

**SUBJECT:** Increasing penalties for pipeline safety violations

**COMMITTEE:** Energy Resources — favorable, without amendment

**VOTE:** 8 ayes — Keffer, Carter, Craddick, J. Davis, C. Howard, Lozano, Sheffield, Strama

0 nays

1 absent — Crownover

**SENATE VOTE:** On final passage, April 19 — 31-0

**WITNESSES:** For — (*Registered, but did not testify:* TJ Patterson, City of Fort Worth; Tom “Smitty” Smith, Public Citizen)

Against — None

On — James Mann, Texas Pipeline Association

**BACKGROUND:** Natural Resources Code, sec. 81.0531 authorizes the Railroad Commission (RRC) to assess a civil penalty for safety or pollution violations. The penalty cannot exceed \$10,000 a day for each violation.

Natural Resources Code, ch. 117 governs the hazardous liquid or carbon dioxide pipeline transportation industry. The maximum civil penalty for each act of violation of the chapter on a single day is \$25,000, and the maximum penalty for a related series of violations is \$500,000. For an intentional violation, the maximum penalty is \$25,000. The maximum penalty for damage or attempted damage to a pipeline is \$25,000.

Utilities Code, sec. 121.204 provides a civil penalty for pipeline safety violations. The maximum penalty for each day of each violation is \$25,000, and the maximum penalty for any related series of violations is \$500,000. The maximum administrative penalty that can be assessed by the RRC for a pipeline safety violation is \$10,000.

Utilities Code, sec. 121.302 provides that a gas utility that violates gas pipeline regulations is subject to a penalty of \$100 to \$1,000. A person who willfully violates gas pipeline regulations or gas utility pipeline tax regulations is subject to a maximum fine of \$1,000.

**DIGEST:**

SB 1293 would increase the RRC civil penalty for safety or pollution violations to \$25,000 a day for violations not related to pipeline safety and \$100,000 a day for violations related to pipeline safety.

The bill would increase the maximum penalty for violations pertaining to the hazardous liquid or carbon dioxide pipeline transportation industry. The maximum penalty for each act of violation on a single day would increase from \$25,000 to \$100,000, and the maximum penalty for a related series of violations would increase from \$500,000 to \$1 million. For an intentional violation, the maximum penalty would increase from \$25,000 to \$1 million. The maximum penalty for damage or attempted damage to a pipeline would increase from \$25,000 to \$1 million.

The bill would increase civil penalties for pipeline safety violations under the Utilities Code. The maximum penalty for each day of each violation would be \$100,000, and the maximum penalty for any related series of violations would be \$1 million. The maximum administrative penalty that could be assessed by the RRC for a pipeline safety violation would increase from \$10,000 to \$100,000.

A gas utility that violated gas pipeline regulations would be subject to a penalty of \$1,000 to \$100,000. A gas utility that violated safety or pollution regulations would be subject to a maximum administrative penalty of \$100,000 a day. A person who willfully violated gas pipeline regulations or gas utility pipeline tax regulations would be subject to a maximum fine of \$1 million.

The bill would take effect September 1, 2011, and would apply to a violation committed on or after the effective date.