

February 13, 2012

The Honorable Pat Apple, Chairperson  
Senate Committee on Utilities  
Statehouse, Room 224-E  
Topeka, Kansas 66612

Dear Senator Apple:

**SUBJECT:** Fiscal Note for SB 374 by Senate Committee on Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning SB 374 is respectfully submitted to your committee.

SB 374 would amend current law on the state's Pipeline Safety Program of the Kansas Corporation Commission (KCC). The changes would include: updating the citations in statutes which are referenced as the source of pipeline safety regulations adopted by the state; change the maximum civil penalty imposed for violations of pipeline safety regulations; and update the statutes for the types of organizations that are billed for inspections performed by KCC staff to include all operators that are subject to the regulations.

The United States Department of Transportation (USDOT) would allow the state to impose civil penalties for violations of pipeline safety regulations of \$100,000 for each violation for each day the violation exists and a maximum of \$1.0 million for any related series of violations. Should the state not adopt the federally recommended penalty amounts, the USDOT would withhold a small portion of federal funding for the state's Pipeline Safety Program. SB 374 would amend the statute to reflect the aggregate maximum penalty of \$1.0 million as requested by USDOT, while leaving the daily maximum single violation penalty at the current Kansas maximum of \$25,000.

Estimated State Fiscal Effect				
	FY 2012 SGF	FY 2012 All Funds	FY 2013 SGF	FY 2013 All Funds
Revenue	--	--	--	(\$13,000)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

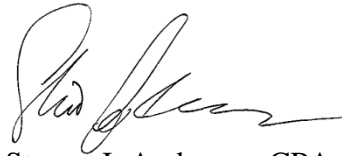
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Passage of SB 374 would decrease revenue to the Gas Pipeline Inspection Federal Fund by \$13,000 per year, beginning in FY 2013. Any fiscal effect associated with SB 374 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Tom Day, KCC