

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 331** HLS 18RS 418
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Natural Resources	Analyst: Willis Brewer
Subject: Payment of Oilfield Site Restoration Fund fee	

ENERGY/OIL & GAS OR SEE FISC NOTE SD RV Page 1 of 1
 Provides for payment of the Oilfield Site Restoration Fund fee

Present law imposes a set fee on the production of oil, condensate, and gas that is in addition to any severance taxes imposed on such production. Specifies that the proceeds of the fee are to be used for the oilfield site restoration program in the Dept. of Natural Resources.

Proposed law retains present law and provides that the fee is payable upon the initial disposition of each barrel of oil and condensate by the producer. Proposed law provides that proposed law is remedial and curative and will be applied retroactively to July 1, 2017, as well as prospectively. Effective upon governor's signature.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$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

The proposed legislation is not anticipated to impact Department of Natural Resources (DNR) expenditures, but may increase the workload for the La. Department of Revenue (LDR) to process any potential refunds and to contact the necessary parties to receive the fee payment. LDR will assess all enacted legislation at the end of the session and then determine if additional resources are necessary for their operations.

REVENUE EXPLANATION

The proposed legislation will have an indeterminable impact on state revenues. The proposed legislation clarifies when a particular fee is due to Department of Natural Resources (DNR) and who is responsible for paying the fee, but does not change the fee amount or the methodology to calculate, collect, or process the fee. This fee will never be due on amounts of oil produced that are not sold; therefore, LDR anticipates that this will result in a minimal decrease of fees collected for the fund.

This legislation will make the producer responsible for the payments and is retroactive to 7/1/17. LDR has indicated any purchasers who have been paying the fee during FY 18 may seek refunds. The refund payments will have to be made to the purchaser and the producer will then have to report and pay the amounts due. Furthermore, it is possible that there will be refund requests from those who produced more oil than was sold during FY 18. While there were 54.1 M barrels of crude oil and condensate produced and 54.8 M barrels sold in FY 17, the number of barrels sold includes barrels produced in the prior fiscal year. Any refunds are anticipated to be paid from the Oilfield Site Restoration Fund, which will create a temporary reduction in this fund's revenues.

The number of requested returns cannot be estimated at this time. There are approximately 433 active accounts registered (including both purchasers and producers) for this fee. The Louisiana Department of Revenue (LDR) does not capture which are a purchaser or producer on the tax return. Any refund provided to a purchaser will require LDR to contact the refund filer (purchaser) to determine who the producer was at the time that is ultimately responsible for these funds. In addition, according to LDR, there will be interest assessed and penalties owed on these refunds and payments.

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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