



Senate Fiscal Agency
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Senate Bill 366 (as reported without amendment)

Sponsor: Senator Sean McCann

Committee: Energy and Environment

CONTENT

The bill would amend Public Act 165 of 1969, which authorizes the Michigan Public Service Commission (MPSC) to establish and enforce gas safety standards, to increase the fines for violations of gas safety standards prescribed by the Act.

The Act requires the MPSC to promulgate rules and prescribe safety standards for pipeline facilities and the transportation of gas. The Act also requires any person who engages in the transportation of gas or owns or operates a pipeline facility to comply with the requirements of any MPSC standard and file and comply with a plan of inspection and maintenance.

Currently, a person who violates the Act or a rule promulgated by the MPSC is subject to a fine of up to \$10,000 for each day that the violation persists, for a maximum of \$500,000. Under the bill, a person who violated the Act would be subject to an administrative fine of up to \$200,000 for each day that the violation persisted, for a maximum of \$2.5 million.

The bill would require the MPSC to issue an order adjusting the administrative fines for inflation using the Consumer Price Index for the Detroit area from the Bureau of Labor Statistics at the U.S. Department of Labor. The MPSC would have to issue this order by October 1 of every year but not before September 1 in 2024.

MCL 483.161

BRIEF RATIONALE

According to testimony, the fining authority for the MPSC was last updated over three decades ago. Since then, the established Federal standards have been updated and have surpassed the State's fine levels, which are now well below the Federal standards. Currently, only two other states have lower penalties than Michigan, and low fine levels affect grant funding from the Federal government. It has been suggested that, to ensure that the State captures all available Federal funding, the penalties for violations should be increased.

FISCAL IMPACT

The bill would have a positive fiscal impact on State government. Revenue from penalties would increase though this would depend on the number of violations and the number of days these violations were recorded.

Date Completed: 2-21-24

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