



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: SB 153 SLS 22RS 226

Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 15, 2022 8:28 AM	Author: MILLS, ROBERT
Dept./Agy.: Natural Resources/Wildlife and Fisheries	
Subject: CEAs for Withdrawing Surface Water	Analyst: Kimberly Fruge

WATER MANAGEMENT OR INCREASE GF EX See Note Page 1 of 1
Provides for cooperative endeavor agreements for use of surface waters. (8/1/22)

Present law provides a person or entity the option to enter into a cooperative endeavor agreement (CEA) with the state to withdraw running surface water. Present law sets the maximum price at \$0.15/1,000 gallons. Present law requires all monies collected from CEAs be deposited into the Aquatic Plant Control Fund.

Propose law modifies present law and makes it mandatory for any person or entity to enter into a CEA to withdraw surface water. Propose law also requires the price to be set annually at a fair market value, determined by the State Mineral and Energy Board. Proposed law provides for the technical name change of the Aquatic Plant Control Fund to the Aquatic Plant Control Dedicated Fund Account.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will result in an increase in SGF expenditures for the Department of Natural Resources as a result of this measure. Proposed law requires any person or entity to enter into a CEA with the state to withdraw surface water. DNR estimates that it will require at least three Coastal Resources Scientist 3 (\$61,714 salary and \$32,825 related benefits per position) positions to provide enforcement and review the CEAs. Total expenditures for these three positions, assuming midpoint salaries and a 2% annual salary increase is as follows: FY 23 - \$283,617; FY 24 - \$299,954; FY 25 - \$305,353; FY 26 - \$310,860; and FY 27 - \$316,477. There are approximately 70 CEAs currently and regardless of whether this number increases or decreases, the department feels it does not currently have adequate resources to review new CEAs and to enforce and monitor the withdrawing of surface water under this measure. The main industry participating in the surface water program today is oil and gas. The department anticipates other types of industries and individuals will be required to execute a CEA if proposed law is enacted. DNR notes that because all monies received from these CEAs are deposited into the Aquatic Plant Control Dedicated Fund Account, no revenues remain in the department and thus DNR will need SGF to provide for these new positions.

The Department of Wildlife and Fisheries (LDWF) indicates it does not anticipate any additional expenditures as a result of this measure. To the extent proposed law increases revenues into the Aquatic Plant Control Dedicated Fund Account, the legislature would be required to appropriate such funds to the LDWF to fund the aquatic plant control program.

REVENUE EXPLANATION

The change in revenue associated with this measure is unknown at this time. There are two major factors that will determine whether there is an increase or decrease in revenues--mandatory CEAs and the fair market value. DNR notes that the five-year average revenue is \$101,537.

1) CEAs: Proposed law requires that all persons or entities withdrawing surface water enter into a CEA with the state, whereas the CEA was optional under present law. It is currently unknown how many persons or entities are not currently entering into a CEA for the withdrawal of surface water. To the extent that there are persons or entities that are currently withdrawing surface water but do not have a CEA, then revenues are likely to increase as these entities enter into CEAs. However, if all entities withdrawing surface water are already in an agreement or if proposed law changes the behavior of entities not entered into a CEA, then there may be no changes in revenues.

2) Market Values: Present law establishes a maximum of \$0.15/1000 gallons price for withdrawing surface water. Proposed law would require that a fair market value be set annually by the State Mineral and Energy Board. To the extent the fair market value is more than the maximum \$0.15/1,000 gallons, then revenues may increase. However, if an increase in fair market value causes entities currently entered into CEAs to find other, cheaper sources of water then revenues may decrease. Alternatively, if the fair market value is below the current rate, then revenues will decrease.

Senate	Dual Referral Rules	House	<i>Evan Brasseaux</i>
<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}	Evan Brasseaux
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Interim Deputy Fiscal Officer