

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 99** HLS 23RS 348

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---------------------------------------------------------------------------|---------|--------------------------------|
| Date: May 8, 2023 | 7:12 PM | Author: ORGERON |
| Dept./Agy.: CPRA | | Analyst: Deborah Vivien |
| Subject: Includes alternative energy in the Coastal OCS dedication | | |

COASTAL RESOURCES RE SEE FISC NOTE GF RV See Note Page 1 of 1
(Constitutional Amendment) Provides relative to the disposition of funds derived from alternative energy production in the coastal area

Current Constitution 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.

Proposed amendment 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 Coastal Protection and Restoration Fund for the same dedicated uses. It is not clear whether any component of carbon sequestration fits within this definition.

To be submitted to the electors at the statewide election to be held on October 14, 2023.

| EXPENDITURES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 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> | \$0 |
| Annual Total | | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| 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 | | | | | | |

EXPENDITURE EXPLANATION

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

The Secretary of State may incur minimal ballot processing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Secretary of State may require additional SGF resources for the October 14, 2023, statewide election. Any expenditure impact would be realized in FY 24.

REVENUE EXPLANATION

This bill seeks to dedicate any federal revenue received by the state 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. In the absence of this legislation, it is assumed these funds would otherwise flow to the state general fund. LFO cannot identify current revenue generated in this manner. To the extent future activities result in federal funds flowing to the state, all funds will be deposited to the Coastal Protection and Restoration Fund. It is not clear if carbon sequestration may fall under the heading of other alternative or renewable energy production or sources.

CPRA reports no current authorization at the federal level to distribute the alternative energy revenue to states, including any potential revenue from the first offshore wind lease sale in federal waters of the Gulf of Mexico. The sale is anticipated for the summer of 2023 and will include up to 102,480 acres south of Lake Charles. Should federal legislation be passed distributing the funds to states, CPRA estimates an annual rent payment of less than \$100,000 for Louisiana until wind turbines begin generating electricity. Other offshore bonuses off of New York and California have garnered large bids. The sale off of Louisiana will help signal the potential for wind energy production in the Gulf of Mexico.

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