



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 167** SLS 21RS 403
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 10, 2021	1:54 PM	Author: ALLAIN
Dept./Agy.: Treasury and Natural Resources		
Subject: Transfer Funds from ARP to Oilfield Site Restoration Fund		Analyst: Patrice Thomas

FUNDS/FUNDING RE NO IMPACT SD EX See Note Page 1 of 1
 Provides for the transfer and use of funds from the American Rescue Plan Act to the Oilfield Site Restoration Fund. (gov sig)

Proposed law requires the state treasurer to transfer \$30 million from the first funds received by the state from the American Recovery Plan Act of 2021 into the Oilfield Site Restoration Fund and stipulates the funds are not used to calculate the \$14 M cap. Proposed law provides any Federal appropriation or any Federal grant program for the purpose of restoring orphan oilfield sites shall be placed into the Oilfield Site Restoration Fund and used for restoring orphan oilfield sites. Proposed law provides a 5% administration cap on the Department of Natural Resources. Proposed law provides that if it is determined that assessing and restoring orphan oilfield sites is not an allowable use of American Recovery Plan funds, any monies transferred to the Oilfield Site Restoration Fund shall revert to the state treasury to be used for other qualifying purposes under the American Rescue Plan.

EXPENDITURES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
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	\$0	\$0
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					\$0	\$0

REVENUES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
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	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total					\$0	\$0

EXPENDITURE EXPLANATION

Proposed law transfers \$30 M from the state's allotment of the American Rescue Plan (ARP) Act of 2021 into the Oilfield Site Restoration Fund. Monies in the Oilfield Site Restoration Fund shall be used only for the purposes of assessing and restoring orphan oilfield sites. Currently, the Oilfield Site Restoration program handles approximately \$10 M annually with existing staff. The Department of Natural Resources (DNR) reports a \$30 M increase in funding would require additional administrative costs of approximately \$1.2 M (4% of \$30 M) associated with workload increases of existing staff as well as contracting or supplementing additional staff, such as hiring contractors, in order to complete larger volumes of paperwork, analyzing well histories, issuing notices, and coordinating with contractors and operators to manage the additional projects.

Under the American Rescue Plan (ARP) Act of 2021, Louisiana will receive direct state aid in the amount of \$3.2 B. The ARP Act provides for allowable uses of state aid as follows:


- 1) To respond to the COVID-19 public health emergency, or its negative economic impacts, including by providing assistance to households, small businesses, and nonprofits, or aid to impacted industries, such as tourism, travel, and hospitality;
- 2) Respond to workers performing essential work during the COVID-19 pandemic by providing premium pay to eligible workers of the State, territorial or Tribal government performing essential work or by providing grants to eligible employers that have eligible workers;
- 3) Provide government services, to the extent COVID-19 caused a reduction of revenues collected in the most recent full fiscal year of the State, territorial, or Tribal government;
- 4) Make necessary investments in water, sewer, or broadband infrastructure.

Expenditure of state aid dollars from the ARP Act will remain available through 12/31/24. States are still awaiting guidance from the U.S. Treasury for specifics regarding eligible uses of state aid appropriated through the ARP Act. **Proposed law provides that if these expenditures are deemed as an ineligible use of ARP funds, the monies shall revert to the state treasury to be used for other qualifying purposes under the American Rescue Plan.**

REVENUE EXPLANATION

Proposed law will create no net change to revenue receipts for state or local governing entities. The proposed law directs the state treasurer to transfers \$30 M of the first revenues received from the Coronavirus State Fiscal Recovery Fund of the American Rescue Plan (ARP) Act of 2021 into the Oilfield Site Restoration Fund statutory dedication. Absent the proposed law these monies may have been appropriated as a Federal (Direct) revenue source. The monies will now be appropriated as a Statutorily Dedicated source.

<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
 Staff Director