



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **SB 417** SLS 24RS 1175  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** April 30, 2024 6:09 PM **Author:** PRESSLY  
**Dept./Agy.:** Funds/Funding **Analyst:** Benjamin Vincent  
**Subject:** Parish Transportation Fund: Oil & Gas Severance Subfund

FUNDS/FUNDING EG -\$31,800,000 GF RV See Note Page 1 of 2  
 Creates the Oil and Gas Severance Subfund in the Parish Transportation Fund. (7/1/24)

Present constitution allocates up to 20% of total severance tax collections to parishes, subject to an \$850,000 maximum that is annually adjusted for inflation. For FY24, the current maximum severance allocation is approximately \$1.15M.

Proposed law creates the Oil and Gas Severance Subfund within the Parish Transportation Fund, and directs the Treasurer to deposit (and the legislature to appropriate) an amount not less than 5% of state oil severance tax collections on oil and gas production annually to the subfund, and prohibits using monies from the subfund for issuing or securing bonds. Proposed law directs that the funds shall be allocated on a pro-rata basis to parishes that are restricted by the maximum severance tax allocation provided in the constitution. Effective July 1, 2024.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	<b>(\$31,800,000)</b>	<b>(\$33,600,000)</b>	<b>(\$33,500,000)</b>	<b>(\$33,000,000)</b>	<b>(\$33,000,000)</b>	<b>(\$164,900,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	<b>\$31,800,000</b>	<b>\$33,600,000</b>	<b>\$33,500,000</b>	<b>\$33,000,000</b>	<b>\$33,000,000</b>	<b>\$164,900,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law establishes a subfund which receives new allocations, conditional on existing allocations to an existing fund reaching an existing maximum which is established annually. Managing a new subfund with a dynamic annual allocation, by parish, will place additional workload on Treasury, however Treasury anticipates that the additional burden due to proposed law in isolation can be absorbed.

**REVENUE EXPLANATION**

Proposed law creates a subfund that would be distributed to certain parishes that are at the maximum amount allowed for parish allocations of severance tax collections. The bill directs an annual appropriation by the legislature to the subfund of an amount not less than 5% of total state collections of oil and gas severance taxes (actual rate presumably determined by the Treasurer), and additionally contains language directing the treasurer to make such deposits to the fund. Treasury reports the interpretation of the bill to require deposits to the fund once any parish reaches its maximum allocation of parish severance tax in a given year.

Any deposits to the fund would be diverted from what would otherwise be general fund collections. Based on current REC projections and recent regional production patterns, LFO estimates that SGF would be reduced by the amounts reflected in the table above, should the rate be set at 5%. These funds would be disbursed to local funds by way of the new subfund. The bill specifies that using monies from the subfund for issuing or securing bonds is prohibited.

LFO notes that the pro-rata basis specified in the bill for local allocation is ambiguous, and LFO is unable to determine a likely local distribution that would result. LFO assumes that Treasury would determine the specifics of how to apply the allocation's pro-rata distribution, if the bill were to become law in its current posture.

For informational purposes, a list of parishes that may be eligible to receive funds via the subfund is included on page 2, based on FY 23 actuals. The list is not a guarantee of a potential payment and will adjust annually to actual production and price patterns.

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}

**Deborah Vivien**  
**Chief Economist**



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: SB 417 SLS 24RS 1175
Bill Text Version: ENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 30, 2024 6:09 PM Author: PRESSLY
Dept./Agy.: Funds/Funding Analyst: Benjamin Vincent
Subject: Parish Transportation Fund: Oil & Gas Severance Subfund

CONTINUED EXPLANATION from page one:

Revenue Explanation (cont)

For informational purposes, based on FY23 severance allocations, the following parishes may be eligible to receive funds should they be appropriated to the subfund in future years, in a scenario where market price and production conditions were similar to FY23:

- DESOTO
PLAQUEMINES
CADDO
RED RIVER
TERREBONNE
LAFOURCHE
BOSSIER
VERMILION
ST. MARTIN
ST. MARY
LINCOLN
SABINE
CAMERON
BIENVILLE
BEAUREGARD
NATCHITOCHEs
CLAIBORNE
CALCASIEU
IBERIA
LASALLE
JEFFERSON
WEBSTER
ACADIA
ST. CHARLES

Senate Dual Referral Rules
13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[X] 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}

Signature of Deborah Vivien
Deborah Vivien
Chief Economist