



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 5154	Introduced on February 27, 2024
Author:	West	
Subject:	Gas Utility Civil Penalty	
Requestor:	House Labor, Commerce, and Industry	
RFA Analyst(s):	Manic	
Impact Date:	April 3, 2024	

Fiscal Impact Summary

This bill makes changes to the maximum civil penalty for gas utilities that violate specific duties related to safety standards, inspection and maintenance plans, and record keeping.

The Public Service Commission (PSC) and the Office of Regulatory Staff (ORS) indicate that the bill will have no expenditure impact because the agencies' duties are not affected.

Judicial reports that the bill will have no impact because these penalties are currently under the jurisdiction of the common pleas court and this jurisdiction would not be changed under the provisions of the bill.

The Municipal Association of South Carolina (MASC) indicates that the expenditure impact of the bill is undetermined since the final penalty level and the expected number of future penalties are unknown. MASC also reports that if this bill is not implemented to update the maximum civil penalty to align with the federal penalty structure, compliance maintenance may be transferred from ORS to the U.S. Department of Transportation (USDOT), which may have more strict compliance guidelines and could result in more penalties for municipalities.

PSC indicates that there are no past civil penalty collections from gas utilities related to the violation of duties for safety standards, inspection and maintenance plans, and record keeping. Additionally, PSC indicates that in the absence of past violations it cannot estimate the number of future penalties. Also, since the bill would still allow PSC to lower the penalty level under specific conditions, the agency cannot provide an estimate of any future penalty amounts. Further, PSC indicates that current legislation does not specify where the penalties should be allocated and expects all future penalties to be remitted to the General Fund. Any increase in General Fund revenue due to these penalties is undetermined.

Explanation of Fiscal Impact

Introduced on February 27, 2024

State Expenditure

This bill makes changes to the maximum civil penalty for gas utilities that violate specific duties related to safety standards, inspection and maintenance plans, and record keeping. The maximum

penalty is set according to the federal civil penalty structure. However, the bill leaves unchanged the part of the legislation that permits the PSC to adjust the level of the civil penalty based on various considerations.

PSC and ORS indicate that the bill will have no impact on the agencies' expenditures because the agencies' duties are not affected by the provision of the bill.

Judicial reports that the bill will have no impact because these penalties are currently under the jurisdiction of the common pleas court and this jurisdiction would not be changed under the provisions of the bill.

State Revenue

This bill makes changes to the maximum civil penalty for gas utilities that violate specific duties related to safety standards, inspection and maintenance plans, and record keeping. However, the bill leaves unchanged the part of the legislation that permits the PSC to adjust the level of the civil penalty based on various considerations.

PSC indicates that there are no past civil penalty collections from gas utilities related to the violation of duties for safety standards, inspection and maintenance plans, and record keeping. Also, because the bill does not change the provision that allows the commission to lower the penalty level under specific conditions, the future final penalty level is unknown. Additionally, PSC indicates that current legislation does not specify where penalty collections should be allocated, and the agency expects to remit all future penalties for this purpose to the General Fund. Any increase in General Fund revenue due to these penalties is undetermined.

Local Expenditure

MASC indicates that the expenditure impact of the bill is undetermined. Although the bill raises the maximum penalty amount, it does not change the statute that allows PSC to reduce the value of the penalty under specific conditions. Also, MASC reports that ORS has not issued penalties to gas utilities since the agency was tasked with natural gas utility oversight in the 1980's. Since the final penalty level and the estimated number of future penalties are unknown, the expenditure impact of the bill on municipal governments is undetermined. MASC further specifies that if this bill is not implemented to align the state's civil penalty with the federal civil penalty structure, the USDOT may deny recertification of ORS as the authorized enforcement agency for applicable USDOT regulations for intrastate natural gas utilities. Enforcement could then be transferred to the USDOT. This could result in stricter compliance guidelines, which could also result in more penalties for municipalities.

Local Revenue

N/A



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