

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 58** HLS 21RS 317

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 9, 2021	12:42 PM	Author: COUSSAN
Dept./Agy.: Natural Resources, Office of Mineral Resources		Analyst: Patrice Thomas
Subject: Extends the Mineral and Energy Operation Fund		

MINERALS/MINERAL BOARD OR +\$900,000 SD EX See Note
Extends certain funding for the Mineral and Energy Operation Fund

Page 1 of 1

Present law increases the amount deposited into the Mineral and Energy Operation Fund from non-judicial settlements, including but not limited to settlements of disputes of royalty audit findings, and court-awarded judgments and settlements from \$1.6 million to \$2.5 million (\$900,000 increase) for FY 2017-2018 through FY 2020-2021. Proposed law extends the time by four (4) years from FY 2021-2022 through FY 2024-2025.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$900,000	\$900,000	\$900,000	\$900,000	\$0	\$3,600,000
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>	\$0
Annual Total					\$0	\$0

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$900,000	\$900,000	\$900,000	\$900,000	\$0	\$3,600,000
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>	\$0
Annual Total					\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will increase expenditures from Statutory Dedications in the Department of Natural Resources, Office of Mineral Resources as a result of continued allocation of mineral revenues recovered from court awarded judgments and settlements into the Mineral and Energy Operation Fund. Proposed law increases the amount deposited from non-judicial settlements, including but not limited to settlements of disputes of royalty audit findings, and court-awarded judgments and settlements from \$1.6 million to \$2.5 million (\$900,000 increase) for 4 years, FY 2021-2022 through FY 2024-2025.

The Office of Mineral Resources utilizes these additional funds to fill eight positions including four auditors, petroleum scientist, geologist, land specialist, and administrative assistant (\$672,000), operating expenditures (\$105,000), travel (\$40,000), other charges/IT support (\$23,000), and equipment (\$60,000). To the extent that Mineral and Energy Operation Fund is no longer available, the department may have to utilize state general fund or reduce services and activities.

REVENUE EXPLANATION

Proposed law reallocates \$900,000 into the Mineral and Energy Operation Fund that otherwise would be deposited into the State General Fund. As of the January 2021 REC meeting, Natural Resource revenues deposited into the SGF are forecast (royalties, rentals, bonuses, and mineral interest) at \$89.8 M excluding dedications. The proposed law would increase the dedications that will result in a reduction in available SGF available for appropriation until FY 25. After FY 25, SGF will no longer be transferred into the Mineral and Energy Operation Fund.

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}

Alan M. Boxberger

Alan M. Boxberger
Staff Director