LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 5** HLS 26RS 114

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 6, 2026 5:07 PM	**Author:** JOHNSON, MIKE
Dept./Agy.: Department of Conservation and Energy	
Subject: Local Permitting of Carbon Sequestration, Injection, and Transportation	**Analyst:** Mimi Blanchard

ENERGY OR SEE FISC NOTE GF RV

Authorizes parish governing authorities and citizens to determine whether Class VI injection wells, carbon dioxide sequestration, and carbon dioxide pipelines may be permitted within a parish

Current law authorizes the Department of Conservation and Energy (C&E) to permit and regulate Class VI carbon dioxide injection wells and carbon dioxide sequestration.

Proposed law authorizes parish governing authorities and parish voters, through resolutions, ordinances, or local option elections, to determine whether Class VI injection wells, carbon dioxide sequestration, and pipelines transporting carbon dioxide may be permitted within a parish. Proposed law prohibits C&E from final issuance of any order, permit, or certificate for such activities in any parish where they have been prohibited by local determination, including applications submitted prior to the prohibition, and provides that local determinations supersede any conflicting state or local law.

Effective upon signature of the governor.

EXPENDITURES	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**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						

REVENUES	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**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	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	
Annual Total						

EXPENDITURE EXPLANATION

Proposed law may result in an increase in local fund expenditures to the extent that a local election is held or an initiative is added to a scheduled election to determine whether carbon dioxide sequestration, transportation, and injection should be allowed within a particular parish. The cost of local elections varies from parish to parish, depending on the size of the parish and the number of ballot items. However, expenses for local governing authorities decrease during statewide elections because the Department of State is responsible for a larger portion of the cost.

REVENUE EXPLANATION

Proposed law establishes a procedure for parishes to prohibit the permitting of Class VI injection wells, carbon dioxide sequestration, and pipelines transporting carbon dioxide within their jurisdiction. The bill only has a fiscal impact if parishes adopt a resolution to prohibit Class VI wells, potentially causing forgone revenues for both state and local governments if permitted projects do not proceed.

There are currently 99 pending Class VI well applications associated with 30 projects statewide. Each Class VI injection well has a one-time application fee of $100,000, plus $10,000 for each additional well at a storage facility with total fees capped at $200,000 for the initial filing. Additionally, a periodic area of review filing fee of $25,000 is collected within 5 years of first injection. All of these fees are deposited into the Carbon Dioxide Geologic Storage Trust Fund to support regulatory oversight by C&E. The LFO is unclear whether or not applications fees already paid for pending projects would have to be refunded should projects not proceed as a result of proposed law.

Bonus or lease revenue from Class VI carbon capture and storage (CCS) projects are allocated 40% to the State General Fund, 30% to the Mineral and Energy Operation Fund, and 30% to the parish or parishes (split according to share of acreage) where the injection well is located. For projects located within Wildlife Management Areas (WMAs) regulated by the Louisiana Department of Wildlife and Fisheries (LDWF), 100% of the CCS revenue is directed to LDWF for the management of the WMA. Private landowners in parishes in which wells are located may receive royalty payments if their land is included in a unitized storage area, depending on the terms of the operating agreement.

Because pipelines are required to transport captured carbon dioxide to Class VI injection wells, a parish prohibition could prevent otherwise permitted multi-parish or interstate projects from proceeding. The legality of restricting or interfering with interstate projects is uncertain, and while the resulting fiscal impact cannot be quantified at this time, it could be significant potentially in the hundreds of millions of dollars if projects undertaken in conjunction with or under contract with other states do not proceed.

Senate	Dual Referral Rules	House
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}		☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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