



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 1057** HLS 22RS 990
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 5, 2022	6:55 AM	Author: DESHOTEL
Dept./Agy.: Statewide		
Subject: Louisiana Strategic Fuel Reserve Act		Analyst: Monique Appearing

FUELS OR INCREASE GF EX See Note Page 1 of 1
 Provides for an emergency fuel reserve

Proposed law communicates that the Legislature of Louisiana finds that sufficient fuel supply leading up to and following a natural disaster is essential for the health, safety, and well-being of the citizens of the state. Proposed law establishes the Louisiana Strategic Fuel Reserve to ensure that adequate fuel supplies are available for emergency management and the public during hurricane season. Proposed law is subject to appropriation by the legislature for the Division of Administration (DOA) to enter contracts necessary to construct an additional 4 million gallons of storage capacity at the Port of Alexandria. During hurricane season, any lessee of the facility shall keep this additional 4 million gallon capacity full. After an emergency declaration by the governor, the Governor's Office of Homeland Security and Emergency Preparedness will be given priority in purchasing 1 million gallons of the extra capacity. Proposed law provides that the remaining 3 million gallons of extra capacity may be sold at the discretion of the lessee. Proposed law directs the Commissioner of Administration to promulgate rules and regulations establishing the fuel set-aside provided in proposed law.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$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						
REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	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	\$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	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will result in an expenditure increase for the Division of Administration (DOA) to enter into such contracts as are necessary to construct an additional 4 million gallons of storage capacity at Central Louisiana Regional Port (CLRP) (also known as the **Port of Alexandria**). CLRP estimates the cost is \$25 M for the construction and design of **three tanks**, a 50,000-barrel (2,100,000 gallons) **gasoline storage** tank, a 50,000-barrel (2,100,000 gallons) **diesel storage** tank, and a 10,000-barrel (420,000 gallons) storage tank is for **ethanol for blending**. It is anticipated that it would take between 18 to 22 months for engineering, design, permitting, and construction. Also, CLRP anticipates it will ultimately be responsible for the operations, management and maintenance of the fuel storage structures as well as any ancillary costs associated with the facilities. They also intend to handle any agreement to lease the facility. **NOTE:** CLRP says an existing storage fuel facility is located near the new fuel storage facility. In fact, the current location provided support in prior emergency events by supplying the Lake Charles area after Hurricane Laura, southeast Louisiana after Hurricane Ida, areas throughout the region when the Colonial Pipelines was shut down due to it being computer compromised, and the region when north Louisiana experienced cold weather events. The facility is the farthest southern terminal outside of the hurricane winds and is located within 200 miles of every major metropolitan area in the state.

DOA assumes that there is land available with no environmental issues. DOA expresses caution that there is an unknown cost for steel because of market fluctuations and other supply/labor shortage issues that may impact any estimate.

Department of Natural Resources (DNR) reports there is no fiscal impact on the DNR. However, they report that long-term stored gasoline may have stabilization issues. If so, the products(s) would need to be used and replenished regularly, and there would need to be an ongoing process to sell and buy.

Department of Agriculture and Forestry (DAF) reports there is no fiscal impact on the DAF. NOTE: During an emergency or disaster DAF has the primary responsibility for emergency fuel supply when local resources are exhausted and a request for assistance is made from a parish's Office of Homeland Security to the Governor's Office of Homeland Security and Emergency Preparedness.

REVENUE EXPLANATION

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

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}

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