



House of Representatives

General Assembly

File No. 194

February Session, 2016

House Bill No. 5435

House of Representatives, March 24, 2016

The Committee on General Law reported through REP. BARAM of the 15th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING CONSUMER OPTIONS TO PURCHASE ABOVE GROUND PROPANE TANKS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 16a-21 of the 2016 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (a) (1) No heating fuel dealer shall sell heating fuel or rent or lease a
5 heating fuel tank without a written contract that contains all the terms
6 and conditions for delivery of such heating fuel and the amount of
7 fees, charges, surcharges or penalties allowed under this section and
8 assessed to the consumer under such contract. No such contract shall
9 contain any fees, charges, surcharges or penalties, except for those
10 allowed pursuant to subsections (e), (f) and (g) of this section and for
11 tank rental fees or liquidated damages for violation of the contract
12 terms. No contract for the delivery of heating fuel under this
13 subsection shall include a provision for liquidated damages for a
14 consumer breach of such contract where the liquidated damages

15 exceed the actual damages to the heating fuel dealer caused by such
16 breach. No written contract period for heating fuel shall be for a term
17 greater than thirty-six months. Each heating fuel dealer shall offer
18 consumers the option to enter into a bona fide commercially
19 reasonable contract for a term of eighteen months. A consumer and a
20 heating fuel dealer may agree to enter into a bona fide commercially
21 reasonable contract for a term of less than eighteen months. Longer
22 fuel contract term lengths may be permitted for underground tank
23 consumers, provided the fuel term agreements are concurrent with
24 tank lease agreements as specified in subdivision (2) of this subsection.
25 Any contract for the rent or lease of a propane fuel tank shall contain a
26 provision informing the consumer of any restrictions concerning such
27 customer's ability to utilize another propane fuel provider and shall
28 require the consumer to initial such provision to indicate awareness of
29 such restrictions.

30 (2) If a tank is being leased or lent to a consumer, a contract for the
31 tank rental or loan shall indicate in writing a description of the tank,
32 initial installation charges, if any, the amount and timing of rental or
33 loan payments, the manner in which the lessor will credit the lessee for
34 any unused heating fuel and terms by which a lessee may terminate
35 the contract. A lessor may enter into a separate contract with the lessee
36 for additional services including, but not limited to, maintenance,
37 repair and warranty of equipment, provided such contract complies
38 with the provisions of this section. No contract for tanks installed
39 above ground shall be for a term greater than thirty-six months. Each
40 consumer shall be given the option to enter into a bona fide
41 commercially reasonable contract for a term of eighteen months. A
42 lessee and a lessor may agree to enter into a bona fide commercially
43 reasonable contract for a term of less than eighteen months. No
44 contract for a tank installed underground shall exceed five years.

45 (3) (A) If a tank installed underground is provided to a consumer, a
46 contract for such tank shall contain a clause providing the consumer
47 with the option to purchase the tank and associated equipment at any
48 time during the length of the contract, but not later than five years

49 after the date of commencement of the contract. The purchase price for
50 the tank shall be disclosed in the contract and shall not increase before
51 the contract expires. Any waiver of liability or transfer of warranty
52 shall be stated in the contract. For existing contracts, whether oral or
53 written, where the purchase option or purchase price is silent or
54 unspecified, a contract addendum including the purchase option and a
55 commercially reasonable purchase price shall be mailed or delivered to
56 the consumer not later than September 1, 2013. Such contract
57 addendum shall contain a clause providing the lessee with the option
58 of purchasing the tank and associated equipment at any time prior to
59 September 1, 2018. Upon purchase of the tank and any associated
60 equipment, any contract obligations pursuant to subdivisions (1) and
61 (2) of this subsection shall terminate immediately.

62 (B) If a tank installed above ground is provided to a consumer, a
63 contract for such tank shall contain a clause providing the consumer
64 with the option to purchase [the] a new tank and associated equipment
65 at [any time during the length of the contract, but not later than five
66 years after the date of commencement of the contract] the time of the
67 initial installation. The purchase price for the tank shall not exceed the
68 fair market value for such tank and shall be disclosed in the contract,
69 [and not increase before the contract expires.] Any waiver of liability
70 or transfer of warranty shall be stated in the contract. [For existing
71 contracts, whether oral or written, where the purchase option or
72 purchase price is silent or unspecified, a contract addendum including
73 the purchase option and a purchase price of not more than the fair
74 market value shall be mailed or delivered to the consumer not later
75 than September 1, 2016. Such contract addendum shall contain a clause
76 providing the lessee with the option of purchasing the tank and
77 associated equipment at any time prior to September 1, 2021. Upon
78 purchase of the tank and any associated equipment, any contract
79 obligations pursuant to subdivisions (1) and (2) of this subsection shall
80 terminate immediately.]

81 (4) A contract required by this section shall be in writing and shall
82 comply with the plain language requirements of section 42-152,

83 provided any fee, charge, surcharge or penalty disclosed in such
84 contract shall be in twelve-point, boldface type of uniform font. Any
85 fee, charge, surcharge or penalty shall not increase prior to the
86 expiration of the contract.

87 (5) A written contract for the sale of heating fuel or lease of
88 equipment that calls for an automatic renewal of the contract is not
89 valid unless such contract complies with the provisions of this section,
90 section 42-126b and chapter 296a.

91 (6) The requirement that contracts be in writing pursuant to this
92 section shall not apply to any heating fuel delivery initiated by a
93 consumer, payable on delivery or billed to the consumer with no
94 future delivery commitment, where no fee, charge, surcharge or
95 penalty is assessed, except for any fee, charge or surcharge authorized
96 under subsection (g) of this section.

97 (7) The requirement that contracts be in writing pursuant to this
98 section shall not apply to agreements that are solely automatic delivery
99 where: (A) The consumer may terminate automatic delivery at any
100 time and where no fee, charge, surcharge or penalty is assessed for
101 termination, and (B) the dealer providing automatic delivery provides
102 written notice to the consumer the dealer serves under automatic
103 delivery of the method for the termination of automatic delivery, as
104 specified in this subdivision. Such written notice shall be included with
105 each invoice for products subject to automatic delivery. Notice from a
106 consumer to a dealer requesting termination of automatic delivery
107 may be delivered to the dealer by (i) a written request by the consumer
108 delivered by certified mail to the dealer, (ii) electronic mail sent from
109 the consumer to a valid electronic mail address of the dealer, or (iii)
110 electronic facsimile by the consumer to be sent to a valid facsimile
111 number at the dealer's place of business. The consumer shall give
112 notice at least one day prior to the day upon which the consumer
113 desires to terminate automatic delivery. The consumer shall not be
114 responsible for payment of deliveries made by the dealer after such
115 notice has been given, except for deliveries made within one business

116 day after such notice has been given and which were scheduled for
117 delivery by the dealer prior to such notice being given, provided
118 consideration shall be given for weekend and holiday closings or
119 extenuating circumstances not under the control of the dealer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16a-21(a)

GL *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill makes changes to heating fuel dealer contracts that provide above ground heating fuel tanks which does not result in a fiscal impact to the state or municipalities.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 5435*****AN ACT CONCERNING CONSUMER OPTIONS TO PURCHASE ABOVE GROUND PROPANE TANKS.*****SUMMARY:**

This bill requires heating fuel dealer contracts that provide above ground heating fuel tanks to consumers to include a clause allowing the consumer to buy a new tank and associated equipment at the time of the initial installation. Current law requires all contracts for above ground heating fuel to include a clause allowing the consumer to purchase the tank and associated equipment within five years after the contract begins.

By law, the purchase price may not exceed the fair market value of such tank and must be disclosed in the contract. The bill eliminates the prohibition on the tank's purchase price increasing before the contract expires.

The bill also eliminates a requirement that existing oral or written contracts containing an undisclosed or unspecified purchase option or price have a contract addendum with certain terms and deadlines mailed or delivered to the consumer by September 1, 2016.

By law, "heating fuel" is any petroleum-based fuel used as the primary source of residential heating or domestic hot water (e.g., home heating oil or propane).

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

General Law Committee

Joint Favorable

Yea 17 Nay 0 (03/11/2016)