

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



Fiscal Note On: **SB 90** SLS 23RS 271

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 7, 2023	9:43 AM	<b>Author:</b> MILLS, ROBERT
<b>Dept./Agy.:</b> Natural Resources/Wildlife and Fisheries		<b>Analyst:</b> Chris Henry
<b>Subject:</b> Surface Water Cooperative Endeavor Agreements		

WATER MANAGEMENT OR INCREASE GF EX See Note  
Provides for Cooperative Endeavor Agreement for surface water. (7/1/23)

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Present law provides a person or entity the option to enter into a cooperative endeavor agreement (CEA) with the state to withdraw running surface water. Present law sets the maximum price at \$0.15/1,000 gallons. Present law requires all monies collected from CEAs be deposited into the Aquatic Plant Control Fund.

Proposed law modifies present law and makes it mandatory for any person or entity to enter into a CEA to withdraw surface water exempting those waterbodies in the Coastal Zone boundary or those that are salt or brackish. Proposed law also requires the price to be set annually at a fair market value, determined by the State Mineral and Energy Board. Proposed law provides for the technical name change of the Aquatic Plant Control Fund to the Aquatic Plant Control Dedicated Fund Account and changes the amount deposited into the account to 90% of monies collected. The remaining 10% are to be used by the Department of Natural Resources for administration of the Surface Water Management program.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law will result in an increase in SGF expenditures for the Department of Natural Resources (DNR) due to the requirement that any person or entity enter into a CEA with the state to withdraw surface water. DNR estimates that it will require at least three Coastal Resources Scientist 3 positions (\$61,714 salary and \$37,711 related benefits per position) to provide enforcement and review the CEAs. Total expenditures for these three positions, assuming a 3% annual salary increase is as follows: FY 24 - \$298,276; FY 25 - \$307,224; FY 26 - \$316,441; FY 27 - \$325,934; and FY 28 - \$335,712. In addition, each position will require one-time acquisitions for equipment including computer (\$1,500), office furniture (\$545), and automobile (\$35,000) and annual recurring operating costs for travel (\$1,250), printing/subscriptions (\$1,000), telephone (\$900), and supplies (\$200). The proposed legislation does allow DNR to retain 10% of the collections resulting from the CEAs, but this amount is indeterminable at this time. The department will need SGF to provide for these positions until collections on this new revenue materialize and are able to offset the SGF costs.

The Department of Wildlife and Fisheries (LDWF) indicates it does not anticipate any additional expenditures as a result of this measure. To the extent proposed law increases revenues into the Aquatic Plant Control Dedicated Fund Account, the legislature would be required to appropriate such funds to the LDWF to fund the aquatic plant control program.

**REVENUE EXPLANATION**

The change in revenue associated with this measure is unknown at this time. Of the revenues collected, 90% will be deposited into the Aquatic Plant Control Dedicated Fund Account and the remaining 10% retained by DNR presumably as SGR. The proposed legislation amends current law to exempt waterbodies within the Coastal Zone Boundary and those that are brackish or saltwater from a required CEA, which could result in fewer CEAs in those geographic areas. Two major factors will determine whether there is an increase or decrease in revenues: change in the number of mandatory CEAs and the fair market value determined by the Mineral and Energy Board.

**Continued on page two**

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}

*Evan Brasseaux*  


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**Evan Brasseaux**  
**Interim Deputy Fiscal Officer**

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**CONTINUED EXPLANATION from page one:**

**Continued from page one:**

1) Mandatory CEAs: Proposed law requires that all persons or entities withdrawing surface water enter into a CEA with the state, whereas the CEA was optional under present law. DNR records indicate approximately 80 current CEAs which generate an average of \$138,246 annually. It is currently unknown how many persons or entities are not currently entering into a CEA for the withdrawal of surface water. To the extent that there are persons or entities that are currently withdrawing surface water but do not have a CEA, then revenues are likely to increase as these entities enter into CEAs. However, if all entities withdrawing surface water are already in an agreement or if proposed law changes the behavior of entities not entered into a CEA, then there may be no changes in revenues.

2) Market Value: Present law establishes a maximum of \$0.15/1,000 gallons as the price for withdrawing surface water. Proposed law would require that a fair market value be set annually by the State Mineral and Energy Board. To the extent the fair market value is more than the current maximum, then revenues may increase. However, if an increase in fair market value causes entities currently in CEAs to seek a different, less expensive source of water, then revenues may decrease. Alternatively, if the fair market value is set below the current rate, then revenues will decrease.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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