

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

Person Preparing

Statement: Gary P. Ross

Dept: NATURAL RESOURCES

Phone: (225) 342-5560

Office: CONSERVATION

Return

Address: Post Office Box 94275
Baton Rouge, LA 70804-9275

Rule Title: Fees (LAC 43:XIX. 701, 703,
and 707)

Date Rules Take Effect: Upon Final Promulgation

SUMMARY

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

There are no estimated implementation costs or savings to the Department of Natural Resources or local governmental units as a result of the proposed rule changes. Revisions include: changes in the definition to the BOE(annual barrels oil equivalent) from 18.0 to a calculation based on the most recent 3 year average of the cost of oil and gas; adds Surface Mining definitions; replaces the capable oil and gas tiers with a definition; adds a Surface Mining Reclamation Fee of \$6 an acre pursuant to Act 105 of 2019; and changes the severability and effective date of the General Operations Statewide Order No. 29-R which establishes the schedule for the collection of application, production, and regulatory fees by the Office of Conservation. Increased fee revenue will provide a means of financing substitution for ongoing activities currently funded with surface mining fees and other dedicated funds which serve as a match to federal funds and supports the activities of the Office and three personnel.

The agency will retain the maximum revenue caps authorized by R.S. 30:21 et seq.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)


The proposed rule change will add a \$6 per acre fee on each acre of land included within the approved mine permit area. 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 for FY 20. This revenue is expected 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. The increase will serve to offset declining revenue from the surface mining fee.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON GOVERNMENTAL GROUPS (Summary)

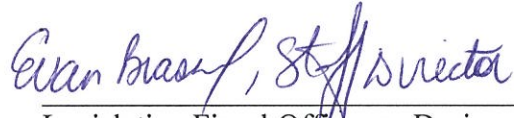
Surface Mining operators will experience an increase in fees assessed. Initial increases are projected at \$226,000 for the first year with declining costs in the future as a result of anticipated reduction in total acreage assessed.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule change is not anticipated to have an impact on competition and employment in the public and private sector.



Signature of Agency Head or Designee



Legislative Fiscal Officer or Designee

Gary P. Ross, Assistant Commissioner of Conservation
Typed Name and Title of Agency Head or Designee

August 7, 2019

Date of Signature

8/8/19

Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT
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The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberations on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

Proposed Statewide Order No. 29-R-19/20 and Forward establishes the Louisiana Office of Conservation Fee Schedule for the collection of application, production, and regulatory fees by the Office of Conservation and will replace the existing Statewide Order No. 29-R-18/19. R.S. 30:21 et seq., R.S. 30:560, and R.S. 30:706 provide that the Commissioner of Conservation shall periodically and/or annually review the fees collected, and the Office of Conservation has established a practice of annually evaluating all applicable fees. This revision will authorize the collection of this application fee consistent with the Agency's other fee collections.

The passage of Act 435 of 2016, Regular Legislative Session, authorizes the Office of Conservation to determine by rule annually, in accordance with the Administrative Procedure Act, the pipeline fees. The annual pipeline facility safety and odorization inspection fee is one dollar per service line (R.S. 30:560) or four hundred dollars per pipeline facility, whichever is greater, annual fee on gas gathering or transmission system will increase from \$22.40 per mile or minimum of \$400 per facility to \$44.80 per mile or minimum of \$800 per facility (R.S. 30:560), and annual transportation of hazardous liquids fee will increase from \$22.40 per mile or minimum of \$400 per facility to \$44.80 per mile or minimum of \$800 per facility (R.S. 30:706). The proposed FY19/20 fee will remain at the maximum fee authorized by statute.

The passage of Act 150 of 2019 Regular Legislative Session, authorizing the Office of Conservation to levee an annual reclamation fee of \$6 on each acre of land included within the approved mine permit area.

The above referenced fees are deposited into the Oil and Gas Regulatory Fund, a statutorily dedicated fund, and comprise a significant percentage of the Office of Conservation's annual budget, and used to fund necessary annual operating expenses for the Office of Conservation for FY19/20.

- B. Summarize the circumstances which require this action. If the action is required by federal regulations, attach a copy of the applicable regulation.

R.S. 30:21 et seq., R.S. 30:560, and R.S. 30:706 provide that the Commissioner of Conservation shall periodically and/or annually review the fees collected, and the Office of Conservation has established a practice of annually evaluating all applicable fees.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

(1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

No.

(2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase? This is not an expenditure increase; therefore, this is not applicable.

(a) Yes. If yes, attach documentation

(b) No. If no, provide justification as to why this rule change should be published at this time.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

Not Applicable

COSTS	FY19-20	FY20-21	FY21-22
Personal Services	-----	-----	-----
Operating Expenses	-----	-----	-----
Professional Services	-----	-----	-----
Other Charges	-----	-----	-----
Equipment	-----	-----	-----
Major Repair & Constr.	-----	-----	-----
TOTAL			
POSITIONS			

2. Provide a narrative explanation of the costs or savings shown in "A.1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

3. Sources of funding for implementing the proposed rule or rule change.

SOURCE	FY19-20	FY20-21	FY21-22
State General Fund	-----	-----	-----
Agency Self-Generated	-----	-----	-----
Dedicated	-----	-----	-----
Federal Funds	-----	-----	-----
Other: Oil & Gas Regulatory Fund	-----	-----	-----
TOTAL			

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

Yes. The adoption of Statewide Order No. 29-R-19/20 and Forward will generate sufficient funds to allow the Office of Conservation to perform mandated responsibilities.

B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

There will be no anticipated impact on local governmental units resulting from this action.

2. Indicate the sources of funding of the local governmental unit which will be affected by these costs or savings.

Not Applicable.

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENT UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

There is an anticipated effect on revenue collections of state governmental units as a result of the rule changes from the Surface Mining Reclamation Fee. The agency will retain the maximum revenue caps authorized by R.S. 30:21 et seq. No effect on revenue collections of local governmental units is anticipated.

<u>REVENUE INCREASE/DECREASE</u>	<u>FY19-20</u>	<u>FY20-21</u>	<u>FY21-22</u>
State General Fund	-----	-----	-----
Agency Self-Generated	-----	-----	-----
Dedicated Funds*	\$226,068	\$214,766	\$204,028
Federal Funds	-----	-----	-----
Local Funds	-----	-----	-----
TOTAL	\$226,068	\$214,766	\$204,028

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A". Describe all data, assumptions, and methods used in calculating these increases or decreases.

There will be an increase in revenues from the surface mining reclamation fee which will serve to offset declining revenues in the surface mining fee. These funds are used as a state match for federal funds and are used to support the activities of the office and three positions.

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON GOVERNMENTAL GROUPS

A. What persons or non governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

The primary group affected by these rules is surface mining operators. Due to the passage of Act 150 of 2019 Regular Legislative Session, that authorizes the Office of Conservation to levee an annual reclamation fee of \$6 on each acre of land included within the approved mine permit area

B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

N/A

**FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET**

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public sectors. Include a summary of any data, assumptions and methods used in making these estimates.

Implementation of the proposed rule changes are not expected to impact competition and employment in the public and private sector.