



DALE KOOYENGA
STATE SENATOR · 5TH DISTRICT

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

December 4, 2019

TO: Senate Committee on Economic Development, Commerce and Trade
FR: Senator Dale Kooyenga
RE: support for Senate Bill 476 – automatic renewal of contracts

Thank you for holding a hearing on this bill. Senate Bill 476 simply eliminates a hurdle for businesses throughout Wisconsin which rely upon industrial and specialty gases.

This is a straightforward bill that provides clarity for industrial and specialty gas suppliers that sell goods because they sell gases rather than services or equipment. SB 476 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 SB 476 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 SB 476. I respectfully ask for your support.



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

To: Senate Committee on Economic Development

Senator Dan Feyen, Chair
Senator Pat Testin, Vice-Chair
Senator Jerry Petrowski
Senator Janis Ringhand
Senator Tim Carpenter

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

Da: December 4, 2019

Re: Testimony in support of SB 476

Thank you Chairman Feyen and members of the committee for the opportunity to testify today in support of SB 476. I also want to thank Senator Kooyenga and Representative Sanfelippo 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.

SB 476 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 SB 476. I would be happy to answer any questions you may have at this time.