



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 552** HLS 25RS 869

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 2, 2025	9:01 AM	Author: SCHAMERHORN
Dept./Agy.: Revenue/Energy and Natural Resources		
Subject: Excise Tax on Carbon Capture and Storage Pipelines		Analyst: Mimi Blanchard

TAX/EXCISE

OR SEE FISC NOTE SG EX

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Levies a tax on the operation of carbon capture and storage pipelines

Proposed law establishes an excise tax on the operation of carbon capture and storage (CCS) pipelines located within the state. The tax rate is set at five cents per mile, per ton of carbon dioxide or related substances transported through a CCS pipeline. The tax will be paid quarterly by the operators of the pipelines. The state treasurer is required to remit the revenues collected from this tax to the governing authorities of the parishes in which the CCS pipelines are located based on the proportion of taxable activity occurring in each parish during the taxable quarter. Revenues must be expended exclusively on projects within three miles of a CCS pipeline, such as infrastructure improvements, environmental mitigation or restoration projects, and public safety or emergency response enhancements.

Effective July 1, 2025.

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.	SEE BELOW	\$93,317	\$96,116	\$99,000	\$101,970	\$390,403
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		\$93,317	\$96,116	\$99,000	\$101,970	\$390,403
REVENUES	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

There are currently no operational CCS pipeline projects in Louisiana, and while 32 projects are pending, the approval process takes a significant amount of time. The first wells are not expected to begin operating until FY 27. Once CCS pipeline activity begins, the Louisiana Department of Revenue (LDR) anticipates needing one (1) additional Revenue Tax Specialist position to administer the new tax, at an estimated cost of \$93,317 from SGR, plus annual market rate adjustment. Until that time, the department expects to process returns manually, which can be managed within the existing budget. No additional expenditures are anticipated for system modifications or tax form redesign.

Treasury requires certain resources to calculate and allocate funds, as required in this bill. Should aggregate session action result in the additional duties beyond that which can be absorbed within existing resources, additional funding may be required.

REVENUE EXPLANATION

Proposed law will result in an indeterminable increase in local revenue. The excise tax is levied on carbon dioxide (CO2) or related substances transported through CCS pipelines at a rate of five cents per ton per mile. Because the number, location, and operating volumes of CCS pipelines are currently unknown, the amount of taxable activity cannot be determined. Currently there are 32 pending applications for CCS projects in Louisiana, although none have been approved to date.

For illustrative purposes, if a CCS pipeline transports 1 M tons of CO2 annually over 25 miles, the resulting tax revenue would be approximately \$1.25 M per year. Revenue will be remitted to parishes based on the location and volume of pipeline activity.

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}

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}



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