

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 617** HLS 21RS 710

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 27, 2021	5:40 PM	Author: MCCORMICK
Dept./Agy.: Natural Resources / Environmental Quality / Revenue		Analyst: Kimberly Fruge
Subject: Establishing Louisiana as a Fossil Fuel Sanctuary State		

ENERGY OR SEE FISC NOTE FF RV Page 1 of 1
Establishes Louisiana as a fossil fuel sanctuary state

Proposed law establishes Louisiana as a fossil fuel sanctuary state. Proposed law specifies that any federal acts, laws, executive orders, administrative orders, rules, or regulation which levies a tax, fee, or stamp on fossil fuels or forbids the possession, ownership, use, or sale of fossil fuels are an infringement on state sovereignty.

Proposed law prohibits any agency, political subdivision or employee thereof from knowingly participating in the enforcement of federal acts, laws, orders, rules, or regulations which negatively impacts fossil fuel energy in Louisiana.

Effective upon the Governor's signature.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	SEE BELOW					
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	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	SEE BELOW					
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed constitutional amendment may result in an indeterminable decrease in federal expenditures in the LA Department of Natural Resources (DNR) as well as LA Department of Environmental Quality (DEQ), other state agencies, and local governmental authorities. The proposed constitutional amendment establishes Louisiana as a fossil fuel sanctuary state by prohibiting any state agency or political subdivision or their employee from knowingly or willfully enforcing any federal laws, acts, executive orders, agency orders, rules, or regulations that negatively impact the fossil fuel energy sector.

DNR reports the proposed constitutional amendment may decrease \$7.2 M of federal revenue. (See Revenue Explanation below). To the extent DNR, DEQ, and other state agencies realize a decrease in federal revenue under this measure, the Legislative Fiscal Office presumes federal funding sources supporting expenditures in these departments would be replaced by SGF or another revenue source to supplant the loss of federal expenditure authority, or the activities supported by those monies may cease. The LFO cannot corroborate the likelihood of such action by federal partners, although federal funds provided to states are generally associated with assumed performance of associated duties.

The Legislative Fiscal Office is unable to ascertain the impact on local governmental entities but anticipates an indeterminable decrease in federal expenditures under this measure similar to that experienced by state departments.

REVENUE EXPLANATION

Proposed constitutional amendment may have an indeterminable influence on revenues for state and local entities. According to the LA Department of Natural Resources (DNR) and the LA Department of Revenue (LDR), any impact on revenue streams pursuant to this measure is indeterminable at this time. DNR and the Louisiana Department of Environmental Quality (DEQ) also indicate that if the state becomes noncompliant with federal regulation, this measure may lead to a decrease in federal funds to the state. For illustrative purposes, DNR reports the following expenditures from federal funding for the prior year that could be at risk:

Federal Awarding Agency	Expenditures
Department of Commerce	\$ 2,836,466
Department of Defense	\$ 27,253
Department of Energy	\$ 1,293,538
Department of the Interior	\$ 321,521
Department of Transportation	\$ 2,478,477
Environmental Protection Agency	\$ 301,300
Total	\$ 7,258,555

<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

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