

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1191** HLS 26RS 1327

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 14, 2026	12:32 PM	Author: LANDRY, JACOB
Dept./Agy.: Conservation & Energy/Environmental Quality		Analyst: Mimi Blanchard
Subject: Certificate of Compliance Process for Oilfield Sites		

ENERGY/OIL & GAS WELLS

OR INCREASE SG RV See Note

Page 1 of 2

Creates a certificate of compliance process for oilfield and exploration and production sites

Proposed law creates a voluntary pre-litigation process by which a surface owner and operator of an oilfield or exploration and production site may jointly request a certificate of compliance from the Department of Conservation and Energy (C&E) and the Department of Environmental Quality (DEQ). The process includes submission of notice, a defined review period during which the departments evaluate the site and may conduct inspections, and issuance of either a certificate of compliance or a report of noncompliance with a corrective action period. Proposed law provides that issuance of a certificate of compliance establishes a rebuttable presumption that the site is in compliance with applicable environmental laws and standards, forecloses certain environmental and property damage claims and governmental enforcement actions for conditions existing prior to certification, and may be asserted as an affirmative defense in subsequent litigation. Proposed law further authorizes C&E to establish fees, provides for confidentiality of materials during the evaluation and corrective action process, allows for voluntary waiver of certain remediation standards by the surface owner, and establishes exclusive venue in the 19th Judicial District Court for related actions.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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

The Department of Conservation and Energy (C&E) and the Department of Environmental Quality (DEQ) report that proposed law may result in an indeterminable increase in expenditures associated with administering the certificate of compliance process, including site evaluations, inspections, and review of submitted data. Both C&E and DEQ report that expenditures will be contingent upon the number of certificate of compliance requests received, site size, and the scope of review required for each location. Both departments anticipate establishing fee structures to cover associated costs; however, the voluntary nature of the program creates uncertainty in participation levels, which may limit their ability to accurately determine initial fee rates and could result in early collections being insufficient to fully offset expenditures.

DEQ reports that future expenditures will be made out of the Environmental Trust Dedicated Fund Account, though expenditures associated with rulemaking can be absorbed within their existing budget and resources. DEQ indicates that of the existing oilfield sites and exploration and production sites, there are currently 555 facilities subject to radiation licensing, 439 locations with water permits, and 2,575 locations with air permits that may be subject to the voluntary certification program. DEQ reports that it is likely to require some level of additional staffing, which is the basis for dual referring this note under Senate Rule 13.5.1, but that it is unable to predict activity levels and therefore cannot estimate how many staff may ultimately be required.

EXPENDITURE EXPLANATION CONTINUED ON PAGE 2

REVENUE EXPLANATION

Proposed law will result in an indeterminable, but likely significant, SGR increase for DEQ and C&E from the collection of fees associated with the evaluation, inspection, and certification process. The amount of revenue generated will depend on the number of applications submitted and the fee schedule established by each department. DEQ and C&E report that they will develop a fee structure that ensures costs are adequately covered, although participation levels are indeterminable, as the certification is a voluntary process. DEQ reports revenue as SGR to the Environmental Trust Dedicated Fund Account, while C&E states that the MOF will depend on how the program is established (the LFO has designated revenue as SGR for purposes of this note, subject to further clarification). C&E additionally reports a 6-12 month delay in revenues associated with the implementation period of the program, which may require SGF capitalization to implement.

NOTE: As the program is voluntary in nature, the exact timing and amount of revenues in any given fiscal year is unknown.

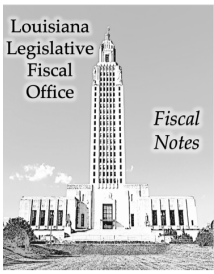
Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

C&E reports that during the rulemaking and implementation period (estimated at 6-12 months), SGF may be required to support program costs until fee collections begin. C&E anticipates travel costs, including overnight travel, for site inspections. C&E was unable to quantify whether additional staffing may be required without knowing the activity level generated under the provisions of proposed law. The LFO cannot corroborate nor refute the need for additional SGF associated with the implementation period, although the LFO anticipates that costs associated with rulemaking can be absorbed within the departments current budget authority.

NOTE: LFO interprets that proposed law authorizes the departments to establish fees for the evaluation and certification process; however, the bill does not specify which department will collect or administer such fees or how revenues will be allocated between agencies. Issues may arise with multiple departments collecting fees for the same certification process. DEQ interprets proposed law as allowing each department to establish rules and fees separately.

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}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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