

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 655** HLS 22RS 950

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 14, 2022 12:42 PM	Author: COUSSAN
Dept./Agy.: Department of Natural Resources	Analyst: Kimberly Fruge
Subject: Regulation of Solar Power Generating Facilities	

ENERGY/ALTERNATE OR +\$250,186 SD EX See Note
Provides relative to the management of solar resources

Page 1 of 1

Present law provides for the regulation of solar devices, including prohibiting the sale of solar devices that do not meet the minimum requirements for safety, capacity, and durability as established by the Secretary of the Department of Natural Resources. Proposed law changes present law to provide for the regulation of solar power generating facilities. Proposed law removes the prohibition of sale and instead prohibits the installation of solar devices in a solar power generation facility if said device does not satisfy the minimum requirements.

Proposed law requires a permit to construct or operate a solar power generation facility that has a footprint of ten or more acres. In addition to other requirements, proposed law establishes an application fee of no more than \$550 per acre and an annual monitoring and maintenance fee, beginning the year after issuance, of no more than \$50 per acre. All fees shall be deposited into the Mineral and Energy Operation Fund.

EXPENDITURES	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	\$250,186	\$245,240	\$249,375	\$253,592	\$257,894	\$1,256,287
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	\$250,186	\$245,240	\$249,375	\$253,592	\$257,894	\$1,256,287

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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

Proposed law will increase expenditures from the statutorily dedicated Mineral and Energy Operation Fund as a result of adding two new positions for oversight of the solar leases. The Department of Natural Resources (DNR) anticipates it will need two Federal Energy Program Manager positions to coordinate and manage the solar program. The department plans to fill these positions with one expert in financial securities and risk analysis and one expert in engineering that has a technical understanding of solar facilities. The positions will be based in Baton Rouge but will require travel throughout the state for monitoring and inspections. Based on current publicly available information, DNR anticipates there is potential for 16 facilities to apply for permits starting in FY 23 that are currently in the planning or building process. The department assumes there will be a gradual increase of applications and acreage year-over-year but is unable to estimate the rate at which the increase will occur until more data is available.

Proposed law creates a funding mechanism dedicated to the program that will be used to fund these positions. Assuming DNR can begin collecting revenues in FY 23, all expenses will be covered by the Mineral and Energy Operation Fund. The Federal Energy Program Manager position has a midpoint salary of \$70,647 and related benefits of \$40,696. In addition, the department anticipates additional expenditures of \$4,000 for equipment, \$10,000 for travel, and \$13,500 for services for these positions. For FY 24 and the subsequent fiscal years, the department anticipates it will only require an additional \$5,000 for travel and \$13,500 for services. For the two positions and assuming a 2% market rate adjustment, the total expenditures to implement the program are as follows: FY 23 - \$250,186 ; FY 24 - \$245,240; FY 25 - 249,375; FY 26 - 253,592; and FY 27 - 257,894.

REVENUE EXPLANATION

Proposed law is anticipated to increase revenues to the Department of Natural Resources (DNR) by an indeterminable amount. Proposed law would require DNR to establish applications and annual monitoring and maintenance fees for permits to construct or operate a solar power generation facility that has a footprint of ten or more acres. Propose law set the maximum potential fees at \$550/acre for application fees and \$50/acre for monitoring and maintenance fees. The department is considering different scenarios that would attempt to create the most revenue neutral--equating yearly revenues to yearly expenditures--fund structure for the program. Based on the department's knowledge of the industry and assumptions about the potential number of applications and the potential acreage, DNR expects the revenue using the maximum allowable fees is more than sufficient to completely fund the program.

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}

Evan Brasseaux
Evan Brasseaux
Interim Deputy Fiscal Officer