

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 61** HLS 22RS 313

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 23, 2022	1:12 PM	Author: KERNER
Dept./Agy.: Department of Natural Resources		Analyst: Kimberly Fruge
Subject: Extends the Fishermen's Gear Compensation Fund		

FISHING EN INCREASE SD RV See Note Page 1 of 1
Extends the Fishermen's Gear Compensation Fund and extends payments into the Underwater Obstruction Removal Fund

Present law provides that the Fisherman's Gear Compensation Fund pay compensation for damages suffered by a commercial fisherman as a result of hitting or snagging on an obstruction or a hazard in waters of the state resulting from natural occurrences, oil and gas activities, or other activities where the obstruction is unknown. Provides for the existence of the Fisherman's Gear Compensation Fund and that payments into the Underwater Obstruction Removal Fund shall cease June 30, 2022. Proposed law extends payments into the Underwater Obstruction Removal Fund from June 30, 2022, to June 30, 2023, and extends the existence of the Fisherman's Gear Compensation Fund from June 30, 2022, to June 30, 2023.

Proposed law creates the Fisherman's Gear Compensation and Underwater Obstruction Removal Dedicated Fund Account. Propose law authorizes the secretary of the Department of Natural Resources to levy an annual fee of \$400 upon each lessee for mineral or energy production or subsurface storage entered into by the State Mineral and Energy Board. Proposed law provides a sunset date of June 30, 2027.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$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

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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

Proposed law extends the Fisherman's Gear Compensation Fund and payments into the Underwater Obstruction Removal Fund from June 30, 2022 to June 30, 2023. The Department of Natural Resources indicates there will be no implementation costs for these extensions.

The Legislative Fiscal Office assumes there will be some marginal workload increase for the Department of Treasury to sunset the existing accounts and create the new Fisherman's Gear Compensation and Underwater Obstruction Removal Dedicated Fund Account. This increase can likely be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be additional material costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates that it will be required to add one T.O. position at a total personnel services cost of approximately \$73,000 plus approximately \$2,450 for a one-time purchase of new office equipment. These expenditures are assumed to be SGF in the fiscal note.

REVENUE EXPLANATION

There may be a direct material effect on government revenues as a result of this measure. The statutorily dedicated Fisherman's Gear Compensation Fund administered by the Department of Natural Resources (DNR) is currently funded by fees assessed on lessees of state mineral leases and grantees of state pipeline right-of-way in the coastal zone of Louisiana on a per-unit basis. The department levies a \$1,000 fee to lessees when the balance of the fund reaches \$250,000 or below. The most recent assessments were done in FY 17 and FY 20. When the threshold was triggered, the department collected \$2.3 M in FY 17 and \$2.1 M in FY 20. If the fund balance drops below the \$250,000 threshold before the end of FY 23, then the department can collect the \$1,000 fee from each lessee.

At the end of FY 23, the Fisherman's Gear Compensation Fund and the Underwater Obstruction Removal Fund will sunset and any balances remaining will be deposited into the newly created Fisherman's Gear Compensation and Underwater Obstruction Removal Dedicated Fund Account. Proposed law allows DNR to collect an annual fee levied on qualified mineral leases or right-of-way holders of \$400. This fee would be a slight increase over the average annual fee of \$333 (\$1,000 fee collected approximately every three years) that was charged for the Fisherman's Gear Compensation Fund. Assuming there are no significant increase in claims made by fisherman on the fund, the department assumes this will result in a net annual increase to the new fund account.

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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} |

Evan Brasseaux
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Interim Deputy Fiscal Officer