

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 444** HLS 25RS 275

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 18, 2025	1:25 PM	Author: MACK
Dept./Agy.: Revenue/Energy and Natural Resources		Analyst: Mimi Blanchard
Subject: Class VI Well Carbon Dioxide Injection Tax		

ENERGY OR SEE FISC NOTE SG RV Page 1 of 1
Creates an injection tax for carbon dioxide sequestration

Proposed law establishes a tax of \$3 per metric ton of carbon dioxide injected by Class VI wells for geologic sequestration. The tax is to be paid monthly to the Department of Revenue (LDR), which will deposit the funds into the state treasury. Proceeds are allocated to the parish or parishes where carbon dioxide is stored, as determined by the area of review filed with the Department of Energy and Natural Resources (DENR). Revenue received by parishes may be used for any lawful purpose.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$50,000	\$0	\$0	\$0	\$0	\$50,000
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$50,000	\$0	\$0	\$0	\$0	\$50,000

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

The Department of Energy and Natural Resources (DENR) reports that \$50,000 SGF will be needed to update the SONRIS system to increase the injection reporting requirement from quarterly to monthly as outlined by the bill. Additional nominal expenditures are expected for the Department of Revenue for the development of reporting forms, accepting payments electronically, and tax form updates.

Monthly reviews are conducted by an Economist in the Office of Energy. DENR estimates a nominal workload increase of approximately 4 extra hours per month for the additional permits. The LFO assumes this cost can be absorbed within DENR's existing budgetary and staffing resources.

Treasury requires certain resources to allocate funds, as required in this bill. Upon wells becoming operational, Treasury may re-evaluate whether additional funding may be required.

REVENUE EXPLANATION

Proposed law will increase revenues to local parishes by an indeterminable amount, as no Class VI wells have commenced carbon dioxide injection in Louisiana to date. According to the Department of Energy and Natural Resources (DENR), the earliest projected date for any project to receive permits and begin injection operations is July 1, 2026.

The bill imposes a tax of \$3 per metric ton of carbon dioxide injected by Class VI wells for geologic sequestration. Operators are required to remit these tax payments monthly to the Department of Revenue, which will deposit the funds into the state treasury. After compliance with Article VII, Section 9(B) of the Constitution relative to the Bond Security and Redemption Fund, remaining revenue will be allocated to the parish or parishes where the carbon dioxide is stored. For storage facilities spanning multiple parishes, the revenue distribution will be proportional, based on each parish's share of the surface area above the area of review, as filed with DENR.

Senate
 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