

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 464** HLS 16RS 677
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 26, 2016 12:40 PM	Author: BISHOP, S.
Dept./Agy.: Department of Natural Resource, Office of Conservation	Analyst: Mason Hess
Subject: Provides for pipeline safety inspection fees	

MINERALS EG INCREASE SD RV See Note Page 1 of 1
 Provides for pipeline safety inspection fees

Proposed law increases three fees on pipeline inspections to meet the work needs associated with new federal requirements.

Present law provides for an annual pipeline inspection fee of no more than \$22.40 per mile, \$400 per pipeline facility, or whichever is greater. Proposed law changes the pipeline inspection fee to \$1 per service mile, but retains the \$400 per pipeline facility and "or whichever is greater" provision. Proposed law provides an annual safety inspection fee not to exceed \$44.80 per mile of pipeline used in a jurisdictional gas pipeline system, \$800 per pipeline facility, or whichever is greater. Proposed law changes the annual inspection fee on hazardous liquid pipelines from not to exceed \$22.40 per mile of pipeline or \$400 per pipeline facility, or whichever is greater in present law to not to exceed \$44.80 per mile or \$800 per pipeline facility, or whichever is greater.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$520,000	\$520,000	\$520,000	\$520,000	\$520,000	\$2,600,000
Federal Funds	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$520,000					\$520,000

EXPENDITURE EXPLANATION

The Department of Natural Resources (DNR) anticipates an increase in expenditures due to changes in the U.S. Department of Transportation's Office of Pipeline Safety inspection formula and requirements for states participating in the pipeline safety program, which take effect in CY 17. DNR estimates that the changes will increase required inspection day requirements from 782 days to 1,900 days. In order to provide for the additional inspection days, DNR anticipates adding additional T.O. positions and associated operating expenses over the next three fiscal years. To the extent that DNR fails to make the necessary staff and inspection adjustments, DNR asserts that this program risks losing federal certification and federal reimbursement, which would lead to the program not being able to sufficiently provide for pipeline safety inspections.

REVENUE EXPLANATION

Proposed law increases fees deposited as revenues into the Statutory Dedication-Oil and Gas Regulatory Fund by \$520,000 per year. The fees would be assessed beginning in FY 2016, and would be collected in FY 2017. DNR anticipates federal reimbursement of between 75-80% of program costs, which constitute an additional source of revenue to the extent that the department qualifies for and collects it. Federal match dollars are drawn in the year following state expenditure.

Senate Dual Referral Rules House

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| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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