



**House
Legislative
Analysis
Section**

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**PIPELINE IMPACT FEE AND SAFETY
STANDARDS**

House Bill 6182

Sponsor: Rep. Virg Bernero

House Bill 6183

Sponsor: Rep. Mark Schauer

Committee: Energy and Technology

Complete to 7-29-02

A SUMMARY OF HOUSE BILL 6182 AS INTRODUCED 6-13-02

House Bills 6182 and 6183 would amend Public Act 16 of 1929, which regulates the transportation and sale of crude oil and petroleum through pipelines, to assess impact fees on pipeline owners or operators, to create pipeline safety standards, and to require pipeline companies to obtain the approval of the Public Service Commission before constructing new pipeline facilities. The bills are described more fully below.

House Bill 6182 would amend the act (MCL 483.3a) to create an annual pipeline impact fee of \$20,000 per mile or portion of a mile of pipeline in the state. The fee would be assessed on owners or operators of the pipeline by the Michigan Public Service Commission (PSC). The PSC would distribute 50 percent of the fees collected for pipeline located in each county to that county for implementation of its responsibilities under the Emergency Management Act and the Fire Prevention Code. The remaining 50 percent of the fees collected would be forwarded to the state treasurer. The treasurer would deposit the money into the general fund, where it would be available for use in implementing the state's responsibilities under the Emergency Management Act and the Fire Prevention Code.

House Bill 6183. Among other things, Public Act 16 of 1929 currently requires pipeline companies to *make a good faith effort to minimize* the physical impact and economic damage that result from the construction and repair of pipelines (MCL 483.2b). House Bill 6183 would amend this provision by eliminating the "good faith" clause, stating instead that pipeline companies *shall minimize* the physical impact and economic damage that result from the construction, *maintenance*, and repair of a pipeline *facility*. The bill would also require the PSC to prescribe safety standards for pipeline facilities, taking into consideration relevant pipeline safety data, the appropriateness of the standards for particular types of pipeline transportation, and the extent to which the standards would contribute to public safety. Under the bill, a pipeline company could not construct or maintain a new pipeline facility without first obtaining the PSC's approval, and the PSC would be required to hold a public hearing to receive public comment concerning the new facility. After notice and opportunity for a hearing, the PSC could waive any public safety standard that it had established if the waiver was not inconsistent with safety; if it issued a waiver, it would be required to state its reasons for doing so.

Analyst: J. Caver

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House Bills 6182 and 6183 (7-29-02)