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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Soules **ORIGINAL DATE** 2/03/2025

BILL

SHORT TITLE Pipeline Safety Act Violations Civil Penalty **NUMBER** Senate Bill 9

ANALYST Rodriguez/Gray

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Pipeline Fines	\$0	Up to \$125.0	Up to \$125.0	Up to \$125.0	Up to \$125.0	Recurring	General Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
PRC	No fiscal impact	No fiscal impact	No fiscal impact	\$0.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
Public Regulation Commission (PRC)
New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of Senate Bill 9

Senate Bill 9 (SB9) changes the daily and maximum civil penalties for any person who owns or operates gas or oil pipeline facilities and is found to have violated regulations to mirror those under related federal pipeline regulations (49 U.S.C. § 60122 and 49 C.F.R. 190.223).

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

Civil penalties levied pursuant to 70-3-19 NMSA 1978 revert to the general fund. The increase contemplated under SB9 is estimated to increase general fund revenues by, at most, \$125

thousand per year. Over the last five years, the Public Regulation Commission (PRC) collected about \$125 thousand per year on average. That amount should increase proportionally to the increase in penalties; SB9 doubles the penalty.

Below is a summary of the total amount of civil penalties assessed for violations of the Pipeline Safety Act by year provided by the PRC.

Calendar Year	Amounts (in thousands)
2024	\$24.0
2023	\$214.0
2022	\$37.0
2021	\$367.0
2020	\$50.0

It should be noted that the general fund revenue increase is an estimated average increase; it does not make any assumptions about enforcement activities. If enforcement increases, the general fund impact will be higher.

SIGNIFICANT ISSUES

SB9 doubles the existing civil penalties for violations to pipeline safety regulations. Currently, the maximum violation for each day the violation exists is \$100 thousand and the maximum allowed for any series of related violations is \$1 million. The daily and maximum civil penalty provided pursuant to 49 U.S.C. Section 60122 and 49 C.F.R. 190.223 is up to \$200 thousand per each day, with a maximum of \$2 million for a related series of violations.

NMAG notes that, if Congress amends the statute referenced, or the agency promulgating the regulation amends the regulation, this amended section would no longer have an identifiable civil penalty incorporated by reference.

TECHNICAL ISSUES

The New Mexico Attorney General (NMAG) raises concerns over the referenced federal statute. NMAG notes:

[The referenced] 49 U.S.C. Section 602122 does not exist; this appears to be a typographical error. The Section that does address civil penalties and pipeline safety is 49 U.S.C. Section 60122. It should be noted that the penalty limits outlined in 49 U.S.C. Section 60122 and 49 C.F.R. 190.223 are not identical - the C.F.R. limit is higher and potentially reflects an increase for inflation.

ALTERNATIVES

The address the issue discussed in “Other Substantive Issues” section above, the bill could be amended to provide, “. . . 49 U.S.C. Section 60122 or any successor statute and 49 C.F.R. 190.223 or any successor regulation.”

NMAG also notes that another alternative would be to increase civil penalties proportionately to

inflation instead of incorporating reference to federal law.

JR/BG/hj/SL2/rl