

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



Fiscal Note On: **HB 785** HLS 15RS 1346  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

|  |                            |
|--|----------------------------|
| <b>Date:</b> May 5, 2015 5:03 PM                               | <b>Author:</b> MONTOUCET   |
| <b>Dept./Agy.:</b> Natural Resources                           | <b>Analyst:</b> Drew Danna |
| <b>Subject:</b> Provides for Oilfield Site Restoration funding |                            |

CONSERVATION OR +\$3,900,000 SD RV See Note Page 1 of 1  
 Provides for the Oilfield Site Restoration Fund

Present law provides for the creation of the Oilfield Site Restoration Commission within the office of the secretary of the Department of Natural Resources. Proposed law authorizes the issuance of bonds to raise funds to use for the Oilfield Site Restoration Program. Proposed law also increases the fees associated with the Oilfield Site Restoration Program under present law from \$0.015 per barrel to \$0.03 per barrel and \$0.003 to \$0.006 per 1,000 cubic feet of gas. Proposed law will also increase the fund balance to suspend and resume fee collections. The balance to suspend fee collection will increase from \$10 M to \$20 M while the balance to resume fee collections will rise from \$6 M to \$12 M.

| EXPENDITURES        | 2015-16    | 2016-17    | 2017-18    | 2018-19    | 2019-20    | 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           |
| <b>Annual Total</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b>    |

  

| REVENUES            | 2015-16            | 2016-17            | 2017-18            | 2018-19            | 2019-20            | 5 -YEAR TOTAL       |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| State Gen. Fd.      | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                 |
| Agy. Self-Gen.      | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                 |
| Ded./Other          | \$3,900,000        | \$3,700,000        | \$3,600,000        | \$3,400,000        | \$3,300,000        | \$17,900,000        |
| Federal Funds       | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                 |
| Local Funds         | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                 |
| <b>Annual Total</b> | <b>\$3,900,000</b> | <b>\$3,700,000</b> | <b>\$3,600,000</b> | <b>\$3,400,000</b> | <b>\$3,300,000</b> | <b>\$17,900,000</b> |

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

The proposed legislation increases fees which is anticipated to increase revenues by approximately \$18 M of additional resources flowing into the Oilfield Site Restoration Fund over the next 5 fiscal years. The current law provides for a \$0.015 assessment per barrel of oil and \$0.003 per every 1,000 cubic foot of natural gas that is paid by the producers, which typically provides approximately \$4 M annually used to plug and abandon orphaned wells. The proposed law increases the annual fees for the Oilfield Site Restoration Fund from \$0.015 to \$0.03 per barrel of oil and from \$0.003 per 1,000 cubic feet of natural gas to \$0.006 per every 1,000 cubic feet of natural gas.

| Fiscal Year  | Gas Estimate  | Current Fee | New Fee     | Oil Estimate | Current Fee | New Fee     | Total Fee Difference |
|--------------|---------------|-------------|-------------|--------------|-------------|-------------|----------------------|
| FY 15-16     | 1,048,112,543 | \$3,144,338 | \$6,288,675 | 52,317,454   | \$784,762   | \$1,569,524 | \$3,929,099          |
| FY 16-17     | 995,706,917   | \$2,987,121 | \$5,974,242 | 50,747,930   | \$761,219   | \$1,522,438 | \$3,748,340          |
| FY 17-18     | 945,921,570   | \$2,837,765 | \$5,675,529 | 49,225,492   | \$738,382   | \$1,476,765 | \$3,576,147          |
| FY 18-19     | 898,625,490   | \$2,695,876 | \$5,391,753 | 47,748,727   | \$716,231   | \$1,432,462 | \$3,412,107          |
| FY 19-20     | 853,694,216   | \$2,561,083 | \$5,122,165 | 46,459,512   | \$696,893   | \$1,393,785 | \$3,257,975          |
| <b>Total</b> |               |             |             |              |             |             | <b>\$17,923,669</b>  |

In addition, in order to allow for the fee increase, this bill increases the fund's ceiling to \$20 M (from \$10 M) and increases the fund's floor to \$12 M (from \$6 M). The current statutes provide that when the fund reaches a \$10 M fund balance (certified by the Department of Revenue), the fee will no longer be collected and further provides that the fees will not "restart" until the fund has fallen below \$6 M. This legislation increases these collection limitations.

The proposed law also provides for OSR to issue bonds secured by revenue associated with the increased fees. To the extent that bonds are issued, the collected fees will be used to pay for the principal, interest, and other related costs of the bond issuance for the purpose of financing OSR activities. The bonding funds will not be counted toward the balance of the OSR fund for cap purposes.

- Senate Dual Referral Rules House  6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
- 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  6.8(F)(2) >= \$500,000 Rev. Red. to State {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}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**