

SUBJECT: Allowing unlicensed sale of empty liquefied petroleum gas containers

COMMITTEE: Energy Resources — favorable, without amendment

VOTE: 6 ayes — West, Farabee, Crownover, Corte, Gonzalez Toureilles, Howard
0 nays
1 absent — Crabb

WITNESSES: For — None
Against — None
On — Mary McDaniel, Railroad Commission of Texas

BACKGROUND: Liquefied petroleum gas (LP-gas) is the third most commonly used transportation fuel, ranked behind gasoline and diesel. It is also used for home barbecues, recreational vehicle appliances, and heating and cooking in areas where natural gas is not available. The Railroad Commission routinely inspects all licensed LP-gas distributors.

Under Natural Resources Code, sec. 113.081, only individuals licensed to perform LP-gas-related activities may sell, manufacture, assemble, repair, test, install, or subframe LP-gas containers. However, no license is required for the sale of new LP-gas containers of 96 pounds or less.

DIGEST: HB 475 would permit the sale without a license of new, empty liquefied petroleum gas containers of any size.

The bill would take effect September 1, 2005.

SUPPORTERS SAY: HB 475 would create a needed exception from the licensing requirement for selling new empty LP-gas containers. Containers having a water capacity of 96 pounds or more formerly were sold only when filled with LP-gas. Natural Resources Code, ch. 113 prohibits the sale and distribution of 96-pound capacity containers without a license under the assumption that all such containers are filled with LP-gas. However, the

demand for larger containers has grown, and there is no need to restrict the sale of new LP-gas containers of any size as long as they are empty. The sale of LP-gas without a license still would be prohibited, and the Railroad Commission would perform routine inspections of all licensed distributors.

Without an exemption for the sale of new empty LP-gas containers, distributors and the Railroad Commission will incur needless costs. Distributors of empty containers have to expend time and fees for pointless licenses, and the agency foots the cost for unnecessary inspections.

HB 475 would open up the market for the sale and distribution of containers, lowering costs to consumers. Hardware stores and tractor supply stores could increase their inventory and make purchases of containers more convenient to customers.

**OPPONENTS
SAY:**

Texas is a major producer of LP-gas, which is publicly accessible at most fueling stations. Prices, often tied to oil prices, tend to fluctuate widely. HB 475 could decrease retail sales for many licensed LP-gas distributors in an open LP-gas container market during pricing lulls because most gas distributors also sell large containers.