

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

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Return Address:	<u>Injection and Mining Division</u> <u>P.O. Box 94275</u> <u>Baton Rouge, LA 70804-9275</u>	Rule Title:	<u>Class III (Solution Mining)</u> <u>Injection Wells</u> <u>(LAC 43:XVII.Chap 33)</u> <u>Statewide Order 29-M-3</u>
		Date Rule Takes Effect:	<u>February 20, 2016</u>

SUMMARY
(Use complete sentences)

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 is no anticipated additional cost to state or local governmental expenditures or an anticipated increase in workload as a result of the proposed rule change. Pursuant to Act 691 and Act 766 of the 2014 Regular Legislative Session, the proposed rule change specifies; (1) criteria for public hearings for permitting solution mining wells in Iberia Parish; (2) provides for reimbursement for non-commercial property owners subject to evacuation resulting from emergencies associated with solution mining wells; (3) authorizes the commissioner of conservation to ensure collection of reimbursement to the above referenced non-commercial property owners and reimbursement to the state and any political subdivision of the state for costs incurred in responding to emergencies associated with solution mining wells; (4) requires submittals to the Office of Conservation from solution mining well operators to include the associated state solution mining well serial number with any submittal; (5) corrects typographical errors; (6) adds language to clarify the existing regulations; and (7) adds a definition related to new regulatory requirements.

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

The proposed rule changes are not expected to have any effect on revenue collections of state or local government units. In the unlikely event that an emergency situation associated with a solution mining well that leads to State response costs, the rule amendments clarify that the Commissioner of Conservation has the authority to recover the State's emergency response costs from the operator of the solution mining well. The recovery of these costs could be classified as a revenue stream for the Office of Conservation as no previous emergency response costs incurred have been recovered.

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

The proposed rule change will only affect the owners and/or operators of solution mining wells. No increased costs to operators of solution mining wells seeking permits in Iberia Parish are expected. Any additional advertising costs associated with the requirement for increased public notice for public hearings in Iberia Parish will be covered by the current Office of Conservation fee for public hearings. There is no anticipated increase in cost to operators of solution mining wells or facilities due to the requirement for reimbursement to noncommercial immovable property owners subject to an evacuation order associated with emergencies related to solution mining. In the unlikely event that an emergency situation associated with a solution mining well leads to a forced or mandatory evacuation being in place for more than 180 days, the new rule, consistent with Act 691 of 2014, requires that the operator of the well provide an offer to reimburse the owners of the non-commercial immovable property. It is indeterminable if any additional costs to the solution mining well operator would be greater than what is currently

required by law. All other rule changes will result in no increased costs to solution mining well operators. All required documentation will be provided on existing paperwork.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule change will have no effect on competition and employment.

X James H. Welsh
Signature of Agency Head or Designee

James H. Welsh, Commissioner of Conservation

Typed Name & Title of Agency Head or Designee

10-8-15

Date of Signature

John D. Casper
Legislative Fiscal Officer or Designee

10-8-15

Date of Signature

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

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 deliberation 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).

The Office of Conservation is proposing rule amendments to update its existing regulations for Class III (Solution-Mining) Injection Wells. In general, the rule revision makes changes regarding public hearing in Iberia Parish and provides for reimbursement to noncommercial immovable property owners affected by an evacuation order related to emergencies related to solution mining.

Changes found in the proposed rules include: 1) (1) criteria for public hearings for permitting solution mining wells in Iberia Parish. Specifically, greater public notice and a prohibition on any public hearing for new permits before August 15, 2015; (2) reimbursement for non-commercial property owners subject to evacuation resulting from emergencies associated with solution mining wells; (3) authorization for the commissioner of conservation to ensure collection of reimbursement to the above referenced non-commercial property owners and reimbursement to the state and any political subdivision of the state for costs incurred in responding to emergencies associated with solution mining wells; (4) requires submittals to the Office of Conservation from solution mining operators to include the associated state solution mining well serial number; (5) corrects typographical errors; (6) adds language to clarify the existing regulations; and (7) adds a definition related to new regulatory requirements.

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

The action is mandated by the passage of Senate Bill 209 (Act 691 of 2014) and Senate Bill 585 (Act 766 of 2014).

- 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. The proposed rule change will not result in any increase in the expenditure of funds.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(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?

COSTS	FY 15-16	FY 16-17	FY 17-18
Personal Services	\$ 0.00	\$ 0.00	\$ 0.00
Operating Expenses	\$ 0.00	\$ 0.00	\$ 0.00
Professional Services	\$ 0.00	\$ 0.00	\$ 0.00
Other Charges	\$ 0.00	\$ 0.00	\$ 0.00
Equipment	\$ 0.00	\$ 0.00	\$ 0.00
Major Repairs & Constr.	\$ 0.00	\$ 0.00	\$ 0.00
TOTAL	\$ 0.00	\$ 0.00	\$ 0.00
POSITIONS (#)	0	0	0

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.

Not applicable. There are no costs or savings to State Agencies resulting from the proposed actions.

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

SOURCE	FY 15-16	FY 16-17	FY 17-18
State General Fund	\$ 0.00	\$ 0.00	\$ 0.00
Agency Self-Generated	\$ 0.00	\$ 0.00	\$ 0.00
Dedicated	\$ 0.00	\$ 0.00	\$ 0.00
Federal Funds	\$ 0.00	\$ 0.00	\$ 0.00
Other (Specify)	\$ 0.00	\$ 0.00	\$ 0.00
TOTAL	\$ 0.00	\$ 0.00	\$ 0.00

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

Not applicable.

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.

The proposed rule amendment is not anticipated to result in costs or savings to local government units.

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 GOVERNMENTAL UNITS

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

REVENUE INCREASE/DECREASE	FY 15-16	FY 16-17	FY 17-18
State General Fund	\$ 0.00	\$ 0.00	\$ 0.00
Agency Self-Generated	\$ 0.00	\$ 0.00	\$ 0.00
Dedicated Funds*	\$ 0.00	\$ 0.00	\$ 0.00
Federal Funds	\$ 0.00	\$ 0.00	\$ 0.00
Local Funds	\$ 0.00	\$ 0.00	\$ 0.00
TOTAL	\$ 0.00	\$ 0.00	\$ 0.00

*Specify the particular fund being impacted.

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 is no anticipated effect on revenue collections of state and local government units.

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL 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.

Companies in the business of and companies dependent on the services of companies in the business of solution mining will be affected by the proposed rule change.

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.

There is no anticipated impact on receipts and/or income resulting from this rule or rule change.

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

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

There are no anticipated effects on competition and employment resulting from the proposed rule change.