



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 353** HLS 25RS 368
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 17, 2025	8:37 AM	Author: MACK
Dept./Agy.: Energy and Natural Resources		Analyst: Mimi Blanchard
Subject: Carbon Dioxide Sequestration Regulation		

ENERGY OR INCREASE SD EX See Note Page 1 of 2
 Provides relative to carbon dioxide sequestration

Proposed law expands existing regulations and provisions of the Louisiana Geologic Sequestration of Carbon Dioxide Act to include additional definitions, increased setback requirements, enhanced emergency response protocols, and stricter liability and reporting standards. It defines "public water system" and "transmission pipeline" and prohibits the siting of carbon dioxide storage facilities above mineral reservoirs without consent from mineral interest owners or full mineral production. Setback requirements for Class VI injection wells and transmission pipelines are increased from 500 feet to one-half mile from schools, hospitals, residences, public water systems, and other specified structures. The proposed law mandates semiannual testing of community notification systems and requires transmission pipelines to submit emergency and remedial response plans to parish governing authorities. It imposes criminal penalties for reporting violations, enhances liability provisions to cover contamination of public water systems, and requires operators to maintain adequate financial security. Groundwater monitoring and remediation planning are mandated, with the Louisiana State Law Institute directed to update statutory definitions and cross-references for consistency. Effective July 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$2,500	\$0	\$0	\$0	\$0	\$2,500
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	

Annual Total

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	

Annual Total

EXPENDITURE EXPLANATION

Proposed law establishes a regulatory framework for the carbon sequestration industry, including overlapping civil and criminal enforcement provisions. The Department of Energy and Natural Resources (DENR) reports that additional requirements for transmission pipelines will require a minor update to the Pipeline Safety regulations in the Louisiana Administrative Code at an estimated cost of \$2,500 from the Oil and Gas Regulatory Fund, with minimal costs also anticipated for the financial security verification.

DENR reports review of sands and reservoirs for carbon dioxide storage will add 20 hours of review per application, carried out by a Petroleum Scientist, Supervisor, and Manager, with associated costs of \$15,500 for FY 26 and \$16,000 for FY 27 charged to the Carbon Dioxide Geologic Storage Trust Fund. DENR anticipates continuing indeterminable costs in future fiscal years.

The Louisiana District Attorneys Association (LDAA) anticipates that the Office of the District Attorney may need to hire additional staff or contract for services to assess and monitor compliance, resulting in additional indeterminable increases in expenditures.

Proposed law may result in an indeterminable increase in Local Funds expenditures for local governing authorities if a person is convicted of knowingly and intentionally failing to report or keep records outlined in RS 30:1107.1. The exact fiscal impact of this legislation to local governing authorities is indeterminable, since it is not known how many people will be convicted and incarcerated in local facilities, nor the length of the sentences assessed with those convictions as a result of its potential enactment. The maximum imprisonment term at the local level is no more than one year.

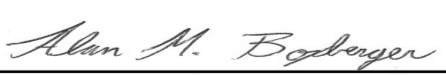
There is no anticipated direct material effect on state governmental expenditures as a result of this measure because this legislation creates a misdemeanor offense; therefore, these offenders will not be sentenced to the Department of Public Safety & Corrections - Corrections Services (DPS&C-CS).

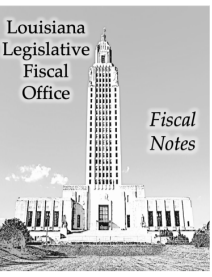
REVENUE EXPLANATION

Class VI application fees, paid to the Office of Conservation, are deposited into the Carbon Dioxide Geologic Storage Trust Fund and are used to cover the costs of reviewing the applications. The LFO assumes Class VI application fees will be sufficient to cover additional costs.

CONTINUED ON PAGE TWO

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input 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}


Alan M. Boxberger
 Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one:

Page 2 of 2

CONTINUED REVENUE EXPLANATION

Proposed law may result in an indeterminable increase in local revenues as a result of convictions of knowingly and intentionally failing to report or keep records outlined in RS 30:1107.1. The exact fiscal impact of the passage of this legislation on local revenue is indeterminable because the fines that would be imposed on those convicted (not more than \$25,000) are optional, and the amount of the fines, if imposed, may vary. The potential revenue will accrue to the local governing authority.

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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