

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 180** SLS 19RS 339
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 1, 2019 3:49 PM	Author: ALLAIN
Dept./Agy.: Natural Resources	Analyst: David Neef
Subject: Oilfield Site Restoration Fund	

MINERALS EG INCREASE GF EX See Note Page 1 of 1
 Provides relative to the recovery of certain monies expended from the Oilfield Site Restoration Fund. (8/1/19)

Present law allows the monies in the Oilfield Site Restoration Fund to be used for certain purposes, including costs associated with response to an emergency. Allows the Secretary to recover certain costs for clean-up, closure, or restoration of oilfield sites. Proposed law requires the Secretary to seek recovery of monies expended for an emergency from the responsible party within six months from disbursement. Requires the Department of Natural Resources to reimburse the fund for expenditures within one year of disbursement. Provides for an exception to the repayment by a 2/3 vote of the commission. Expands emergency definition to include oilfield site or other facility, structure, or pipeline; removes authority for DNR to retain funding for administration purposes.

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

EXPENDITURE EXPLANATION

There will be an increase in the expenditures of DNR to reimburse the Oilfield Site Restoration Fund for costs associated with certain emergencies. Furthermore, there will be an increase in SGF to substitute the \$950,000 in statutorily dedicated funds currently used to administer the program which is prohibited under the proposed legislation.

DNR has spent in excess of \$2.7 M over the past four years and estimates \$4.7 M will be disbursed in FY19. Since the department has been unsuccessful in obtaining reimbursement for any of these disbursements, it would require state general fund in order to reimburse the fund. Based on the previous five years' expenditures, DNR has estimated an average annual need of \$1.4 M. However, disbursement amounts cannot be projected and based on the number and extent of emergency occurrences, actual costs could be significantly more or less than this amount.

To the extent the \$950,000 SGF is not provided, the department would have to eliminate nine (9) positions. This includes five (5) conservation enforcement specialists (\$400,000 salaries and related benefits) who currently perform the orphaned well sites inspections, one (1) petroleum analyst (\$100,000 salaries and related benefits) who establishes the plugging criteria for wells, one (1) petroleum analyst supervisor (\$125,000 salaries and related benefits) who oversees the program itself, one (1) engineer (\$158,000 salaries and related benefits) who reviews work permit requirements for site clearance and abandoned wells, and one (1) administrative specialist (\$112,000 salaries and related benefits) who writes and approves the contracts to implement the state bid law process. Additionally, it will also include the reduction of 25% of the salary and related benefits for an accountant (\$25,000 salaries and related benefits) and 20% of an accountant manager (\$30,000 salaries and related benefits) who handle the budget and write checks to contractors. This reduction is based on the portion of their job responsibilities spent on staff for the OSR.

REVENUE EXPLANATION

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

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<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}

Evan Brasseaux
Evan Brasseaux
Staff Director