



LEGISLATIVE FISCAL OFFICE
Fiscal Note

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

Date: June 9, 2021	10:34 AM	Author: ALLAIN
Dept./Agy.: Treasury and Natural Resources		Analyst: Patrice Thomas
Subject: Transfer Funds from ARP to Oilfield Site Restoration Fund		

FUNDS/FUNDING EN 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 any Federal funds for which oilfield site restoration or plugging orphan wells is an allowable use, as determined by the Joint Legislative Committee on the Budget (JLCB). 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.

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	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>	\$0
Annual Total					\$0	\$0

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	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>	\$0
Annual Total					\$0	\$0

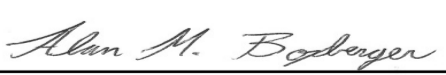
EXPENDITURE EXPLANATION

Proposed law transfers \$30 M from the first Federal funds received by the state for which oilfield site restoration or plugging orphan wells is an allowable use to be deposited into the Oilfield Site Restoration Fund and requires the Joint Legislative Committee on the Budget (JLCB) to determine whether the Federal funds can be used for restoring orphan wells. 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.

REVENUE EXPLANATION

Proposed law will create no net change to revenue receipts for state or local governing entities. The proposed law directs the first federal funds received by the state for which oilfield site restoration or plugging orphan wells is an allowable use to be deposited 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.

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|---|--|--------------|
| <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} | |


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