



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 1275** HLS 14RS 3585
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 5, 2014	1:48 PM	Author: BURNS, TIM
Dept./Agy.: Natural Resources		
Subject: Administrative Procedure - Hydraulic Fracture		Analyst: Travis McIlwain

ADMINISTRATIVE PROCEDURE

EG SEE FISC NOTE SD EX

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Provides specified procedures for notice, public hearings, and reports regarding permits from the office of conservation of the Dept. of Natural Resources for operations that involve hydraulic fracture stimulation in certain parishes

Proposed bill provides that any person seeking a permit after April 23, 2014, from the office of conservation of the Department of Natural Resources for an operation that involves hydraulic fracture stimulation in a parish in which hydraulic fracture stimulation has not occurred shall do specific items outlined in the bill. Proposed bill provides that failure to comply with the public notice requirements of the legislation shall make an application for a permit from DNR for an operation that involves hydraulic fracture stimulation null and void. Proposed bill provides for requirements of DNR to publish notice of public hearing, provide a comment period, issue a press release, conduct a public hearing and summarize all public comments.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	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	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	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation may result in an indeterminable increase in the workload of the Department of Natural Resources (DNR), which could increase the overall expenditures of the Department of Natural Resources. The legislation’s expenditure impact is dependent upon the number of wells in parishes that have not had wells hydraulically fractured. The Office of Conversation is estimating approximately 30 parishes that have not had wells hydraulically fractured. However, it unlikely all 30 parishes will have hydraulic fracture stimulation operations requesting permits. Thus, the number of requested permits that would be required to follow the requirements of this legislation is unknown.

According to the bill, for any company requesting a hydraulic fracture permit, the department will be required to complete the following for each permit application: 1.) publish a public hearing notice in the official journal of the parish that includes information regarding how and where the public can view documents and the study of the benefits and burdens, 2.) provide comment period of 30 days, 3.) issue a press release regarding the public hearing to newspapers, 4.) conduct a public hearing, 5.) summarize public comments in a report to be submitted to legislative oversight committees.

The department estimates that the total cost per public hearing to be approximately \$2,200. The specific expenditures associated with this estimate include: \$1,000 - newspaper publication costs, \$200 - vehicle expenditure costs (car rental/gas), \$500 - conference room rental, and \$500 court reporter and transcript costs. To the extent all 30 parishes without hydraulic fracture have operators apply for a permit, the total anticipated costs could be \$66,000 (30 x \$2,200 = \$66,000). This cost could be less as it is unknown how many operators in those parishes will actually apply for such permits upon enactment of this legislation as not all parishes have the same natural resources available.

The statutory dedicated fund utilized to pay for any anticipated expenditures is the Oil and Gas Regulatory Fund.

REVENUE EXPLANATION

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

Senate

Dual Referral Rules

House

☐ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

☐ 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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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