

**TITLE 420. OKLAHOMA LIQUEFIED PETROLEUM GAS BOARD
CHAPTER 10. LIQUEFIED PETROLEUM GAS ADMINISTRATION**

Rule Impact Statement

I. Purpose of the proposed rule changes

420:10-1-1. Purpose

The amendment deletes an outdated reference to LP gas appliances. The purpose is to reduce unnecessary rule language.

420:10-1-5. Permits

- Reduces the renewal fee for Class I permits
- Expands the Class III permit to include the sale of LP gas in addition to the delivery
- Provides for a Class III endorsement for transport of un-odorized LP gas
- Provides for a Class III endorsement for bulk delivery to allow the holder to invoice the end user
- Amends the requirements for Class VI permit display and training requirements
- Provides for a Class VI endorsement of un-odorized LP Gas end user
- Clean-up language for the Class VI-A permit
- Amends the Class VII permit to limit for odorized LP Gas only

The reduction in fee is necessary for a compelling public interest in lowering the cost on licensing fees to operate a small business in Oklahoma. Additionally, the amendment to the Class III Transporter Permit requirements include the *sale* of LP gas, instead of just the delivery, to ensure the rule covers LP gas that is being sold out of a facility and not delivered. Additionally two additional endorsements are being added to the Class III to cover the transport of *unodorized* LP gas and to allow invoicing of the end user, which is currently only allowed by a Class I. These changes are necessary for the safety of Oklahomans because with the legalization of the medical marijuana industry in Oklahoma. Producers of medical marijuana are ordering and utilizing unodorized LP gas, which is a safety issue because of the lack of smell, which would otherwise provide notice of a leak or other safety hazard. Unodorized gas is preferred presumably to keep the odorized additive out of the product. Also, the Class III permit holder must have a way to charge customers for the bulk delivery, which currently is only allowed by Class I's.

The amendments to the Class VI permits are necessary for safety because the amendments require the permits to be displayed at all time, which allows the Safety Code Inspectors and the public to know immediately if the LP gas dispensing station is properly licensed and has been inspected by the LP Gas Administration. Additionally, training requirements are being increased by the rule amendments to help prevent accidents and unsafe filling operations at the dispensing stations, which has been a recent issue the Safety Code Inspectors have encountered. The *Un-Odorized LP Gas End User* endorsement is a new requirement to address the medical marijuana producers who are utilizing unodorized LP gas in their production operations, but are currently doing so without any regulation or safety requirements.

The amendments to the Class VI-A permit adds those persons “engaged in” dispensing LP gas, not just those in charge of the operation to ensure that all people involved in the dispensing are properly licensed and trained, not just those persons “in charge” of the dispensing station. Also, the training requirements are amended to require a Board-approved class, not just training by the Class VI permit holder, who is the employer of the Class VI-A permit holder. The amendments require the permit to be posted at the facility where the permit-holder is employed. These amendments are an effort to increase the safety requirements on all employees of LP gas dispensing stations in order to increase safety for Oklahomans.

The amendment to the Class VII permit specifies that it is for *odorized* gas only, so as to prohibit *unodorized* gas from being used in the cylinder exchange locations, which are frequently used by homeowners to obtain propane tanks for residential use. Only allowing odorized gas in these locations maintains a higher level of safety for Oklahomans who are obtaining LP gas in this manner.

420:10-1-8. Processing and handling of applications and examinations

The amendment deletes outdated examination language. The purpose is to reduce unnecessary rule language.

420:10-1-14. Standards for the storage and handling of liquefied petroleum gas

The amendment adds a requirement for those facilities that are using *unodorized* LP gas to get a permit endorsement and to have the plans for the facility be reviewed and a site inspection be conducted by a Safety Code Inspector. The purpose of this amendment is to promote the safety of Oklahomans because with the legalization of the medical marijuana industry in Oklahoma, producers of medical marijuana are utilizing unodorized LP gas in their facilities, and under the current rules, may do so without any oversight or safety inspections.

420:10-1-16. Training schools

The amendment includes Sole Proprietorships in the requirements for Class I training, because they were inadvertently left out of the rule. Usually Class I permits are obtained by the company, and those Sole Proprietorship companies have not been obtaining a Class I. Additionally the amendments specify that the training for the Class I and X’s is management training. The purpose of this amendment is to promote the safety of Oklahomans by ensuring all Class I’s are included in the training requirements, and that the required training is directed at managers rather than just employees.

420:10-1-18. Insurance requirements

The amendment increases insurance requirements for Class IV permits. The purpose of this amendment is to protect Oklahomans by ensuring that the person installing the LP gas system in their home or business has adequately insurance coverage in the event of an accident or injury to compensate the customer adequately.

420:10-1-20. Suspension or revocation of registration permits and fines; appeals

The amendment sets forth the procedure for administrative hearings for those holding permits issued by the agency. The purpose of this amendment is to set forth the procedure for administrative hearings in accordance with the Administrative Procedures Act.

II. Class of persons that will be affected by the proposed rule changes and that will bear the cost of the proposed rule change

Companies that choose to operate with unodorized LP gas will be most affected by the rule changes, but the agency believes these changes are necessary to promote the health, safety and welfare of the State of Oklahoma.

III. Class of persons that will benefit from the proposed rule change

Class I permit holders will benefit from the reduction in permit price; the State of Oklahoma will benefit as a whole to the increased safety that will precipitate from the training and inspection requirements of the additional endorsements.

IV. Probable economic impact of the proposed rule upon the affected classes of persons or political subdivisions; fee changes and justification

The purpose of the increase of the Class III permit fee is to assure that this agency covers the costs associated with the additional time and effort spent to prepare and process Class III permits including new uses as required by newly permitted uses of LP Gas by other state agencies.

The purpose for the additional endorsement fee of \$300 is to align the cost of the new endorsement with the cost of the currently in rule endorsement that currently has a fee of \$300. Both endorsements are necessary to ensure all handlers and transporters of LP gas are properly trained and qualified to handle the LP gas safely, and to ensure that all parties involved, whether by transport, delivery, drop-off, end user, are properly licensed, which requires training and inspection, which ultimately promotes the safe handling and using of LP gas to ensure the safety of all Oklahomans.

The purpose for imposing the \$100 plan review and inspection fees is to reimburse the agency for the cost of the Safety Code Inspector to travel to the location of the facility and the time for the inspection.

V. Probable cost to the agency to implement and enforce the proposed rule change

The agency will incur additional cost to issue additional endorsements and permits, and to review and inspect facilities that submit plans to utilize unodorized LP gas. Thus, the reason the additional endorsements have a fee attached to cover those costs, which the agency believes is necessary to protect the safety of Oklahomans.

VI. Potential economic impact on any political subdivision to implement the proposed rule change

The agency does not anticipate any economic impact on any political subdivision as a result of the proposed rule changes.

VII. Potential adverse effect on small business as provided by the Oklahoma Small Business Regulatory Flexibility Act

The agency does not anticipate any adverse effect on small business as a result of the proposed rule changes.

VIII. Description of other methods which are less costly, non-regulatory, or less intrusive to achieve the purpose of the proposed rule change

N/A

IX. The effect of the proposed rule on the public health, safety, and environment, and the risks the proposed rule is designed to reduce

The rules are designed to promote safety in the LP gas industry, with an emphasis in these proposed rule changes on un-odorized LP gas. Un-odorized LP gas can be especially dangerous because of the absence of the additive that allows the human nose to smell the gas.

X. A description of the detrimental effect on the public health, safety, and environment if the rule is not implemented.

See answer to IX above.

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