HLS 24RS-3762 ORIGINAL

2024 Regular Session

1

HOUSE STUDY REQUEST NO. 5

BY REPRESENTATIVE MACK

ENERGY/CONSERVATION: Requests the House Committee on Natural Resources and Environment to study sources of revenue for local government from carbon dioxide storage

A STUDY REQUEST

2	To the House Committee on Natural Resources and Environment to study potential revenue
3	streams for local government from carbon dioxide storage and to report its findings
4	to the House of Representatives prior to the convening of the 2025 Regular Session.
5	WHEREAS, the Louisiana Geologic Sequestration of Carbon Dioxide Act was
6	enacted in 2009, in anticipation of a growing carbon capture and storage (CCS) industry in
7	the state; and
8	WHEREAS, over the last fifteen years there have been significant developments in
9	CCS regulatory models, the market for low carbon products, and federal tax incentives to
10	encourage investments in CCS projects, and these developments combined with Louisiana's
11	geology and existing workforce and industrial infrastructure have spurred substantial growth
12	in both interest and investment in CCS projects within the state; and
13	WHEREAS, in February 2024, the Environmental Protection Agency granted
14	Louisiana's Department of Energy and Natural Resources primary enforcement authority,
15	known as "primacy", over the permitting and regulation of the Class VI injection wells
16	required for geologic storage of carbon dioxide and a backlog of Class VI permit
17	applications submitted to the federal agency were transferred to the state; and
18	WHEREAS, there are now twenty-three proposed CCS projects, including a total of
19	fifty-eight Class VI injection well applications, located in fifteen parishes across the state;
20	and

1	WHEREAS, Act 378 of the 2023 Regular Session of the Legislature updated many
2	provisions of the 2009 laws and established a new dedication of thirty percent of the CCS
3	revenue collected on state lands and water bottoms for the parishes where the carbon dioxide
4	storage facility is located; and
5	WHEREAS, the 2023 Act did not provide for the dedication of any revenue from
6	CCS on private lands and this distinction has continued to be a concern expressed by the
7	public and parish governments; and
8	WHEREAS, House Bill No. 73 of the 2024 Regular Session of the Legislature
9	proposed to authorize parishes to levy a tax on carbon dioxide injected for geologic
10	sequestration; and
11	WHEREAS, parish and municipal governments are responsible for many of the
12	public services that impact citizens' lives on a daily basis such as law enforcement, fire
13	protection, parks and recreation, schools, local roads, garbage disposal, land use regulations,
14	and many other services; and
15	WHEREAS, sequestering carbon dioxide may result in additional local government
16	responsibilities and expenses; and
17	WHEREAS, as is true of government at every level, parish and municipal
18	governments are dependent on revenue streams such as fines, fees, and taxes to fund the
19	services they provide and are obligated to find the balance between increasing revenue
20	streams and curtailing services, neither of which are appealing to citizens; and
21	WHEREAS, the legislature should give serious consideration to any opportunity that
22	allows parish and municipal governments to sustain themselves without unnecessarily
23	burdening those who live in work within their respective jurisdictions; and
24	WHEREAS, the generation of revenue for local governments from CCS, such as a
25	tax on the injection of carbon dioxide for storage purposes, is a new concept and many
26	aspects of such a policy have yet to be determined; and
27	WHEREAS, the House of Representatives requires information on revenue raising
28	models and opportunities, mechanisms for determining the value of various assets involved
29	in the process, methods for collecting revenue generated, and appropriate rates for bonuses,

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1 rentals, injection rates, and other possible revenue streams that would not unduly restrict the

- 2 sequestration of carbon dioxide.
- THEREFORE, BE IT RESOLVED that the House of Representatives of the
- 4 Legislature of Louisiana requests the House Committee on Natural Resources and
- 5 Environment to study potential revenue streams for local government from carbon dioxide
- 6 storage and to report its findings to the House of Representatives prior to the convening of
- 7 the 2025 Regular Session.

DIGEST

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