LEGISLATIVE FISCAL OFFICE
Fiscal Note
Fiscal Note On: HB 61 HLS 22RS 313
Bill Text Version: ENGROSSED
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Dept./Agy.: Department of Natural Resources
Subject: Extends the Fishermen’s Gear Compensation Fund
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FISHING

Extends the Fishermen’s Gear Compensation Fund and extends payments into the Underwater Obstruction Removal Fund.

Present law provides that the Fisherman’s Gear Compensation Fund pay compensation for damages suffered by a commercial fisherman as a result of hitting or snagging on an obstruction or a hazard in waters of the state resulting from natural occurrences, oil and gas activities, or other activities where the obstruction is unknown. Provides for the existence of the Fisherman’s Gear Compensation Fund and that payments into the Underwater Obstruction Removal Fund shall cease June 30, 2022. Proposed law extends payments into the Underwater Obstruction Removal Fund from June 30, 2022, to June 30, 2023, and extends the existence of the Fisherman’s Gear Compensation Fund from June 30, 2022, to June 30, 2023.

Proposed law creates the Fisherman’s Gear Compensation and Underwater Obstruction Removal Dedicated Fund Account. Propose law authorizes the secretary of the Department of Natural Resources to levy an annual fee of $400 (an increase of $100 from present law) upon each lessee for mineral or energy production or subsurface storage entered into be the State Mineral and Energy Board. Proposed law provides a sunset date of June 30, 2027.

EXPENDITURES 2022-23 2023-24 2024-25 2025-26 2026-27 5-YEAR TOTAL
State Gen. Fd. SEE BELOW $0 $0 $0 $0 $0 $0
Agy. Self-Gen. $0 $0 $0 $0 $0 $0
Ded./Other $0 $0 $0 $0 $0 $0
Federal Funds $0 $0 $0 $0 $0 $0
Local Funds $0 $0 $0 $0 $0 $0
Annual Total $0 $0 $0 $0 $0 $0
REVENUES 2022-23 2023-24 2024-25 2025-26 2026-27 5-YEAR TOTAL
State Gen. Fd. $0 $0 $0 $0 $0 $0
Agy. Self-Gen. $0 $0 $0 $0 $0 $0
Ded./Other INCREASE INCREASE INCREASE INCREASE INCREASE
Federal Funds $0 $0 $0 $0 $0 $0
Local Funds $0 $0 $0 $0 $0 $0
Annual Total $0 $0 $0 $0 $0 $0

EXPENDITURE EXPLANATION

Proposed law extends the Fisherman’s Gear Compensation Fund and payments into the Underwater Obstruction Removal Fund from June 30, 2022 to June 30, 2023. The Department of Natural Resources indicates there will be no implementation costs for these extensions.

The Legislative Fiscal Office assumes there will be some marginal workload increase for the Department of Treasury to sunset the existing accounts and create the new Fisherman’s Gear Compensation and Underwater Obstruction Removal Dedicated Fund Account. This increase can likely be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be additional material costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates that it will be required to add one T.O. position at a total personnel services cost of approximately $73,000 plus approximately $2,450 for a one-time purchase of new office equipment. These expenditures are assumed to be SGF in the fiscal note.

REVENUE EXPLANATION

There may be a direct material effect on government revenues as a result of this measure. The statutorily dedicated Fisherman’s Gear Compensation Fund administered by the Department of Natural Resources (DNR) is currently funded by fees assessed on lessees of state mineral leases and grantees of state pipeline right-of-way in the coastal zone of Louisiana on a per-unit basis. The department levies the fees when the balance of the fund reaches $250,000 or below. The most recent assessments were done in FY 17 and FY 20. When the threshold was triggered, the department collected $2.3 M in FY 17 and $2.1 M in FY 20. Under the proposed law and based on historical trends, the Legislative Fiscal Office assumes there will be assessments in FY 23.

In addition, proposed law increases the annual fee levied on lessees from $300 to $400. Assuming there are no significant claims made by fisherman on the fund, the department assumes this will result in a net annual increase to the new fund account.