



JOE SANFELIPPO

STATE REPRESENTATIVE • 15th ASSEMBLY DISTRICT

(608) 266-0620
FAX: (608) 282-3615
Toll-Free: (888) 534-0015
Rep.Sanfelippo@legis.wi.gov

P.O. Box 8953
Madison, WI 53708-8953

January 16th, 2020

Rep. Sanfelippo's public testimony on 2019 Assembly Bill 522

Chairman Pronschinske and committee members, thank you for holding a public hearing on AB 522. In 2009 the legislature passed WI Act 192 creating a new statute (134.49) that regulates business-to-business automatic renewal contract clauses for the lease of business equipment or providing business services. The legislation appeared to be prompted by some businesses complaining about "hidden" renewal clauses for services and/or leases of product, typically fax machines, copiers and other equipment. It contained numerous exemptions to the law, including the exemption of certain telecom services and contracts for elevator or escalator systems.

This legislation creates an additional exemption and provides clarity for industrial and specialty gas suppliers who sell goods rather than services or equipment. The original intent of 2009 Act 192 was for equipment and services, and these suppliers of gases (molecules) should not be considered equipment, but rather goods.

The terms of the standard industrial product supply agreement require a year notice of cancellation due to the complicated logistics of removing a gas supply system. Cranes and specialized workers are needed and therefore a need for a significant amount of time to schedule such work. Additionally, the standard contract does not "hide" the auto renewal clause. It is clearly laid out in the term section of the contract.

The agreements between the industrial gas suppliers and their customers are for the sale of goods. Industrial gas suppliers sell gases. The supply system delivering the gases sold is owned by the industrial gas supplier, not by the customer. Typically customers and the industrial supplier have contracts that rollover because of the complicated nature of the systems and the need for the continued, and uninterrupted, supply of these types of gases.

The legislature already has a list of 14 exceptions to the statute so it must not have intended to cover all business to business contracts.

The proposed statute change is to add contracts for the sale of industrial gases to the list of current exemptions. Wis. Statute 134.49 (1) (a) 15 would be created to read:

A contract providing for the supply of industrial, medical, or other gases in any form, including for the lease, service or use of cylinders, tanks, hard goods, or other related equipment involved in supplying the gases.

Again, thank you for holding a public hearing on this legislation. I'm happy to answer any questions.



DALE KOOYENGA
STATE SENATOR · 5TH DISTRICT

State Capitol · P.O. Box 7882 · Madison, WI 53707-7882 · (608) 266-2512

January 16, 2020

TO: Assembly Committee on Consumer Protection
FR: Senator Dale Kooyenga
RE: support for Assembly Bill 522 – automatic renewal of contracts

Thank you for holding a hearing on this bill. Assembly Bill 522 simply eliminates a hurdle for businesses throughout Wisconsin that rely upon industrial and specialty gases.

This straightforward bill provides clarity for industrial and specialty gas suppliers that sell goods because they sell gases rather than services or equipment. AB 522 adds an additional exemption to current law for contracts for the supply of industrial, medical, or other gases.

In 2009, WI Act 192 created a new statute (Wis. Stat. §134.49) that regulates business-to-business automatic renewal contract clauses for the lease of business equipment or providing business services. It contained numerous exemptions to the law, including the exemption of certain telecom services and contracts for elevator or escalator systems.

Under current law, contracts for gas suppliers are not included in the list of exemptions. Gas supply contracts are often extended due to the complexities of changing gas supplies, and the need for the continued, uninterrupted, supply of these types of gases. Medical facilities rarely change suppliers for their gas. Gas supply contracts do not hide their auto-renewal contracts; rather they make it very clear in the contract negotiations.

Some of the business sectors that use industrial and specialty gases are manufacturing, healthcare, electronics, metals, chemicals, food, and beverage industry. Wisconsin has numerous businesses that rely upon continuous supply of gases for their day-to-day operations such as Waupaca Foundry, 3M, GE Healthcare, and Nestle USA. The exemption created by AB 522 will allow these businesses, and many more throughout Wisconsin, to structure contracts with their suppliers that fit the specific needs of their businesses.

Thank you for hearing AB 522. I respectfully ask for your support.



Bill Stoll
VP North Region
Praxair, Inc.
7000 High Grove Blvd.
Burr Ridge, IL 60527

To: Assembly Committee on Consumer Protection
Representative Treig Pronschinske, Chair
Representative Paul Tittl, Vice-Chair
Representative Ken Skowronski
Representative James Edming
Representative Nancy VanderMeer
Representative Loren Oldenburg
Representative SONDY POPE
Representative Christine Sinicki
Representative Marisabel Cabrera

Fr: Bill Stoll, VP North Region
Praxair, Inc.

Da: January 16, 2020

Re: Testimony in support of AB 522

Thank you, Chairman and members of the committee, for the opportunity to testify today in support of AB 522. I also want to thank Representative Sanfelippo and Senator Kooyenga for sponsoring this legislation.

For the record, my name is Bill Stoll, I'm the Vice President of the North Region for Praxair. Praxair is a leading industrial gas and engineering company that delivers innovative and sustainable solutions that help our customers be more productive. Our products are essential inputs to a wide variety of industries in Wisconsin including the following examples medical oxygen for hospitals, nitrogen for food packaging and freezing, and argon for metal fabrication.

Due to the critical nature of our products to support such a diverse customer base, it is imperative that we can supply our gases reliably, predictably and safely. The supply systems that we install in order to deliver gases into at customer sites typically require significant resources and capital investment to install and remove. Each supply system consists of a vessel that stores the product, vaporization if the product is supplied from a cryogenic storage tank, pipeline pressure control and protection and interconnecting piping. The storage vessels can range from a high-pressure gas cylinder up to a 15,000-gallon cryogenic liquid storage tank. Each system is designed to meet the customer's specific needs related to monthly and hourly flow requirements, temperature and pressure. Because of this, it is standard practice to sign multi-year contracts in order to provide a high level of confidence to our customers that they will be able to operate with a consistent and stable supply chain. This standard practice includes negotiation with the customer on the length of the contract and provisions to allow the contract to either continue beyond the initial term, be cancelled or have a specific end date. This flexibility allows both the supplier and the customer to decide what is best for them as it relates to ongoing supply of products and services.

AB 522 would clarify that we, and our customers, can operate in Wisconsin in a manner consistent with industry accepted practices, allowing for consistent and reliable exchanges of goods.

Thank you again for the opportunity to testify. We are hopeful the committee will be able to support passage of AB 522. I would be happy to answer any questions you may have at this time.