

LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: SB 244 SLS 25RS 1291

Bill Text Version: REENGROSSED

Opp. Chamb. Action: w/ HSE COMM AMD

Proposed Amd.:

Sub. Bill For.: SB 193

<b>Date:</b> June 5, 2025	8:32 AM	<b>Author:</b> HENSGENS
<b>Dept./Agy.:</b> Department of Energy and Natural Resources		
<b>Subject:</b> Restructuring and Renames DENR to DCE		<b>Analyst:</b> Richie Anderson

NATURAL RESOURCES DEPT

RE1 SEE FISC NOTE GF EX

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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, Natural Resources Commission, and the Natural Resources Financial Security Fund within the DCE. Proposed law changes the index used to calculate the fee per barrel of crude oil from the New York Mercantile Exchange to the Louisiana Sweet First Purchase Price. 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, 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.	\$0	SEE BELOW	\$0	\$0	\$0	\$0
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						

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	\$0	\$0	\$0	\$0	\$0	\$0
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.

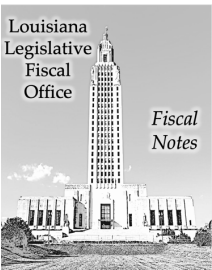
REVENUE EXPLANATION

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

Change of Index.

Current law designates the New York Mercantile Exchange as the index to determine the fee through July 1, 2025. Act 16 of the 2024 3rd ES removed the New York Mercantile Exchange as the index used to determine the base. It is unclear how the department would have calculated the fee without a base. Proposed law designates the Louisiana Sweet First Purchase price as the new index to determine this fee. Current law provides that if the price of oil is below \$60 a barrel the fee is 1.5¢, if price of oil is between \$60 and \$90 the fee is 3¢ per barrel, and if the price of oil is above \$90 per barrel the fee is 4.5¢. Historically, the difference between the New York Mercantile Exchange and the Louisiana Sweet First Purchase Price has been comparable, following similar trends, and is unlikely to result in a change in revenue. However, to the extent these indices differ in the future or the indices fall into different thresholds, there may be an impact on revenue collections. The LFO is unable to determine future oil prices, so the impact is indeterminable.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	<b>Patrice Thomas</b>
<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}	<b>Deputy Fiscal Officer</b>



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**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. 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, Soil and Water Conservation Commission, 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.

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<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input 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 Deputy Fiscal Officer</div>