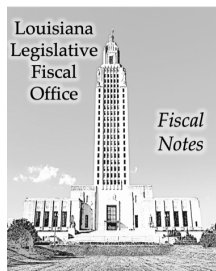


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 934** HLS 24RS 1617
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 24, 2024 2:50 PM **Author:** LACOMBE
Dept./Agy.: Energy & Natural Resources, Wildlife & Fisheries **Analyst:** Benjamin Vincent
Subject: Allocation/Dedication of Sequestration Revenues

ENERGY/CONSERVATION REF SEE FISC NOTE SD RV See Note Page 1 of 1
 Provides for the dedication of revenue from carbon dioxide sequestration on state lands and water bottoms

Current law generally allocates revenues from storage of carbon dioxide as follows: 30% to the Mineral & Energy Operations Fund (M&EO), 30% to the governing authority of the parish located in the specific area of interest, and 40% to the state general fund. Certain projects that qualify as "owned" by WLF are not allocated according to the same 30/30/40 distribution, and are fully dedicated to the Conservation Fund.

Proposed law requires revenues from such projects that are beneath certain properties owned by, managed by, or under the jurisdiction of the Department of Wildlife & Fisheries (WLF) to be allocated as follows, where such allocations are not prohibited by prior agreements: 30% to the governing authority of the parish located in the specific area of interest, and 70% to the Louisiana Wildlife & Fisheries Conservation Fund ("Conservation Fund").

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure, although reductions in dedicated revenues to WLF may eventually require SGF support to maintain existing WLF expenditure levels. LFO notes that Conservation Fund revenues are the means of finance for a significant portion of WLF expenditures, and that maintaining WLF expenditures may require additional general fund support as a result of proposed law.

REVENUE EXPLANATION

Current law generally provides that for carbon dioxide storage projects, revenues from bonus payments, liquidated damages payments, and injection payments are allocated as follows: 30% to parish authorities, 30% to the M&EO Fund, and 40% to the state general fund. Current law additionally provides that certain projects on properties that qualify as "owned" or managed by WLF are not allocated according to the same 30/30/40 distribution. Instead, 100% of such revenues are generally dedicated to the Conservation Fund (except in the case of properties having existing conditions on revenue allocations as a term of the property's donation or lease).

For revenues that are fully dedicated to the Conservation Fund under current law, and not otherwise prohibited by prior donation or lease agreement, proposed law allocates 30% to parish authorities, and the remaining 70% to the Conservation Fund.

DENR and WLF report that some existing projects are currently allocating 100% of revenues to the Conservation Fund under current law. Proposed law would reduce Conservation Fund revenues from 100% to 70% of amounts in current law, and would increase revenues to parish authorities in these cases. LFO is awaiting detail on existing agreements for all such revenues, however preliminary information from DENR and LWF indicate that **proposed law would effectively redirect at least \$1.4M from the Conservation Fund into local funds in FY25, growing under plausible assumptions to as much as \$6.9M in some years by FY29.**

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}

Deborah Vivien
Chief Economist