

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 177** SLS 20RS 295

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 9, 2020	8:10 AM	Author: ALLAIN
Dept./Agy.: Statewide		Analyst: Alan M. Boxberger
Subject: Allows boundary agreements concerning disputed property		

PUBLIC LANDS OR SEE FISC NOTE GF EX Page 1 of 2

Constitutional amendment to authorize the state to enter into certain agreements with landowners concerning boundaries between state claimed and privately claimed water bottoms. (2/3 - CA13s1(A))

Present constitution prohibits the state from alienating the bed of a navigable water body except for purposes of reclamation by the riparian owner of property lose through erosion and requires that such reclamations be only for public use, except as provided in present constitution; and provides the prohibition on alienating the water bottoms of navigable water bodies do not apply to leasing of water bottoms for minerals or other purposes. Proposed constitutional amendment authorizes the state to enter into agreements with riparian landowners to establish a permanent, fixed boundary between state owned or claimed and privately owned or claimed water bottoms, regardless of the navigability of the water body; and authorizes the state in such agreements to accept a donation of any riparian owned or claimed lands or water bottoms, subject to a perpetual reservation of minerals, regardless of any subsequent erosion or loss of the land donated, or of the present or future navigability of the water bottom donated; requires all agreements and donations to provide that the public shall enjoy

SEE SUMMARY CONTINUED ON PAGE TWO

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	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	SEE BELOW					
Annual Total						

EXPENDITURE EXPLANATION

Proposed constitutional amendment may increase state expenditures, potentially significantly, related to negotiations between the state and private landowners with regard to establishing permanent, fixed boundaries between state and private owned or claimed water bottoms. As these agreements are optional and pursuant only to joint interest, it is impossible to determine the total expenditure impact (depicted as SGF only for purposes of this fiscal note, but potentially impacting all means of finance). In addition to expenditures related to negotiating such agreements, the acquisition of any additional lands can lead to additional administrative land management expenses across a number of different state entities with regard to existing or potential lease agreements with third parties such as oyster, right-of-way, surface use, etc. The transactions contemplated under this provision create a number of complexities that cannot be quantified or estimated and will depend largely on negotiated agreements between the state and private landowners. The number of landowners who may pursue an agreement as provided in proposed constitutional amendment is indeterminable.

Leasing activities by the Office of Mineral Resources in the Louisiana Department of Natural Resources will likely be reduced by an indeterminable level, depending on the number of consensual agreements entered. However, the contemplated

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed constitutional amendment will create an indeterminable revenue impact for state and local governmental entities. In the aggregate, proposed constitutional amendment could create potentially significant increased or decreased state (depicted as SGF only for purposes of this fiscal note, but potentially impacting additional means of finance) and Local Funds revenues, and could vary from positive to negative over time. The transactions contemplated under this provision create a number of complexities that cannot be quantified or estimated and will depend on negotiated mineral ownership compromises, surface revenue compromises, payments in lieu of taxes to local governments, and impacts to property tax obligations in cases where ownership shifts from private to state.

The number of landowners who may pursue an agreement as provided in proposed constitutional amendment is indeterminable.

Senate Dual Referral Rules
 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}

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:
SUMMARY CONTINUED FROM PAGE ONE

a permanent right of reasonable, regulated public access over all present water bottoms allocated to the riparian landowner and all future water bottoms created from the riparian land as a result of natural erosion, subsidence or rising sea levels. Proposed constitutional amendment shall be submitted to the voters at the statewide election to be held on November 3, 2020.

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

agreements may reduce litigation and negotiation costs related to disputed mineral royalties and facilitate and stable mineral title for properties currently or prospectively in dispute. The net impact on state expenditures is indeterminable, as individual agreements may increase or decrease expenditures, but in the aggregate are impossible to quantify or estimate.

The LFO assumes that the state will pursue agreements that would seek to maintain a neutral or favorable fiscal position, entering into agreements that generate revenues sufficient to support ongoing land management expenses. To the degree that numerous landowners attempt to negotiate boundary agreements with the state, the State Land Office may realize a sufficient workload increase as to require additional personnel and budgetary resources (designated in this fiscal note as SGF only for simplicity).

The Secretary of State may incur minimal ballot printing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Secretary of State may require additional SGF resources for the November 3, 2020, statewide election.

Senate Dual Referral Rules

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