

Trends in State Natural Gas Supply Chain Legislation (2013 – 2015)

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State governments in the U.S. bear much of the responsibility for regulating natural gas production, transportation, storage, and end uses. CNEE analyzed state legislation related to all facets of the natural gas supply chain for 2013, 2014, and 2015. We categorized bills into upstream, midstream, and downstream categories. Upstream bills relate to exploration and production. Midstream policies address such things as pipelines and distribution. Downstream legislation addresses end uses such as heating, transportation, electric generation, and industrial applications.

Highlights:

1. Over the last three years, the total volume of enacted natural gas legislation was highest in 2013. Legislative changes related to upstream policies continue to be the most frequently enacted, with a total of 124 bills becoming law. Not surprisingly, legislation is concentrated in states that overlie [major natural gas resources](#).¹
2. Upstream – Split estate legislation (31 bills) and changes related to severance and property taxes (31 bills) have been the most frequently enacted over three years.
3. Midstream – In 2013 and 2014, most of the changes to midstream-related policies addressed some aspect of pipeline safety (14 bills). In 2015, the most frequently enacted legislation treats extending natural gas service to underserved areas (6 bills).
4. Downstream – Bills related to the use of natural gas in the transportation sector continue to be the most frequently enacted downstream policies (21 bills over three years).

Natural Gas Legislation: Frequency across the Supply Chain

In 2013, state lawmakers enacted 99 unique² bills related to natural gas production, distribution, and consumption. In 2014, 58 were enacted. To date in 2015, 73 pieces of legislation have been enacted. Figure 1, below, shows a more detailed breakdown of enacted legislation. Notably, as we look across the supply chain, the frequency of enacted legislation decreases.

Figure 1. Number of Enacted Laws (2013 – 2015)



¹ For more information visit: http://www.eia.gov/pub/oil_gas/natural_gas/analysis_publications/maps/maps.htm

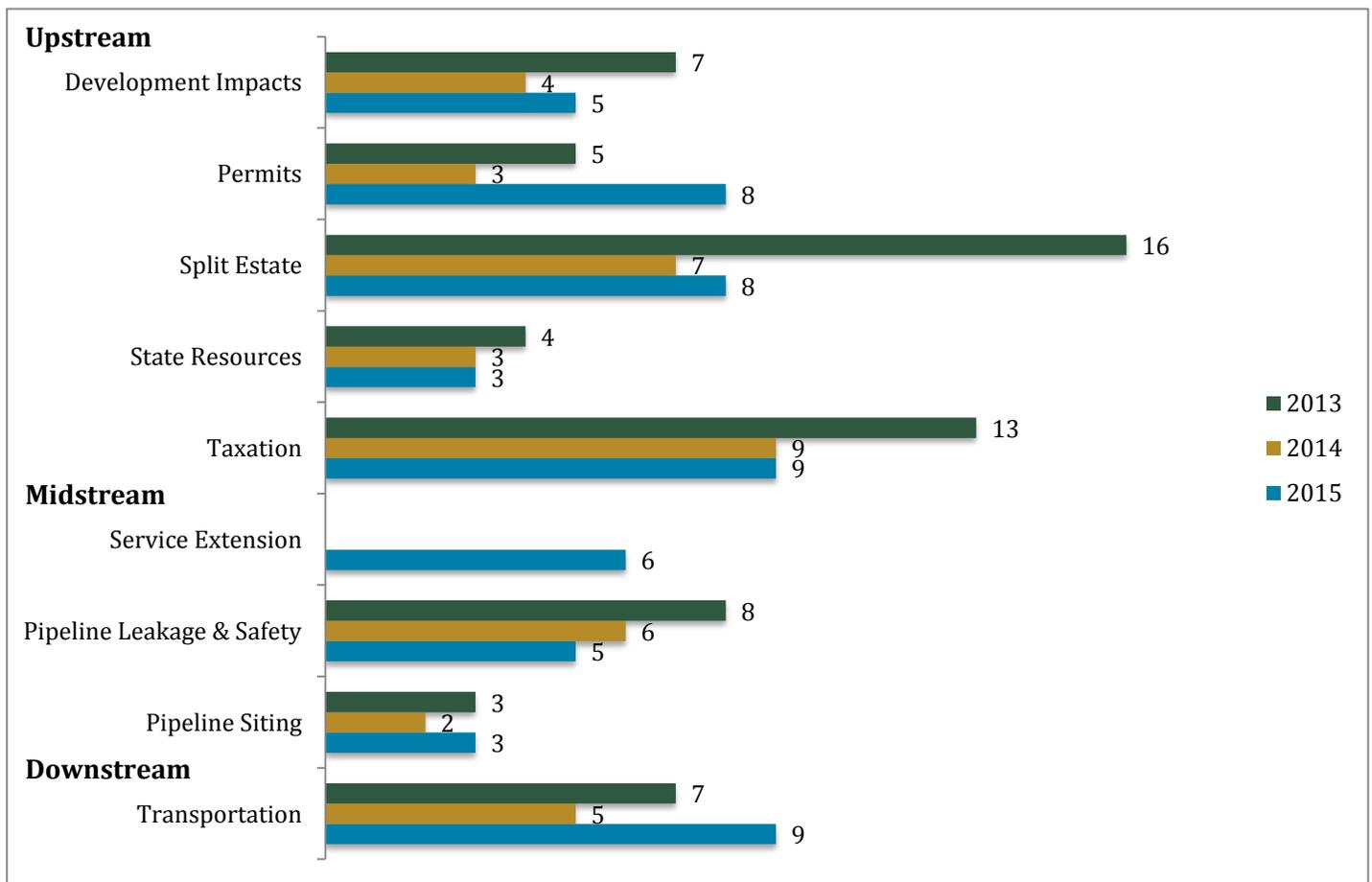
² Companion bills are counted as a single bill in all analyses by CNEE. We track the version that made it the furthest in the legislative process.

2013 – 2015 Enacted Legislation by Policy Type

The figure below provides an overview of the types of upstream, midstream, and downstream policies most frequently enacted between 2013 and 2015. While this chart does not include all of the natural gas legislation that has been enacted during this period, it does highlight the major trends that we have observed over the last three years.

In the upstream category, split estate bills – addressing mineral rights, surface rights, and the interaction between the two – have been the most frequently enacted. Legislation related to severance and property taxes has also comprised a large portion of enacted legislation. Bills addressing local authority to regulate natural gas activity dominated the legislative sessions in Oklahoma and Texas. Both states enacted legislation this year (Oklahoma [SB 809](#), Texas [HB 40](#)).

Figure 2. 2013 – 2015 Enacted Legislation



As shown in the chart, the majority of midstream bills enacted in the past three years treat some aspect of pipeline safety including leaks and leak reporting, and inspections and penalties. Other newly enacted bills in this group include provisions related to siting. In 2015, legislators in Mississippi ([HB 1659](#)), Nevada ([SB 151](#)), North Dakota ([SB 2276](#)), Oregon ([SB 32](#)), Virginia ([HB 1475](#)), and West Virginia ([SB 390](#)) all passed legislation addressing increased access to natural gas.

Downstream legislation covered a range of uses including transportation and generation. The most frequently enacted changes to downstream policies relate to the use of natural gas in the transportation sector. This class of bills includes those to encourage the uptake of natural gas-fueled vehicles through financial incentives for vehicle purchases or the installation of fueling infrastructure.

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