



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 250** HLS 25RS 353
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 8, 2025 5:50 PM **Author:** OWEN, CHARLES
Dept./Agy.: Energy and Natural Resources **Analyst:** Mimi Blanchard
Subject: Local Permitting Authority for Class VI wells - Vernon

ENERGY OR SEE FISC NOTE GF RV Page 1 of 1

Authorizes the governing authority of Vernon Parish to determine whether Class VI carbon dioxide injection wells may be permitted within the parish

Current law authorizes the Department of Energy and Natural Resources (DENR) to permit Class VI carbon dioxide injection wells across the state. The DENR evaluates potential locations based on geological suitability, environmental protection, and public safety. Key factors include subsurface geology, the integrity of rock formations, and the protection of groundwater resources. Public input is solicited during the permitting process, and the department grants permits once the proposed well meets the necessary safety and environmental criteria.

Proposed law provides for Vernon Parish to determine whether Class VI carbon dioxide injection wells may be permitted within the parish by passing a resolution or ordinance. The parish governing authority is required to notify the Department of Energy and Natural Resources of any decision made.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$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	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW					
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The bill establishes a procedure for parishes to prohibit the permitting of Class VI injection wells within their jurisdiction. While it explicitly applies to Vernon Parish, it is unclear whether it grants similar authority to other parishes or if separate legislative action would be required for each. The bill only has a fiscal impact if Vernon Parish adopts a resolution to prohibit Class VI wells, potentially causing forgone revenues for both state and local governments if permitted projects do not proceed.

There are currently 100 pending Class VI well applications associated with 32 projects statewide, including projects in Vernon Parish. Each Class VI injection well has a one-time application fee of \$100,000, plus \$10,000 for each additional well at a storage facility with total fees capped at \$200,000 for the initial filing. Additionally, a periodic area of review filing fee of \$25,000 is collected within 5 years of first injection. All of these fees are deposited into the Carbon Dioxide Storage Trust Fund to support regulatory oversight by the DENR Office of Conservation.

Bonus or lease revenue from Class VI carbon capture and storage (CCS) projects are allocated 40% to the State General Fund, 30% to the Mineral and Energy Operation Fund, and 30% to the parish where the injection well is located. For projects located within Wildlife Management Areas (WMAs) regulated by the Louisiana Department of Wildlife and Fisheries (LDWF), 100% of the CCS revenue is directed to LDWF for the management of the WMA. Vernon Parish contains two qualifying WMAs – Clear Creek WMA (52,559 acres) and Fort Johnson-Vernon WMA (105,545 acres).

Although the underground storage unit associated with a Class VI project may extend into multiple parishes, Act 378 of the 2023 RS directs the full 30% local government share to each parish having acreage within the agreement at a rate proportionate with their share of the total acreage. Private landowners in those parishes may receive royalty payments if their land is included in a unitized storage area, depending on the terms of the operating agreement.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}



Deborah Vivien
Chief Economist