

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 687** HLS 22RS 964

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 13, 2022	8:48 AM	<b>Author:</b> ORGERON
<b>Dept./Agy.:</b> CPRA		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Includes alternative energy in the Coastal dedication		

COASTAL RESOURCES EG SEE FISC NOTE SD RV See Note Page 1 of 1  
Relative to the disposition of funds derived from alternative energy production in the coastal area

Current law dedicates all federal revenue generated from the Outer Continental Shelf (OCS) from oil and gas activity to the Coastal Protection and Restoration Fund. Limitations on uses are stipulated in law as integrated coastal protection, such as conservation, restoration, hurricane protection or infrastructure directly impacted by coastal wetlands losses with a 10% limit on infrastructure.

Proposed law retains current law and adds any federal revenue generated in the OCS by alternative energy (wind, solar, tidal, wave, geothermal and other alternative or renewable energy production or sources) to the same dedication as OCS mineral revenue. Proposed law also adds revenue from alternative energy production from leases, bonuses and rentals on state lands and waterbottoms located in the coastal area (similar to royalties but not yet defined in law) to the mandatory deposits to the Coastal Protection and Restoration Fund to be used for similar purposes.

Contingent upon enactment and voter approval of HB 636 of 2022 Regular Session on November 8, 2022

<b>EXPENDITURES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

The provisions of this bill are contingent upon enactment and voter approval of HB 636 of the 2022 Regular Session at the statewide election on November 8, 2022.

**REVENUE EXPLANATION**

This bill seeks to dedicate federal revenue from alternative energy in the Outer Continental Shelf (OCS, which is 3 U.S. nautical miles offshore) to the Coastal Protection and Restoration Fund under the same dedication as oil and gas revenue. The bill also captures what are essentially royalty payments on alternative energy, including leases, rentals and bonuses from the coastal area, roughly below I -10/12, for deposit to the Coastal Protection and Restoration Fund with similar limitations on use.

There are no current authorizations for federal or state payments from alternative energy. However, to the extent that federal payments on OCS alternative energy projects or certain royalty-type state payments in coastal areas (not defined in the bill) from alternative energy projects are authorized and paid, which seems likely given recent activity and announcements, the full amount will accrue to the Coastal Protection and Restoration Fund under this bill. Under the bill, Marsh Island and Rockefeller Preserve alternative energy revenue will be limited to these coastal uses (mineral revenue remains with the preserves) while alternative energy revenue from Section 16 will remain with the school districts.

State payments similar to royalty payments from alternative energy do not fit the definition of royalty payments as currently defined. Per testimony, these types of payments for alternative energy are expected to be included upfront with the lease, unlike mineral royalties, which occur over time with production. Royalty payments as considered in the state's revenue forecast, 10% of which are allocated to local governments, are constitutional and explicit to mineral leases for mineral development. Therefore, the state payments referenced in the bill do not appear in the constitutional amendment ballot language in HB 636, upon which this bill is contingent.

- 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*

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**Interim Legislative Fiscal Officer**