



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: SB 244 SLS 25RS 1291

Bill Text Version: REENGROSSED

Opp. Chamb. Action: w/ HSE FLOOR AMD

Proposed Amd.:

Sub. Bill For.: SB 193

|  |         |                          |
|--|---------|--------------------------|
| Date: June 9, 2025                                     | 9:56 AM | Author: HENSGENS         |
| Dept./Agy.: Department of Energy and Natural Resources |         |                          |
| Subject: Restructuring and Renames DENR to DCE         |         | Analyst: Richie Anderson |

NATURAL RESOURCES DEPT

REF SEE FISC NOTE GF EX

Page 1 of 2

Provides for the Dept. of Energy and Natural Resources. (8/1/25)

Proposed law restructures and renames the Department of Energy and Natural Resources into the Department of Conservation and Energy (DCE). Proposed law provides for the Office of Permitting Compliance, Office of Enforcement, and the Office of State Lands. Proposed law provides for the authorities of each office and each office’s role. Proposed law transfers the duties of the Assistant Secretary and the Commissioner of Conservation to the Secretary of DCE. Proposed law establishes a new expedited permitting process, the Natural Resources Commission, and the Natural Resources Financial Security Fund within the DCE. Proposed law establishes the Henry Hub Natural Gas Spot Price average monthly price per million as the index to determine Natural Gas fees. Proposed law establishes an administrative process to resolve disputes within the department’s jurisdiction, carbon capture sequestration policy, processes for providing advanced notice, establishes a Water Resource Management Program, adds the Capital Area Groundwater Commission to DCE, establishes a formal certification process, establishes a definition for fair market value, and to provide for the remediation of oil field sites.

| 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. | 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    | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW |               |
| Annual Total   |           |           |           |           |           |               |

| REVENUES       | 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 | 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    | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW |               |
| Annual Total   |           |           |           |           |           |               |

EXPENDITURE EXPLANATION

Proposed law may have a direct material effect on governmental expenditures. Proposed law restructures and renames the department, creates the Natural Resources Commission, and creates the Natural Resources Financial Security Fund. Additionally, proposed law establishes an administrative process to resolve disputes within the department’s jurisdiction, Carbon Capture Sequestration Policy, processes for providing advanced notice, and provides for the remediation of oil field sites. To the extent the Department of Energy and Resources (DENR) utilizes existing staff and resources, the fiscal impact of this measure may be mitigated.

**Restructures and Renames.** Proposed law restructures and renames the Department of Energy and Natural Resources into the Department of Conservation and Energy (DCE). The proposed legislation is anticipated to have a nominal effect on expenditures within the department, presumably from SGF, but could include various other means of finance in the budget. DENR reports that the replacement of badges, letterheads, stationery, and business cards will be replaced using existing operating budget. There could be additional costs associated with removing and replacing building signage, but these would be absorbed by the routine operating budget as well.

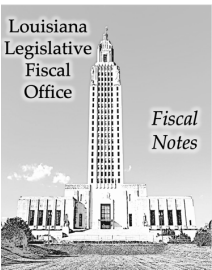
Continued on Pg. 2

REVENUE EXPLANATION

New Budget Unit. Proposed law moves the Capital Area Groundwater Commission District (CAGCD) under DCE and would become an on-budget entity. Commission expenditures would be reclassified from Local Funds to SGR and accounted for in the department’s annual budget. The CAGCD has three full time employees (two unclassified and one classified) and one part time employee that is on a 1099 contract. The full time employees are state Civil Service Employees, that are paid through a pumpage charge fee that is recouped from users in the jurisdiction of the district. Proposed law would allow the CAGCD to continue collecting revenues; however these revenues are required to be used for the specific purpose of defraying the costs of the district as outlined in R.S. 38:3076 (14)(a). CAGCD as of 6/30/24 had revenues of \$3.7 M that are generated from pumpage fees, and had operating expenses of \$3.4 M in FY 24. Proposed law would move this revenue stream and operating expenses into DCE.

It is unclear to the LFO whether the CAGCD will be able to continue collecting revenues (pumpage fees) from municipalities under R.S. 38:3076 (14)(a), if they become a state entity. In the event they are unable to collect these revenues an additional appropriation may be required to maintain the functions of the CAGCD.

|  |                     |  |  |
|--|---------------------|--|--|
| Senate   | Dual Referral Rules | House  |  |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} |                     | <input checked="" 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} |  |
|  |                     |  | <div>Patrice Thomas</div> <div>Patrice Thomas</div> <div>Deputy Fiscal Officer</div> |



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CONTINUED EXPLANATION from page one: Page 2 of 2

**Expenditure Explanation Continued:**  
**Advanced Notice.** Proposed law establishes that no entity shall engage in carbon capture sequestration (CCS) until they deliver through certified mail a written notice to any entity impacted by the project, including DCE, Louisiana Department of Wildlife and Fisheries, and the Department of Environmental Quality. Proposed law establishes these entities as anyone that owns surface land or mineral rights, mineral lessees and operators, or owners in interest. Proposed law requires DCE to publish on it’s website a notice of each application for a Class V or Class VI related to CCS. DENR reports that this process can be implemented using existing staff and resources, and will not require an additional appropriation.

**Administrative Process to Resolve Disputes.** Proposed law establishes a process to resolve disputes within DCE’s jurisdiction. This administrative process is voluntary, and the proposed law allows the secretary to deny this request at their discretion. Proposed law establishes procedural requirements on how the process shall be administered. DENR reports that this process can be implemented using existing staff and resources, and will not require an additional appropriation.

**Remediation of Oilfield Sites.** Proposed law establishes procedures for remediating sites and holding responsible parties accountable. Additionally, the proposed law establishes a timeline, a remediation guideline, a court of appeals, who pays court costs, establishes caps on damages, and establishes that these procedures are both retrospective and prospective. DENR does not anticipate a cost to implement the procedures established by the proposed law.

**Natural Resources Commission (NRC).** Proposed law creates the Natural Resource Commission. Proposed law requires the secretaries of the Department of Conservation and Energy, Department of Revenue, Department of Environmental Quality, Department of Wildlife and Fisheries, and Public Service Commission along with a Governor appointee to meet quarterly to convene the Natural Resources Commission. Proposed law provides that the Governor Appointee shall represent statewide flood control interests. This appointee shall be one of the following: the Secretary of the Department of Transportation and Development, the Executive Director of the Coastal Protection Restoration Authority, the Executive Director of the Coordinated Use of Resources for Recreation, Economy, Navigation, and Transportation Authority, or the Chief Resilience officer. These departments have reported that all secretaries or executive directors will be able to attend these meetings using their existing operating budget. Additionally, proposed law establishes that the legislature may establish an advisory committee to advise the NRC for any matter within the commission’s jurisdiction.

**Department of Treasury.** Treasury requires certain resources to create and administer a Fund account, as in this measure. Should aggregate session action result in the creation of funds beyond that which can be absorbed within existing resources, additional funding may be required, which is assumed to be SGR in this fiscal note.

**Capital Area Groundwater Commission District.** The LFO assumes that by moving the CAGCD into DCE that the department will be required to take on the districts outstanding liabilities. According to an audit report released on June 30, 2024 CAGCD has total liabilities of \$2 M that include long term liabilities \$942,218 including right of use lease for their building, and pension liability to the retirement system. The Executive Council for CAGCD reports that these liabilities are paid monthly from their operating expenses and will not require an additional expenditure increase from DCE, assuming that revenues continue to exceed liabilities.

**Water Resource Management Program.** Proposed law establishes the state as the exclusive jurisdiction over the management of water resources. Previously these duties were delegated to the Water Resource Commission, this commission was staffed by DENR and did not have a budget unit. Proposed law outlines that this program shall be based on good management practices, sound science, and economics according to generally accepted principles. Proposed law establishes this program to have a main goal of maintaining the long-term sustainability of the state’s water resources and of the state’s ecological welfare. Proposed law provides that the secretary may in consultation with the NRC promulgate rules and regulations for the appointment of regional water districts. Additionally, the proposed law authorizes the DCE to receive and collect water resource data, enter contracts with other governmental agencies, conduct studies, monitor and evaluate water resources, and promote water conservation measures and best practices. DENR reports that since they previously staffed the Water Resource Commission that performed these functions, they do not anticipate requiring a new appropriation to perform these functions. To the extent, DCE requires additional personnel to manage the increase in workload, additional expenditures may be required.

|  |                     |  |   |
|--|---------------------|--|---|
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