



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 646** HLS 25RS 1099
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 8, 2025	12:23 PM	Author: CARTER, ROBBY
Dept./Agy.: Revenue/Energy and Natural Resources		
Subject: Carbon Dioxide Geologic Storage Excise Tax		Analyst: Mimi Blanchard

TAX/EXCISE OR INCREASE GF RV See Note Page 1 of 1
Imposes an excise tax on proceeds from geologic storage of carbon dioxide

Current law does not impose a specific excise tax on the proceeds derived from geologic storage of carbon dioxide within Louisiana. Existing taxes applicable to storage operators include general corporate income taxes and any applicable sales or severance taxes, but no dedicated levy on the geologic storage activity itself.

Proposed law levies a new excise tax at a rate of 30% on each storage operator’s gross proceeds from geologic storage of carbon dioxide at any site in the state. The tax is in addition to all other state and local taxes, must be reported and paid quarterly, and will flow to SGF. The bill authorizes the Department of Revenue to administer and enforce the tax and to promulgate necessary rules. The provisions apply to taxable periods beginning on or after 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.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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
Annual Total						

EXPENDITURE EXPLANATION
There are currently six CCS projects in Louisiana, none of which have reached the injection phase. If taxable proceeds are contingent upon injection activity, the need for additional staffing would be deferred until FY 27 or beyond, when the first wells are expected to receive permits. The Louisiana Department of Revenue (LDR) anticipates needing one (1) additional Revenue Tax Specialist at an estimated cost of \$93,317 from self-generated revenue (SGR), plus annual market rate adjustments. Until then, LDR expects to process returns manually within existing resources.

REVENUE EXPLANATION
Proposed law may increase state revenues beginning in FY26 by imposing a 30% excise tax on gross proceeds derived from the geologic storage of carbon dioxide (CCS projects), should any of the 6 CCS projects in the state reach the injection stage, though activity is not expected until FY 27 at the earliest. The tax is levied in addition to all other taxes and revenue allocations and will flow to the state general fund.

Because operator gross proceeds are not reported to the state under current law, the tax base for the proposed 30% excise tax is unknown. While historical payment data show total CCS related state revenues from bonus/rental payments of approximately \$25.9M in FY24 and \$12.3M year-to-date in FY25, these figures reflect contractual remittances and do not represent operator gross revenues. Additionally, once operators begin the injection phase of the project, they pay fees per ton of CO2 injected, although no current projects have reached that stage. As a result, the anticipated revenue from the excise tax is indeterminable.

Contractual payments from CCS operators to the state are distributed 40% to the State General Fund (SGF), 30% to the Mineral and Energy Operations (ME&O) Fund, and 30% to the parish governing authority where the storage occurs. Projects located on Wildlife Management Areas (WMAs) allocate 100% of these contractual payments to the Department of Wildlife and Fisheries (LDWF) Conservation Fund. The proposed excise tax does not alter these distributions, as it is a separate tax liability imposed on the operators and not on the funds remitted to the state under existing agreements.

<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}	Deborah Vivien
<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}	Chief Economist