

1. Are consumers prohibited from owning their own propane tanks? It is currently estimated that approximately 96 percent of Connecticut propane customers rent their propane tanks from propane dealers. In the Midwest and western states, more people own their own tanks.²⁵ In Mississippi, for example, tank ownership by homeowners is estimated at 20-25 percent.²⁶ *Neither the Connecticut container law, or any other state law, bar consumers from owning propane tanks.* Indeed, a smaller, 100 pound tank (holds 23.6 gallons) is available at major retail stores for approximately \$150. Purchase of the larger aboveground and belowground propane tanks, however, are almost always bought directly from propane dealers. In a DCP investigation of a complaint from a Connecticut resident prevented from directly purchasing a large tank from a wholesaler, it was found that the wholesaler's policy of only selling large tanks to utility or propane dealers is consistent with policies held by wholesalers in other states, such as Massachusetts and Mississippi. Wholesalers purportedly maintain these policies due to their insurance companies wanting tank purchases limited for liability reasons, and therefore, only allowing sales to dealers and wholesalers.

Assessing used tank value. *It is not unusual for the price quoted by propane dealers to homeowners to purchase a tank directly from their propane dealer--a tank they have had for many years—to be at the original price, as if the tank was brand new.* The standard practice of not depreciating the price to consumers, particularly for ASME tanks, may be justified in part because the tanks do not have to be periodically requalified.²⁷ A DOT tank, on the other hand, must be requalified within 12 years, and is clearly *not* considered to be in brand new condition with each passing year. However, according to an engineer at the National Fire Protection Association, *there is no way to predict how long an ASME tank will last.* The engineer interviewed further noted that 60 year old tanks have been dug up and looked brand new. On the other hand, if an ASME container is damaged, it is not allowed to be repaired, and becomes scrap metal.

Depreciation of assets is a business practice permitted under federal tax code, and is not directly related to the value of a tank. The Department of Consumer Protection is currently investigating a concern regarding whether propane dealers are properly and/or accurately reporting ownership and location of their propane tanks to local tax assessors. Some propane dealers have not listed the market value of their tanks with the municipal property tax assessor, while others have listed a single estimate of the value of all the tanks in the municipality. Yet others have listed the value of tanks at a significantly lower value than the original cost being charged to homeowners who inquire about purchasing their tank from the propane dealer. Consumer advocates believe homeowners would be in a better position to negotiate with their propane dealers for the sale price of their used tanks if propane dealers listed the value of each individual propane tank located in the municipality with the tax assessor.

Some towns have changed their process for assessing propane tanks owned by propane dealers. In Old Saybrook, for example, the personal property appraiser is soliciting much more

²⁵ Propane Marketing and Distribution University, March 15, 2011, "Connecticut General Assembly to Look at Propane Tank Ownership."

²⁶ Communication with Mississippi State Fire Marshal's Office.

²⁷ To ensure consumer safety, all large propane tanks must be built according to the rules of either the American Society of Mechanical Engineers (ASME) or the Department of Transportation (DOT).
