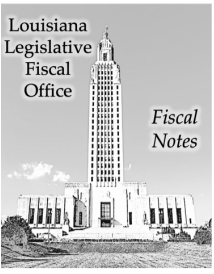


**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 75** HLS 25RS 342
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 3, 2025 10:20 AM	Author: MCCORMICK
Dept./Agy.: Energy and Natural Resources	Analyst: Mimi Blanchard
Subject: Pore space compensation in carbon dioxide geologic storage	

ENERGY/CONSERVATION OR SEE FISC NOTE GF RV Page 1 of 1
 Provides relative to compensation for pore space owners

Current law: Requires unitization orders to provide for just and equitable compensation to all owners in interest and to specify a method for determining the distribution of benefits.

Proposed law: Retains these requirements and further provides that each owner in interest must be compensated at the highest per-acre rate paid to any other owner in the unit. Proposed law also authorizes the court to request information necessary to determine just compensation when reviewing compensation for non-contracting owners.

Effective August 1, 2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill mandates that all pore space owners in a unitization (or consolidation of adjoining parcels as a single coordinated storage unit) of a Carbon Capture & Storage (CCS) agreement, executed on or after August 1, 2026, must receive compensation per acre that is no less than the highest per-acre compensation paid to any other owner in interest. The Department of Energy and Natural Resources reports that the proposed law may affect the economic viability of CCS project participation in Louisiana due to cost considerations. To the extent that participation rates in CCS projects on state-owned lands and water bottoms are affected by the proposed compensation changes, there may be a corresponding impact on state and local revenues, as lease payments generated under state storage agreements adjust to a higher or lower parity rate. Any potential fiscal effect would depend on whether projects proceed and how new units are structured.

For illustrative purposes, there are currently six CCS operating agreements under contract by the state, covering approximately 240,000 total acres in 12 parishes. State lease payments are allocated 40% to SGF, 30% to the Mineral and Energy Operation Fund (M&EO Fund), and 30% to the parish governing authority where the injection site is located.* 100% of revenues collected from contracts existing on wildlife management areas (WMA) regulated by the Department of Wildlife and Fisheries are dedicated to the Office of Mineral Resources Conservation Fund for the WMA. There are two contracts with operations on Maurepas Swamp WMA that contribute to this fund. Historical payments (in millions) are shown below:

Fiscal Year**	FY 22	FY 23	FY 24	FY 25
SGF	\$3.3 M	\$7.3 M	\$6.7 M	\$3.1 M
Statutory Dedications	\$4.3	\$5.0	\$13.9	\$6.9
Local	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$5.0</u>	<u>\$2.3</u>
Total	\$7.6 M	\$12.3 M	\$25.7 M	\$12.3 M

* Current allocations are authorized by Act 378 of the 2023 RS. Prior law stipulated that bonus payments were deposited to SGF, liquidated damages were deposited to the M&EO Fund, and injection payments were split 75% to SGF, and 25% to the M&EO Fund.

** FY 22, FY 23, and FY 24 collections are Actuals, FY 25 collections are Year-To-Date.

Senate
 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}


Patrice Thomas
Deputy Fiscal Officer