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FISCAL IMPACT REPORT

SPONSOR Martinez, R ORIGINAL DATE 2/21/17
LAST UPDATED _____ HB _____
SHORT TITLE Pipeline Safety Act Penalties SB 303
ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	NFI	NFI

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

SB303 amends enforcement penalties for violations of the pipeline safety act, removing the specific amounts as follows:

- Twenty five thousand for each violation for each day that the violation persists
- Except that the maximum civil penalty shall not exceed five hundred thousand dollars.

In its place, SB303 adds the amount established in the federal pipeline safety statutes, requiring the New Mexico PRC to adjust current penalties to that established by the federal pipeline safety statute.

FISCAL IMPLICATIONS

SB303 carries no appropriation and will not have a fiscal impact on the New Mexico Public Regulation Commission.

SB303 will change the amount charged for civil penalties to any person owning or operating gas pipeline facilities or engaged in the transportation of gas or owning or operating oil pipeline facilities or engaged in the transportation of oil who has been determined by order of the

commission after a hearing to have violated any provision of Subsection A of Section 70-3-18 NMSA 1978 or any regulation promulgated under the Pipeline Safety Act.

SIGNIFICANT ISSUES

The New Mexico Public Regulation Commission (PRC) Pipeline Safety Bureau (PSB) enters into an annual agreement with the United States Department of Transportation Pipeline and Hazardous Material Safety Administration (PHMSA) assuring pipeline safety oversight of intrastate pipeline facilities on behalf of the State of New Mexico. As a result of the agreement, PHMSA provides a maximum of 80% funding of allowable expenditures. The percent or amount of federal funds provided to the PSB is solely dependent upon the results of an annual program evaluation conducted by PHMSA. There is a federal mandate from PHMSA for all states to have the ability to assess civil penalties in amounts equivalent to the amounts established in the Pipeline Safety Act (49 Code of Federal Regulations Part 190.223). PHMSA has increased the value of possible points for states that have adopted the federal amounts. Thus, New Mexico has been identified as non-compliant and, as a result, percentage of federal funds available is being decreased annually.

ADMINISTRATIVE IMPLICATIONS

Current employees within the Pipeline Safety Bureau will incorporate the federal pipeline safety statutes as stated in SB303 in to current daily operations. This will require no additional staff or funding for the PRC.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The single consequence is the decrease in the amount of federal funding that will be applied to the Pipeline Safety Bureau if the civil penalty amounts in Statute are not equivalent to the federal regulations.

JM/sb/al