



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 396** HLS 25RS 976

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 2, 2025	2:11 PM	Author: MCCORMICK
Dept./Agy.: Economic Development		
Subject: Carbon Dioxide Sequestration		Analyst: Mimi Blanchard

ENERGY

Declares that carbon dioxide sequestration in Louisiana is illegal

OR DECREASE SD RV See Note

Page 1 of 2

Proposed law declares carbon dioxide capture and sequestration in Louisiana an illegal.

Effective August 1, 2025.

EXPENDITURES	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	(\$3,098,639)	(\$3,816,639)	(\$7,089,978)	(\$10,070,000)	(\$10,070,000)	(\$34,145,256)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$9,643,649)	(\$10,197,501)	(\$13,320,204)	(\$20,527,500)	(\$25,552,500)	(\$79,241,354)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	(\$2,323,980)	(\$2,862,480)	(\$5,317,483)	(\$7,552,500)	(\$7,552,500)	(\$25,608,943)
Annual Total	(\$15,066,268)	(\$16,876,620)	(\$25,727,665)	(\$38,150,000)	(\$43,175,000)	(\$138,995,553)

EXPENDITURE EXPLANATION

Proposed law would prohibit Carbon Capture and Sequestration (CCS), resulting in a reduction in expenditures of \$2.8 M annually by the Department of Energy and Natural Resources (DENR) from the Carbon Dioxide Geologic Storage Trust Fund (CDGST). DENR reports that these activities are currently carried out by seven (7) T.O. positions funded by application fees. If CCS is no longer allowed, permitting activities would stop and the related costs would cease. Any revenue already deposited into the trust fund may need to be reimbursed, though it remains unclear whether the state or the department would be responsible for returning fees that have already been spent on application reviews.


To the extent that loss of dedications to the Mineral and Energy Operation Fund (ME&O) and the Wildlife and Fisheries Conservation Fund affect the operations of the DENR or the Department of Wildlife and Fisheries (LDWF), additional State General Fund (SGF) support may be required. The ME&O Fund supports DENR’s administration and regulation of minerals, groundwater, and energy activities. The Conservation Fund is appropriated to LDWF and must be used for the conservation and management of natural resources and wildlife, including land acquisitions, federal matching programs, and the operation of the department and the Wildlife and Fisheries Commission. The expected payments to each fund from CCS projects from FY 26 to FY 30 are shown on **page 2**.

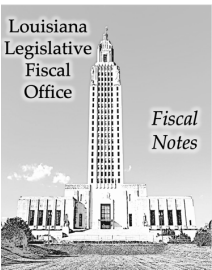
REVENUE EXPLANATION

Currently, six contractual agreements exist between the State Mineral and Energy Board and CCS operators on state-owned lands and water bottoms. Under existing law, revenues from these agreements are allocated 40% to the State General Fund (SGF), 30% to the ME&O, and 30% to the parish where the injection site is located. For CCS projects on lands under the jurisdiction of LDWF, 100% of the revenue is deposited into the WLCF.

State and local revenue would be foregone from current and future CCS projects. Based on current agreements, halting CCS projects would result in net revenue losses associated with Minimum Guaranteed Annual Payments (GMAP) of \$15.1 M in FY 26, \$16.9 M in FY 27, \$25.7 M in FY 28, \$38.2 M in FY 29, and \$43.2 M in FY 30, which are included in the table above. GMAP are specified in each contract. Revenue from potential future agreements are uncertain but would add to these impacts. The table on **page 2** provides a breakdown by means of finance/fund.

Additionally, the elimination of the seven (7) T.O. positions would results in an equal decrease in revenues to the Geologic Storage Trust Fund, from which applicants pay fees into the fund for review activities. This is reported as a one-time loss of \$2.8 M in FY 26. It is not clear if on-going contracts can be terminated without recourse.

<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 checked="" 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}	Alan M. Boxberger Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one:

Page 2 of 2

	FY 26	FY 27	FY 28	FY 29	FY 30
SGF	\$3.1	\$3.8	\$7.1	\$10.1	\$10.1
Conservation Fund	\$4.5	\$7.3	\$8.0	\$13.0	\$18.0
ME&O	\$2.3	\$2.9	\$5.3	\$7.6	\$7.6
CDGST	\$2.8	\$0	\$0	\$0	\$0
<u>Local</u>	<u>\$2.3</u>	<u>\$2.9</u>	<u>\$5.3</u>	<u>\$7.6</u>	<u>\$7.6</u>
Total	\$15.1	\$16.9	\$25.7	\$38.2	\$43.2

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}

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