

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 183** HLS 19RS 459  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 29, 2019 2:40 PM	<b>Author:</b> COX
<b>Dept./Agy.:</b> Natural Resources	<b>Analyst:</b> David Neef
<b>Subject:</b> Surface mining and reclamation fees	

MINERALS/MINING EG +\$226,068 SD RV See Note Page 1 of 1  
 Levies an annual reclamation fee on surface mining operations

Present law imposes an annual regulatory fee of 8 cents per ton on all coal and lignite mined in this state. Revenues are used for the purposes of enforcing the Louisiana Surface Mining and Reclamation Act.  
Proposed law establishes an additional reclamation fee of 6 dollars for each acre of land included within the approved mine permit area and authorizes the use of revenue for enforcing the Louisiana Surface Mining and Reclamation Act as provided in present law.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$226,068	\$214,766	\$204,028	\$193,828	\$184,135	<b>\$1,022,825</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$226,068</b>	<b>\$214,766</b>	<b>\$204,028</b>	<b>\$193,828</b>	<b>\$184,135</b>	<b>\$1,022,825</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

There will be an increase in revenue to the statutorily dedicated Oil and Gas Regulatory Fund as a result of the proposed reclamation fee.

Revenues generated are based upon the total permitted acreage in lignite mines, which is currently 37,678 acres. At \$6 per acre this will generate \$226,068 in fee collections per year. This revenue is projected to decrease by 5% each year as the fee is based on total acreage. As mines close and acreage is reclaimed there is less total acreage to assess. Based on industry estimates, about a 5% linear regression in permitted acreage will be reclaimed each year.

Surface Mining fees have generated revenue based on \$0.8 per ton of lignite mined. Prior to FY 18, funds generated by this method averaged \$214,000 per year; however in FY 18, Surface Mining fees were approximately \$92,000 and are expected to further decline. Due to lack of Surface Mining revenue in recent years, the Surface Mining and Abandoned Mine Land programs have had to be supplemented with additional funding from the statutorily dedicated Oil and Gas Regulatory fund.

NOTE: Revenues for the proposed reclamation fee will serve to offset the declining surface mining fee revenue. The replacement funds are necessary to maintain primacy and federal grant money utilized by the Surface Mining program, one of which has a 50% state match requirement. Alternatively, the programs will have to rely on a greater infusion of non-program generated funding from SGF or the Oil and Gas Regulatory Fund. If Conservation's activity ceases, then the federal government will be required to step in and resume the inspection and monitoring activities until the last acre is released.

While lignite production fees will continue to decrease, the Surface Mining program's responsibilities to the permitted acreage will continue. Permits have already been issued on 37,678 acres. No additional acreage is under consideration for permitting, but the closure process for what has already been permitted may take roughly 20 years.

The Surface Mining program supports approximately 3 FTEs. The new fee will ensure that funding for the Surface Mining program continues as mined land is reclaimed and restored based on conditions set in the program's regulations.

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

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**