



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 180** SLS 19RS 339
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 13, 2019 2:58 PM	Author: ALLAIN
Dept./Agy.: Natural Resources	Analyst: David Neef
Subject: Oilfield Site Restoration Fund	

MINERALS RE SEE FISC NOTE GF EX Page 1 of 1
 Provides relative to the recovery of certain monies expended from the Oilfield Site Restoration Fund. (8/1/19)

Present law allows the monies in the Oilfield Site Restoration (OSR) Fund to be used pursuant to the authority and direction of the secretary or assistant secretary for certain purposes. Proposed law requires the OSR Commission to approve the use of funds for administrative costs of the department in an amount not to exceed \$950,000, requires the OSR commission to approve the expenditure of funds associated with response to any emergency, and requires the department to seek recovery from the responsible party within 6 months from the initial disbursement of any monies in the fund.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	<u>\$0</u>
Annual Total						

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

There will be an indeterminable impact on expenditures for the Department of Natural Resources as future funding for administrative costs and emergency projects costs out of the Oilfield Site Restoration fund (OSR funds) will require approval of the Oilfield Site Restoration Commission.

To the extent that the commission approves full funding there will be no expenditure impact. However, to the extent that the commission approves an amount less than required to administer the OSR program, other means of finance (likely SGF) will be required, or expenses would have to be reduced.

The department has indicated that there are currently (9) full-time positions that administer the program, all of which could be affected, depending on the level of reduction in funding. This includes five (5) conservation enforcement specialists (\$400,000 salaries and related benefits) who currently perform the orphaned well sites inspections, one (1) petroleum analyst (\$100,000 salaries and related benefits) who establishes the plugging criteria for wells, one (1) petroleum analyst supervisor (\$125,000 salaries and related benefits) who oversees the program itself, one (1) engineer (\$158,000 salaries and related benefits) who reviews work permit requirements for site clearance and abandoned wells, and one (1) administrative specialist (\$112,000 salaries and related benefits) who writes and approves the contracts to implement the state bid law process. Although there is an accountant and an accountant manager who handle the budget and write checks to contractors, only a portion of their job responsibility is spent on staff for the OSR, where their salary and related benefits reflect that percentage. The accountant dedicates 25% (\$25,000 salaries and related benefits), while the account manager dedicates 20% (\$30,000 salaries and related benefits).

Furthermore, DNR has spent in excess of \$2.7 M over the past four years and estimates \$4.7 M will be disbursed in FY19. Since the department has been unsuccessful in obtaining reimbursement for any of these disbursements, other means of finance (likely SGR) would be required if the commission did not approve the use of OSR funds. Based on the previous five years' expenditures, DNR has estimated an average annual expenditure of \$1.4 M. However, disbursement amounts are based on the number and extent of emergency occurrences; actual costs could be significantly more or less than this.

REVENUE EXPLANATION

There will be an indeterminable impact on revenues, as it cannot be determined whether or not the department will be able to recover costs against the responsible parties. DNR has indicated that they have been unsuccessful in obtaining reimbursements from responsible parties, and to the extent that continues, there will be no revenue impact. Any cost recovery will be deposited into the Oilfield Site Restoration Fund.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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