Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **S.B. 166** DATE: **January 15, 2008**

STATUS: **As Introduced** SPONSOR: **Sen. Goodman**

LOCAL IMPACT STATEMENT REQUIRED: **No — Possible indirect local effects**

CONTENTS: **Relative to the removal of trees and structures from easements for interstate gas pipeline facilities**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

S.B. 166 would prohibit a person that holds an easement as part of an interstate gas pipeline facility from removing trees or structures from the easement without approval from, and compensation to, the property owner. This prohibition would apply unless (1) such removals are required to comply with minimum safety requirements imposed under federal law, or (2) the easement holder has cleared the area within the preceding 21 years.

Background

Officials with the Public Utilities Commission (PUCO) report that there are 4,526 miles of interstate pipeline rights-of-way in Ohio. The widths of pipeline rights-of-way vary depending on agreements signed between landowners and pipeline operators, thus PUCO officials believe that the widths of rights-of-way affected by the bill's provisions are not uniform across the state.

Tariffs (*i.e.*, prices) for the use of interstate gas pipelines are established by the Federal Energy Regulatory Commission (FERC).

Natural gas customers include state and local governments. The U.S. Census Bureau estimates that local governments in Ohio collectively spent $46.4 million on natural gas utility services during the fiscal year that ended between July 1, 2004 and June 30, 2005. The definition of local governments appears to include counties, municipalities, townships, special districts, and school districts.

Fiscal effects

PUCO officials do not expect the bill to affect the Commission's budget.

The bill has the potential to increase costs for operators of interstate natural gas pipelines. LSC staff do not have sufficient data to estimate the costs that may be involved. Cost increases for pipeline operators would have no direct effect on the bills of natural gas customers (including the state and its political subdivisions) since cost increases that may result from the bill could not be passed through to customers without FERC approval. It is possible, however, that FERC could approve increases in tariffs due to any cost increases that may result from the bill. Thus, the bill may have indirect fiscal effects.

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