed natural gas but does not include a natural gas pipeline located upstream of the inlet of the compressor;

[(3)] (6) "Liquefied petroleum gas", any material which is composed
predominantly of any of the following hydrocarbons, or mixtures of the same:
Propane, propylene, butanes (normal butane or isobutane), and butylenes;

[(4)] (7) "Motor vehicle", all vehicles except those operated on rails which are propelled by internal combustion engines and are used or designed for use in the transportation of a person or persons or property;

(8) "Person", any individual, group of individuals, partnership,
association, cooperative, corporation, or any other entity;

(9) "Producer", the owner of the propane at the time it is
recovered at a manufacturing facility, irrespective of the state where
production occurs;

(10) "Propane", propane, butane, mixtures of propane and butane,
and liquefied petroleum gas, as defined by the National Fire Protection
Association Standard 58 for the storage and handling of liquefied
petroleum gases;

(11) "Public member", a member of the commission who is a
resident of Missouri, is a user of odorized propane, and is not related
by the third degree of consanguinity to any retailer or wholesale
distributor of propane;

(12) "Retail marketer", a business engaged primarily in selling
propane gas, its appliances, and equipment to the ultimate consumer
or to retail propane dispensers;

41 (13) "Wholesaler" or "reseller", a seller of propane who is not a
42 producer and who does not sell propane to the ultimate consumer.

323.020. 1. The [director of the department of agriculture] commission shall make, promulgate and enforce regulations setting forth general standards covering the design, construction, location, installation and operation of equipment for storing, handling, transporting by tank truck, tank trailer, and tillizing liquefied petroleum gases and specifying the odorization of such gases

 $\mathbf{2}$ 

and the degree thereof. The regulations shall be such as are reasonably 6 7 necessary for the protection of the health, welfare and safety of the public and persons using such materials, and shall be in substantial conformity with the 8 9 generally accepted standards of safety concerning the same subject matter. Such regulations shall be adopted by the [director of the department of agriculture] 10 11 commission pursuant to chapter 536, RSMo. Any rule or portion of a rule, as 12that term is defined in section 536.010, RSMo, that is promulgated under the authority of this chapter, shall become effective only if the [agency] authority 1314has fully complied with all of the requirements of chapter 536, RSMo, including but not limited to section 536.028, RSMo, if applicable, after January 1, 1999. All 15rulemaking authority delegated prior to January 1, 1999, is of no force and effect 16and repealed as of January 1, 1999, however nothing in this act shall be 17interpreted to repeal or affect the validity of any rule adopted and promulgated 18prior to January 1, 1999. If the provisions of section 536.028, RSMo, apply, the 19provisions of this section are nonseverable and if any of the powers vested with 20the general assembly pursuant to section 536.028, RSMo, to review, to delay the 2122effective date, or to disapprove and annul a rule or portion of a rule are held unconstitutional or invalid, the purported grant of rulemaking authority and any 23rule so proposed and contained in the order of rulemaking shall be invalid and 2425void, except that nothing in this act shall affect the validity of any rule adopted 26and promulgated prior to January 1, 1999.

27 2. Except as specifically provided in subsection 1 of section 323.060, 28 regulations in substantial conformity with the published standards of the 29 National Board of Fire Underwriters for the design, installation and construction 30 of containers and pertinent equipment for the storage and handling of liquefied 31 petroleum gases as recommended by the National Fire Protection Association 32 shall be deemed to be in substantial conformity with the generally accepted 33 standards of safety concerning the same subject matter.

323.025. 1. There is hereby created within the department of agriculture, the "Missouri Propane Gas Commission", which shall constitute a body corporate and politic, an independent instrumentality exercising essential public functions. The commission shall ensure the administration and enforcement of this chapter and all rules and regulations and orders promulgated thereunder. The powers of the commission shall be vested in nine commissioners, who shall be residents of this state, to be appointed by the governor, by and with the

advice and consent of the senate. The commission shall consist of one 9 10 member representing multi-state retail marketers of propane, one member representing wholesalers or resellers of propane, one member 11 from a county of the third classification representing retail marketers 12of propane, one member who is affiliated with the Mechanical 13Contractors Association in Missouri, one member affiliated with the 14Plumbing Industry Council, one member representing an affiliated 15industry, one member representing the department of agriculture, one 16member representing the department of natural resources, and one 17public member. The commissioners annually shall elect from among 18 19their number a chairman and a vice chairman, and such other officers 20as they may deem necessary.

212. The commissioners shall serve five-year terms, with each term 22beginning July first and ending on June thirtieth. However, of the commissioners first appointed, two shall be appointed for a term of two 2324years, two shall be appointed for a term of three years, two shall be appointed for a term of four years, and three shall be appointed for a 2526term of five years. Each commissioner appointed thereafter shall be 27appointed for a term ending five years from the date of expiration of 28the term for which his predecessor was appointed. A person appointed 29to fill a vacancy prior to the expiration of such a term shall be 30 appointed for the remainder of the term. No commissioner appointed 31by the governor under this section shall serve more than one full 32term. For those commissioners first appointed, if such commissioner serves a term less than five years, each shall be eligible to serve one 33full five-year term. Each commissioner shall hold office for the term of 3435such appointment and until such successor has been appointed and qualified. 36

37 3. Other than the public member, commission members shall be
38 full-time employees or owners of businesses in the industry or the
39 agency they represent.

40 4. Notwithstanding the provisions of any other law to the 41 contrary:

42 (1) No officer or employee of this state shall be deemed to have
43 forfeited or shall forfeit such office or employment by reason of his
44 acceptance of membership on the commission or such service to the
45 commission;

46(2) It shall not constitute a conflict of interest for a director, 47officer, or employee of any company selling propane at retail or wholesale, or engaged in the manufacture, sale, installation, or 48distribution of propane-use equipment, the contracting of propane 49piping systems, or in the transportation, storage, or marketing of 50propane, or any other firm, person, or corporation, to serve as a 51member of the commission, provided such trustee, director, officer, or 52employee shall abstain from deliberation, action, and vote by the 53commission in each instance where the business affiliation or public 54office association of any such trustee, director, officer, or employee is 55involved. 56

57 5. Commissioners shall receive no compensation for the 58 performance of their duties under this section, but each commissioner 59 shall be reimbursed from the funds of the commission for his or her 60 actual and necessary expenses incurred in carrying out his or her 61 official duties.

6. Meetings shall be held at the call of the chairman or whenever 62 63 two commissioners so request. Five commissioners of the commission 64shall constitute a quorum, and any action taken by the commission 65 under the provisions of this chapter may be authorized by resolution 66 approved by a majority, but not less than four of the commissioners present at any regular or special meeting. No vacancy in the 67 68 membership of the commission shall impair the right of a quorum to 69 exercise all the rights and perform all the duties of the commission.

70 7. The commissioners shall employ an executive director. The 71 executive director also shall serve as the secretary for the commission 72 and shall administer, manage, and direct the affairs and business of the 73 commission, subject to the policies, control, and direction of the 74 commissioners. The commission may employ technical experts and 75 such other officers, agents, and employees as deemed necessary, and 76 may fix their qualifications, duties, and compensation.

8. The secretary shall keep a record of the proceedings of the commission and shall be custodian of all books, documents, and papers filed with the commission and of its minute book and seal. The secretary shall have the authority to cause to be made copies of all minutes and other records and documents of the commission and to give certificates, under the seal of the commission, to the effect that

 $\mathbf{5}$ 

such copies are true copies, and all persons dealing with the
commission may rely upon such certificates. Resolutions of the persons
dealing with the commission need not be published or posted unless the
commission shall so direct.

87 9. Before entering into his or her duties, each commissioner of the commission shall execute a surety bond for fifty thousand dollars, 88 and the director shall execute a surety bond for one hundred thousand 89 dollars or, in lieu thereof, the chairman of the commission shall execute 90 a blanket bond covering all members, the director, and the employees 91 or other officers of the commission. Each surety bond shall be 9293 conditioned on the faithful performance of the duties of the office or offices covered, shall be executed by a surety company authorized to 94transact business in this state as surety, shall be approved by the 95attorney general, and shall be filed in the office of the secretary of 96 state. The cost of each such bond shall be paid by the commission. 97

98 10. At the beginning of each fiscal year, the commission shall prepare and submit for public comment a budget plan, including the 99 100 probable costs of all programs, projects, and contracts and a 101recommended rate of assessment as may be necessary to cover such 102costs. Publication of the proposed budget in the Missouri Register for 103at least thirty days shall constitute appropriate public notice. The 104 commission shall approve or modify the budget following the public 105comment period.

106 11. The commission shall, following the close of each fiscal year, 107 submit an annual report of its activities for the preceding year to the 108 department of agriculture, the governor, and the general 109 assembly. Each report shall set forth a complete operating and 110 financial statement for the commission during the fiscal year it covers. 111 At least once in each year, an independent certified public accountant 112 shall audit the books and accounts of the commission.

113 **12.** The commission shall have the power necessary to:

114 (1) Sue and be sued in its own name;

115 (2) Have an official seal and alter the same at pleasure;

116 (3) Have perpetual succession;

(4) Maintain an office at such place or places within this state as
the commission may designate;

119 (5) Conduct hearings and mediate disputes arising from the

120 enforcement of this chapter;

121 (6) Disperse funds for its lawful activities and fix salaries and
122 wages of its employees; and

123 (7) Exercise all powers necessary or convenient to accomplish its124 purposes.

125

13. The commission shall have the following duties:

(1) Develop comprehensive plans and programs for the
prevention, control and abatement of propane-related accidents in
Missouri;

(2) Mandate a comprehensive certification training program
based on the department of agriculture's existing liquified petroleum
gas certification and training program;

132 (3) Promulgate by rule by August 28, 2010, a statewide code for
133 the installation of propane-related equipment;

(4) Advise, consult, and cooperate with other agencies of the
state, the federal government, other states, and interstate agencies, as
well as with affected groups, political subdivisions, and industries in
furtherance of the purposes of this chapter;

(5) Accept gifts, contributions, donations, loans and grants from
the federal government and from other sources, public or private, for
carrying out any of its functions. Such funds shall not be expended for
other than the purposes for which provided;

(6) Exercise general supervision of the administration and
enforcement of this chapter and all rules, regulations, and orders
promulgated hereunder;

(7) Suspend any registration filed under this chapter granted to
persons or companies doing business under the requirements of this
chapter, if such registrant is in violation of any provision of this
chapter;

149 (8) Represent the state of Missouri in all matters pertaining to
150 this chapter, including negotiation of interstate compact agreements;

(9) To do any act necessary or convenient to the exercise of the
powers granted by or reasonably implied from the provisions of this
chapter.

154 14. The director may make such investigations as the director
155 deems necessary to carry out effectively the director's responsibilities
156 under this chapter or to determine whether a person has engaged or is

157engaging in acts or practices that constitute a violation of any 158provision of this chapter or of any regulation or plan issued under this chapter. For the purpose of any investigation, the director is 159160empowered to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of 161 162books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be 163required from any place in this state. In case of contumacy by or 164165refusal to obey a subpoena issued to any person, the director may seek 166 enforcement thereof in the circuit court of proper venue.

167 15. The Missouri propane gas commission is hereby authorized
168 to regulate the inspection of and provide specifications for propane as
169 provided in this section.

16. A commissioner shall be removed from office by the governor
for misfeasance, malfeasance, or willful neglect of duty or other cause
after notice and public hearing, unless such notice or hearing shall be
expressly waived in writing.

174 17. The director or any designated employee shall have free 175 access, during reasonable hours, to any premises in the state where an 176 installation covered by this chapter is being constructed, or is being 177 installed, for the purpose of ascertaining whether said installation is 178 being constructed and installed in accordance with the applicable 179 provisions.

323.050. No city, town, village, fire district, or other political subdivision shall adopt or enforce any ordinance or regulation in conflict with the provisions of this chapter, or with the regulations promulgated under section 323.020. Nothing in this section shall prohibit any political subdivision from establishing a licensing requirement for persons relating to the installation, repair, replacement, or maintenance of liquified petroleum gas and all other fuel gas piping systems.

323.060. 1. No person or company shall engage in this state in the business of selling at retail of liquefied petroleum gas or in the business of handling or transportation of liquefied petroleum gas over the highways of this state without having first registered with the [director of the department of agriculture] commission. Registration must be in the appropriate class as determined by the director.

7

2. No person or company shall engage in this state in the business of

8 installing, modifying, repairing, or servicing equipment and appliances for use 9 with liquefied petroleum gas without having first registered with the [director of 10 the department of agriculture] **commission**. Registration must be in the 11 appropriate classes as determined by the director.

Nonresidents of the state of Missouri desiring to engage in the business
 of distribution of liquefied petroleum gases at retail, or the business of installing,
 repairing or servicing equipment and appliances for use of liquefied petroleum
 gases, shall comply with sections [323.010] 323.005 to 323.110 and rules and
 regulations promulgated hereunder.

4. No person registered pursuant to this section and engaged in this state 17in the business of selling at retail of liquefied petroleum gas or in the business 18of handling or transportation of liquefied petroleum gas over the highways of this 19state shall be liable for actual or punitive civil damages for injury to persons or 20property that result from any occurrence caused by the installation, modification, 21repair, or servicing of equipment and appliances for use with liquefied petroleum 22gas by any other person unless such registered person had received written 23notification or had other actual knowledge of such installation, modification, 24repair, or servicing of equipment and appliances and failed to inspect such 25installation, modification, repair, or servicing of equipment and appliances within 2627thirty days after receipt of such notice or actual knowledge.

5. Nothing in this section is intended to limit the liability of any person for any damages that arise directly from the gross negligence or willful or wanton acts of such person.

6. All utility operations of public utility companies subject to the safety
jurisdiction of the public service commission are exempt from the provisions of
this section.

7. Persons who only sell liquefied petroleum gas in containers having a
capacity of fifty pounds or less that have been filled by another person registered
under this chapter are exempt from the provisions of this [section] chapter.

323.075. 1. Every person required to be registered under subsection 1 of section 323.060 shall demonstrate financial responsibility for compensating third parties for bodily injury and property damage caused by the release of liquefied petroleum gas. The minimum amount of financial responsibility shall be one million dollars per occurrence with an annual aggregate of two million dollars.

6 2. A person may demonstrate financial responsibility required in 7 subsection 1 of this section either by self insurance or by being insured in the

8 manner set forth in this section.

9 3. A registrant may demonstrate financial responsibility by obtaining liability insurance in the required amounts as an endorsement to an existing 10 11 policy or as a separate policy issued by an insurance company authorized by the department of insurance to transact the business of insurance in the state of 1213Missouri. The endorsement or policy shall include a requirement that the insurance company deliver a copy of any final notice of cancellation to the 1415[department of agriculture] commission at the same time such a notice is 16provided to the insured. A copy of the certificate of insurance evidencing such coverage shall accompany any original application. The original insurance policy, 17any relevant endorsements, and the certificate of insurance must be made 18available upon request for examination and copying by the [department of 1920agriculture] commission.

4. The [director] commission may promulgate regulations governing
acceptable forms of self insurance.

235. Any rule or portion of a rule, as that term is defined in section 536.010, 24RSMo, that is created under the authority delegated in this section shall become 25effective only if it complies with and is subject to all of the provisions of chapter 26536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 27536, RSMo, are nonseverable and if any of the powers vested with the general 28assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then 2930 the grant of rulemaking authority and any rule proposed or adopted after August 28, 2005, shall be invalid and void. 31

32 [6. The provisions of this section shall become effective on January 1,33 2006.]

323.080. 1. The [director of the department of agriculture] commission may suspend any registration filed hereunder if the registrant violates or fails to comply with any provision of this chapter or the rules and regulations promulgated hereunder until the violation or failure is corrected. It is unlawful to perform any of the acts for which registration is required while a suspension is in effect.

2. Before suspension of any registration, written notice shall be given to
8 the registrant setting forth the action contemplated and the reasons
9 therefor. The notice shall state the time and place for a hearing on the
10 contemplated action and shall be sent by registered mail to the registrant at least

11

ten days before the hearing. At the hearing the registrant may present evidence
as he deems fit. Upon suspension of a registration, notice shall be sent by
registered mail to the last known address of the registrant.

323.090. Any person who is aggrieved by a suspension order of the [director of the department of agriculture] commission may appeal from the  $\mathbf{2}$ 3 suspension order within ten days after the mailing of the notice of suspension. The appeal shall be to the circuit court of the county in which such 4 person resides or has his principal place of business. The circuit court shall 5 6 review the record, permit the presentation of any additional evidence as the parties thereto may desire, determine whether the evidence supports the order 7 8 of suspension and enter a judgment sustaining or overruling the suspension order. 9

323.105. 1. The commission shall set a fee for odorized propane in the state and shall set the initial assessment at no greater than onetenth of one cent per gallon. Thereafter, annual assessments shall be sufficient to cover the costs of the plans and programs of the commission. The assessment shall not be greater than twenty-five hundredths of one cent per gallon of odorized propane. The assessment may not be raised by more than one-tenth of one cent per gallon annually.

9 2. The owner of propane immediately prior to odorization in this state or the owner of odorized propane at the time of import into this 10 state shall be responsible for the payment of the assessment on the 11 12volume of propane at the time of import or odorization, whichever is later. Assessments shall be remitted to the commission on a monthly 13basis by the twenty-fifth of the month following the month of 14 collection. Nonodorized propane shall not be subject to assessment 1516until odorized. For purposes of collection, all propane either odorized at terminal locations in Missouri for delivery to either in-state storage 1718 locations or propane odorized at terminal locations outside Missouri 19and delivered to Missouri as identified on a bill of lading, shall be 20considered as assessable.

3. The commission may, by rule, establish an alternative means to collect the assessment if another means is found to be more efficient and effective. The commission may by rule establish a late payment charge and rate of interest to be imposed on any person who fails to remit any amount due under this chapter. 4. The commission shall set fees for permits, licenses, and certificates required by this chapter. Fees shall be determined by the commission to provide sufficient funds for the operation of the commission and its programs and shall be set by rule promulgated in accordance with the provisions of section 323.020. The commission may alter the fee schedule once every two years. Any funds collected under this section shall be deposited in the propane inspection fund.

5. There is hereby created the "Propane Inspection Fund", which 33 34shall consist of all funds collected under this section. The fund shall be used solely by the commission for the administration and enforcement 35of this chapter. Notwithstanding the provisions of section 33.080, 36RSMo, to the contrary, any moneys remaining in the fund at the end of 37the biennium shall not revert to the credit of the general revenue 38fund. Any interest and moneys earned on investments of moneys in the 39fund shall be credited to the fund. 40

6. No funds collected by the commission shall be used in any manner for influencing legislation or for campaign contributions, except that the commission may recommend to the director changes in this act or other statutes that would further the purpose of the commission.

323.110. 1. Any person found in violation of any provision of sections [323.010] **323.005** to 323.210 shall be deemed guilty of a class A misdemeanor. The prosecutor of each county in which a violation occurs may bring an action hereunder. But if a prosecutor declines to bring such action, then the attorney general may bring an action instead, and in so doing shall have all the powers and jurisdiction of such prosecutor.

72. Any person who is found, upon investigation by the [department of agriculture] commission, to be in possible violation of sections [323.010] 8 **323.005** to 323.210 shall be notified by certified mail of the facts constituting 9 such violation, and shall be afforded an opportunity by the [director] 10 commission to explain such facts at an informal hearing to be conducted within 11 12fourteen days of such notification. In the event that such person fails to timely respond to such notification or upon unsuccessful resolution of any issues relating 13to an alleged violation, such person may be summoned to a formal administrative 14hearing before [a department of agriculture hearing officer] the 15commission. Said hearing shall be conducted in conformance with chapter 536, 16

RSMo. If any person is found to have committed one or more violations of 1718 sections [323.010] **323.005** to 323.210, such person may be ordered to cease and desist from such violation, and the order shall be enforceable in any circuit court 19 20of competent jurisdiction, and, in addition, the person may be required to pay a penalty of not more than five hundred dollars per violation and five hundred 2122dollars for each day such violation continues. Any party to such hearing 23aggrieved by a determination of a hearing officer may, in accordance with chapter 536, RSMo, appeal to the circuit court of the county in which such party resides, 24

25 or if the party is the state, in Cole County.

323.115. 1. Violations of this chapter may be referred to the attorney general for appropriate action, except that nothing shall be construed as requiring the commission to refer to the attorney general violations of this chapter whenever the commission believes that the administration and enforcement of the regulations would be served adequately by administrative action under subsection 2 of this section or suitable written notice or warning to any person committing the violations.

9 2. Any person who fails or refuses to pay, collect, or remit any assessment or fee required of the person by this chapter may be 10 assessed a civil penalty by the commission of not less than five hundred 11 dollars nor more than five thousand dollars for each violation. Each 12violation shall be a separate offense. In addition, or in lieu of such 13civil penalty, the commission may issue an order requiring the person 1415to cease-and-desist from continuing the violation. No penalty shall be assessed nor a cease-and-desist order issued unless the person is given 16 notice and opportunity for a hearing before the commission with 17 respect to the violation. The order of the commission assessing a 18 penalty or imposing a cease-and-desist order shall be final and 19conclusive unless the person affected by the order files a petition for 2021review under chapter 536, RSMo. Any person who fails to obey a cease-22and-desist order after it has become final shall be subject to a civil penalty assessed by the commission, after an opportunity for hearing 2324before the commission, of not more than five hundred dollars for each 25offense. Each day that the failure continues shall be deemed a separate offense. If any person fails to pay an assessment of a civil penalty after 2627it has become a final order, the commission shall refer the matter to the attorney general for recovery of the amount assessed in any 28

- 29 appropriate circuit court of the state. In such action, the validity and
- 30 appropriateness of the final order imposing the civil penalty shall not
- 31 be subject to review.