

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 187** SLS 26RS 306

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 23, 2026 6:53 PM	Author: PRESSLY
Dept./Agy.: Dept. of Revenue, Dept. of Transportation & Development	Analyst: Mimi Blanchard
Subject: Oil & Gas Severance Subfund	

FUNDS/FUNDING OR -\$17,800,000 GF RV See Note Page 1 of 1
Creates the Oil and Gas Severance Subfund in the Parish Transportation Fund. (7/1/26)

Current Law allocates 1/5 or 20% of severance tax collections on oil and gas to the parish governing authority in which the severance occurs up to a constitutional cap.

Proposed law creates the Oil and Gas Severance Subfund within the Parish Transportation Fund, and dedicates no less than 5% of the total avails of state severance taxes on oil and gas to the subfund. Proposed law requires monies in the subfund to be used for restoration and maintenance of public roads and bridges within parishes that facilitate operations and activities associated with the oil and gas industry. Proposed law requires monies in the subfund be distributed on a pro-rata basis to parishes subject to limitations specified in the Constitution.

Effective July 1, 2026.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$17,800,000	\$18,200,000	\$18,400,000	\$18,500,000	\$18,700,000	\$91,600,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	(\$17,800,000)	(\$18,200,000)	(\$18,400,000)	(\$18,500,000)	(\$18,700,000)	(\$91,600,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$17,800,000	\$18,200,000	\$18,400,000	\$18,500,000	\$18,700,000	\$91,600,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	

EXPENDITURE EXPLANATION
Proposed law diverts certain oil and gas severance tax deposits from the SGF into the newly created Oil and Gas Severance Subfund of the Parish Transportation Fund. Monies in the Subfund shall be used to restore and maintain public roads and bridges within a parish that facilitates operations and activities associated with the oil and gas industry. The bill prohibits funds from the Subfund from being used by any parish to secure or provide for bond issuances. Monies in the Subfund shall be distributed on a pro-rata basis to the parishes subject to the limitations of AArticle VII, §4(D)(3) of the Constitution of Louisiana.

Treasury requires certain resources to create and administer a statutory dedication, as in this bill. Should aggregate session action result in the creation of funds beyond that which can be absorbed within existing resources, additional funding may be required, which is assumed to be SGR in this fiscal note.

REVENUE EXPLANATION
Proposed law will divert \$17.8 M from the SGF to the newly created Oil and Gas Severance Subfund of the statutorily dedicated Parish Transportation Fund in FY 27 (increasing annually up to \$18.7 M in FY 31).

There will be an indeterminable increase in Local Funds, subject to distributions made to parishes in accordance with proposed law. Proposed law directs that monies in the Oil and Gas Severance Subfund be distributed on a pro-rata basis to the parishes subject to the limitations of Article VII, §4(D)(3) of the Constitution of Louisiana. At the individual parish level, each parish would receive an amount equal to no less than five percent of the total avails from state severance taxes on oil and gas as provided for in La R.S. 47:633. However, the distribution language in the bill is unclear and may allow for multiple interpretations. One interpretation is that only parishes that have already reached the constitutional cap on severance tax remittances are eligible to receive distributions from the fund. Another interpretation is that all parishes subject to the constitutional limitation are eligible to receive distributions, provided that total remittances to any parish do not exceed the constitutional cap.

LFO additionally notes that the pro-rata basis specified in the bill for local allocation is ambiguous, and LFO is unable to determine the likely distribution among parishes that would result. LFO assumes that the State Treasurer would determine the methodology used to apply the pro-rata distribution if the bill were enacted in its current form.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
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Legislative Fiscal Officer