

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 661** HLS 09RS 503
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 28, 2009 8:46 AM	Author: MORRIS
Dept./Agy.: Natural Resources	Analyst: Stephanie C. Blanchard
Subject: Louisiana Geologic Sequestration of Carbon Dioxide Act	

CONSERVATION EG SEE FISC NOTE EX Page 1 of 1
 Provides with respect to the geological sequestration of carbon dioxide

Proposed law provides for policy and jurisdiction of the commissioner of conservation over the geologic storage and withdrawal of carbon dioxide, including the promulgation of rules related to the setting and collection of fees and civil penalties. Requires public hearings to be conducted when requested by an interested person. Provides that for violations, the commissioner shall issue a compliance order or commence a civil action. Civil penalties may be no more than \$5,000 per day per violation. Establishes the Carbon Dioxide Geological Storage Trust Fund which shall be funded by fees, penalties, bond forfeitures, private contributions, interest on deposited funds, civil penalties, costs recovered from responsible parties, grants, donations, and site-specific trust accounts. Provides for uses of the fund. Commissioner is authorized to levy a per tonnage of carbon dioxide stored fee on operators up to a maximum of \$5 million and he shall suspend the collection of the fee once the balance in the fund equals \$4 million and will resume once the balance falls below that amount. Commissioner shall set a regulatory fee not to exceed \$50,000 for FY 2010-2011 and an application fee not to exceed 8.5% above the amount charged on July 10, 2010. Administrative cost of the commissioner shall not exceed \$750,000 per year.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$239,325	\$304,690	\$430,085	\$229,485	\$1,203,585
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$100,000	\$230,000	\$330,000
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	\$239,325	\$304,690	\$530,085	\$459,485	\$1,533,585

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	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	\$100,000	\$230,000	\$330,000
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	\$100,000	\$230,000	\$330,000

EXPENDITURE EXPLANATION

Implementation of the proposed legislation places responsibility in the Office of Conservation within DNR to promulgate rules, prepare program description, establish permitting procedure, set fees and regulations for Class VI injection wells, subsequently submitting to the US Environmental Protection Agency (USEPA) for approval and primacy to inact the program for carbon dioxide sequestration. Conservation's efforts will commence subsequent to the USEPA establishing it's Class VI injection well program, possibly by January 1, 2011. There will be no impact in FY 09-10. State rules presumed effective July 1, 2012 at which time initial application will be received for consideration.

According to DNR, estimated expenditures for the implementation year FY 10-11 will be the following:

- Personal Services – \$212,025 (four full time positions).
- Operating Expenses – \$10,500 (travel, supplies and miscellaneous expenses)
- Equipment – \$16,800 (computers or laptops, printers, and other office equipment).

The funding source is State General Funds until funding becomes available from the Carbon Dioxide Storage Trust Fund beginning FY 2012-13.

REVENUE EXPLANATION

Revenues to the Carbon Dioxide Storage Trust Fund will begin to occur in FY 12-13 and is estimated at \$100,000. It is assumed that the initial funding will be obtained from the annual regulatory fee levied per well, with additional funding in FY 13-14 received once injection commences. The program may become fully funded by the Carbon Dioxide Storage Trust Fund in FY 14-15 based on an increased total injection volume.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost | | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease |

Robert E. Hosse
LFO Staff Director