

BILL ANALYSIS

Senate Research Center
83R7056 JAM-F

S.B. 900
By: Fraser
Natural Resources
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The administrative, civil, and criminal penalty amounts for violations of the state's pipeline safety statutes and rules have not changed since 1983. Annual federal audits of the Railroad Commission's pipeline safety program take into account whether the state's penalty amounts match those imposed under federal law.

Due to the enactment of the federal Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, the federal penalty amounts now are \$200,000 per violation, with each day a violation continues constituting a separate violation, whereas the current Texas penalty amounts are \$10,000 per violation per day.

S.B. 900 brings statutory penalties for pipelines in Texas into line with federal law.

As proposed, S.B. 900 amends current law relating to the amounts of the administrative, civil, and criminal penalties for violating certain statutes under the jurisdiction of, rules or orders adopted by, or licenses, permits, or certificates issued by the Railroad Commission of Texas.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 81.0531, Natural Resources Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Prohibits the penalty from exceeding:

- (1) \$25,000, rather than \$10,000, a day for each violation that is not related to pipeline safety; or
- (2) \$200,000 a day for each violation that is related to pipeline safety.

(b-1) Creates this subsection from existing text. Makes no further change to this subsection.

SECTION 2. Amends Section 117.051, Natural Resources Code, as follows:

Sec. 117.051. CIVIL PENALTY. Provides that a person who violates this chapter or a rule adopted by the Railroad Commission of Texas under this chapter is subject to a civil penalty of not less than \$500 or more than \$200,000, rather than not less than \$50 nor more than \$25,000, for each act of violation and for each day of violation, provided that the maximum civil penalty is authorized to be assessed for any related series of violations prohibited from exceeding \$2 million, rather than \$500,000.

SECTION 3. Amends Section 117.053(b), Natural Resources Code, to provide that an offense under this section is punishable by a fine of not more than \$2 million, rather than \$25,000,

confinement in the Texas Department of Criminal Justice (TDCJ) for a term of not more than five years, or both such fine and imprisonment.

SECTION 4. Amends Section 117.054(b), Natural Resources Code, to provide that an offense under this section is punishable by a fine of not more than \$2 million, rather than \$25,000, confinement in TDCJ for a term of not more than 15 years, or both such fine and imprisonment.

SECTION 5. Amends Section 121.204, Utilities Code, to provide that each day of a violation of a safety standard adopted under this subchapter is subject to a civil penalty of not more than \$200,000, rather than \$25,000, except that the maximum penalty that is authorized to be assessed for any related series of violations is prohibited from exceeding \$2 million, rather than \$500,000.

SECTION 6. Amends Section 121.206(b), Utilities Code, to prohibit the penalty for each violation from exceeding \$200,000, rather than \$10,000.

SECTION 7. Amends Section 121.302, Utilities Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Creates Subsection (a-1) from existing text of this subsection.

(a-1) Provides that a penalty under this section is payable to the state and prohibits it from being less than \$1,000 and or more than \$200,000 for each violation or failure, rather than prohibiting it from being less than \$100 and more than \$1,000 for each violation or failure.

SECTION 8. Amends Section 121.304(b), Utilities Code, to prohibit the penalty for each violation or failure from exceeding \$200,000, rather than \$10,000, a day.

SECTION 9. Amends Section 121.310(b), Utilities Code, to provide that an offense under this section is punishable by a fine of not less than \$500 and not more than \$2,000,000, rather than not less than \$50 and not more than \$1,000.

SECTION 10. Makes application of this Act prospective.

SECTION 11. Effective date: September 1, 2013.