

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 262 (as introduced 3-4-97)

Sponsor: Senator Joel D. Gougeon

Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 4-23-97

## **CONTENT**

**The bill would amend Public Act 16 of 1929, which regulates the transportation and sale of crude oil and petroleum through pipelines, to establish certain requirements for persons constructing a crude oil or petroleum pipeline or facility.**

A person who conducted survey work for a proposed crude oil or petroleum pipeline would have to notify all affected property owners, in writing, before a survey crew entered the owners' property.

Any offer to a landowner for an easement for the purpose of locating, constructing, maintaining, operating, and transporting crude oil or petroleum pipelines on agricultural property in Michigan would have to include all of the following information:

- The anticipated physical impact of pipeline construction on the landowner's property.
- Written assurance that any agricultural drainage tile that was damaged or removed during the construction or repair of a pipeline would be repaired or replaced to preconstruction working condition. ("Drainage tile" would include any surface or subsurface system by which the movement of water was redirected.)
- Written assurance that topsoil that was disturbed due to construction or repair of a pipeline was properly separated and replaced. ("Topsoil" would mean surface soil that was presumed to be fertile as distinguished from subsoil.)
- The method by which property would be appraised.
- For property used to produce crops prior to construction of a pipeline, an estimate of the value of the loss of the productivity based on the historic yield of the site before pipeline construction. The agricultural property owner would have to provide historic crop yield values upon request.
- That payment would be made for all damages incurred after construction of the pipeline due to the pipeline owner's or operator's entry upon the property to exercise easement rights, except that the owner or operator would be allowed to maintain a clear right-of-way without further compensation being due to the landowner.
- That the landowner had rights under the Uniform Condemnation Procedures Act. A copy of that Act would have to be provided to the landowner.

A pipeline company would have to make a good-faith effort to minimize the physical impact and economic damage that resulted from the construction and repair of a pipeline.

Proposed MCL 483.2a & 483.2b

Legislative Analyst: P. Affholter

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.