EXHIBIT
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STATE OF MICHIGAN
DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

In the matter of funding the Michigan Propane Commission.

OPINION AND ORDER OF THE DIRECTOR:
Michigan Propane Commission

Order of March 5, 2021, establishing the initial assessment on propane for the Michigan Propane Commission.

I. DISCUSSION

Governor Whitmer signed Senate Bill 1133 into law, and it is now Public Act 332 of 2020. The Act creates the framework for a Michigan Propane Commission (Commission) and requires the Michigan Department of Agriculture and Rural Development (MDARD) to conduct a referendum of Michigan's propane industry to determine whether the initial assessment of 1/10 of 1 cent per gallon upon odorized propane sold and placed into commerce in this state will be levied. The Michigan Propane Commission would use the funds to educate residents, business owners and other users of propane on the safe use of propane and promote the use of high efficiency appliances and equipment through rebate and incentive programs for Michigan residents. The commission could develop procedures and carry out any other activity necessary to accomplish the Propane Commission Act.

II. HISTORY OF PROCEEDINGS

The Propane Commission Act was signed by the Governor on December 29, 2020. The Act created the framework for the Commission and required MDARD to conduct a referendum within 60 days of the effective date of the act. The referendum was to determine whether the initial assessment upon odorized propane sold and placed into commerce in this state will be levied at the rate of 1/10 of 1 cent per gallon. I determined that the referendum would be conducted from February 15, 2021 through February 26, 2021.

Procedures for the conduct of the referendum were established. An electronic list of names and addresses of Michigan Retail Propane Marketers was obtained from the Michigan Propane Commission. Using this address list, 119 ballots with complete instructions and return envelopes were mailed out on February 8, 2021.

For the purpose of the referendum, each retail propane marketer with customers in this state is entitled to 1 vote representing a single firm, individual proprietorship,

corporation, company, association, partnership, or spouse- or family-owned business, regardless of the number of bulk plants or retail sales outlets owned. A retail propane marketer is defined as a person engaged in the business of selling odorized propane to consumers in containers larger than 240 pounds water capacity or selling odorized propane to retail propane dispensers.

The procedures require that ballots declared valid shall:

1. Have envelopes postmarked no later than February 26, 2021, or if mailed or hand delivered, but not postmarked, date stamped at the Michigan Department of Agriculture and Rural Development in Lansing no later than February 26, 2021.

2. Be signed by a Retail Propane Marketer as defined in Public Act 332 of 2020.

3. Contain a vote on the question on the ballot.

III. PROCESSING, VERIFICATION AND TABULATION OF BALLOTS

MDARD's Financial and Office Services Section forwarded all unopened envelopes with ballots to the Executive Office. The Executive Office staff opened, and date stamped each ballot with the date it was received. The ballots were securely kept in a locked drawer. The retail propane marketer identification is kept completely confidential.

A total of 65 ballots were received. Of the 65 ballots received, none were disqualified. Of the valid 65 referendum ballots to determine whether the Michigan Propane Commission initial assessment on propane is levied at the rate of 1/10 of 1 cent per gallon upon odorized propane sold and placed into commerce in this state, 49 retail propane marketers voted yes (75 percent); and 16 retail propane marketers voted no (25 percent).

According to Public Act 332 of 2020:

"More than 50 percent of all the retail propane marketers with customers in this state, must approve the proposal. " (MCL 460.621-460.31)

IV. ORDERING PARAGRAPHS

Having examined the referendum results and being fully advised in the matters before me, I hereby order that:

1. The Department has jurisdiction in this matter under Public Act 332 of 2020.

2. The Department has received 65 ballots in which 75 percent of the retail propane

marketers voted yes to establish the initial assessment of the Michigan Propane Commission, whereas 25 percent of the retail propane marketers voted no on the initial assessment.

3. It is hereby ordered that the referendum has passed and that the Michigan Propane Commission's initial assessment on propane will begin at the rate of 1/10 of 1 cent per gallon to be levied upon odorized propane sold and placed into commerce in this state.

By: 

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Gary McDowell, Director
Michigan Department of Agriculture and Rural Development

Dated: March 5, 2021 at Lansing, Michigan