



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 655** HLS 22RS 950
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 18, 2022	12:56 PM	Author: COUSSAN
Dept./Agy.: Department of Natural Resources		
Subject: Regulation of Solar Power Generating Facilities		Analyst: Kimberly Fruge

ENERGY/ALTERNATE RE1 +\$250,186 SG EX See Note Page 1 of 2
 Provides relative to the management of solar resources

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 \$15 per acre plus a \$500 processing fee and an annual monitoring and maintenance fee, beginning the year after issuance, of no more than \$15 per acre. All fees shall be deposited into the Mineral and Energy Operation Fund. Proposed law grants exemption from the bonding requirement and fees for any facility that is certified by the Public Service Commission or the New Orleans City Council by August 2, 2022.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$250,186	SEE BELOW	\$0	\$0	\$0	\$250,186
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	\$245,240	\$249,375	\$253,592	\$257,894	\$1,006,101
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>	<u>\$0</u>
Annual Total			\$249,375	\$253,592	\$257,894	\$760,861

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	SEE BELOW	\$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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will increase expenditures from the SGF and 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. 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.

To the extent the department does not have sufficient funding to cover the expenses of the program in FY 23 and FY 24, proposed law allows the department to receive SGF to do so. However, proposed law stipulates they will be required to reimburse the state general fund in FY 26 from any revenues received from the fees collected for the program. The department indicates they will likely require SGF to fully cover the expenses in FY 23 and partially in FY 24.

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 sets the maximum potential fees at \$15/acre for application fees, \$500 application processing fee, and \$15/acre for monitoring and maintenance fees.

SEE REVENUE EXPLANATION CONTINUED ON PAGE TWO

<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 type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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REVENUE EXPLANATION CONTINUED:

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. Proposed law stipulates that no applicant or permit holders will be charged a fee that exceeds the department's budgeted costs of implementing and administering this program. These costs include any costs necessary to pay back the general fund required in FY 23 and FY 24. 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 and pay back the general fund.

Note: If the department receives SGF to cover their expenses in FY 23 and FY 24, they will be required to reimburse the state general fund in FY 26 from any revenues received from fees collected for 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}

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