

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 340** HLS 18RS 194

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 30, 2018 7:08 AM	Author: MORRIS, JIM
Dept./Agy.: Natural Resources	Analyst: Willis Brewer
Subject: Establishes La State Oil and Gas Museum Fund	

FUNDS/FUNDING OR DECREASE GF RV See Note Page 1 of 1
Establishes the Louisiana State Oil and Gas Museum Fund and dedicates a portion of mineral revenue into the fund

Proposed law establishes the La. State Oil and Gas Museum Fund ("fund") as a special treasury fund and dedicates out of the mineral revenues that would otherwise be deposited into the state general fund 1/10 of 1¢ per barrel of oil produced in the state, not to exceed \$250,000 per fiscal year, into the fund. Provides that monies in the fund shall be appropriated for operation, maintenance, and capital outlay projects for the La. State Oil and Gas Museum.

Effective July 1, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law dedicates mineral revenues that otherwise would be classified as SGF into a newly created statutory dedication ("Louisiana State Oil and Gas Museum Fund"). This measure caps the annual deposit to \$250,000 per fiscal year based on 1/10 of 1¢ per barrel of oil produced in the state. There were 54 M barrels of oil produced in FY 17 which under the proposed law would require approximately \$54,000 in SGF to be deposited into this new fund. It cannot be projected how many barrels of oil will be produced in the next five years. According to LDR, if the price of oil remains below \$65, the demand for oil may either decrease or remain constant. Adopted REC forecast has the price per barrel at \$54.31 in FY 19, \$54.06 in FY 20, \$54.03 in FY 21, and \$54.52 in FY 22.

Historically, the last fiscal year where there were more than 100 M barrels of oil produced which would require an excess of \$100 K into this fund was in FY 02 (100.7 M). In 1978 (calendar year), there were 258 M barrels produced and since then there have only been two years (1979 and 1980) where more than 200 M barrels of oil produced.

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}

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