

House Committee on Natural Resources and Environment

Minutes of Meeting
2024-2025 Interim
January 14, 2025

I. CALL TO ORDER

Representative Brett F. Geymann, chair of the House Committee on Natural Resources and Environment, called the meeting to order at 9:00 a.m. in Room 4, in the state capitol in Baton Rouge, Louisiana.

II. ROLL CALL

MEMBERS PRESENT:

Representative Brett F. Geymann, chair
Representative Marcus Anthony Bryant
Representative R. Dewith Carrier
Representative Tehmi Jahi Chassion
Representative Kimberly Landry Coates
Representative Jason Brian DeWitt
Representative Jessica Domangue
Representative C. Travis Johnson
Representative Timothy P. Kerner
Representative Jeremy S. LaCombe
Representative Jacob Jules Gabriel Landry
Representative Shane Mack
Representative Joseph A. Orgeron, vice chair
Representative Neil Riser
Representative Lauren Ventrella
Representative Jerome Zeringue

MEMBERS ABSENT:

Representative Danny McCormick

STAFF MEMBERS PRESENT:

Robin Stalder, attorney
Jennifer Winkler, legislative analyst
Brandy Ladmirault, committee administrative assistant

ADDITIONAL ATTENDEES PRESENT:

Rebecca Marshall, sergeant at arms

III. BUSINESS**To receive information on potential sources of revenue for local governments from carbon capture and storage pursuant to House Study Request No. 5 of the 2024 Regular Session from the following entities:****Louisiana Department of Energy and Natural Resources**

Blake Canfield, DENR, 617 North Third Street, Baton Rouge, LA 70802, spoke for information only regarding the department's role which is acting as staff on behalf of the state Mineral & Energy Board. He stated that the board is authorized to enter agreements and collect payments for carbon capture and storage (CCS) projects on state-owned lands and water bottoms, as provided in Title 30. The board can also enter into interagency agreements with other state agencies to manage CCS agreements on their behalf.

Tyler Gray, Department of Energy and Natural Resources, 617 North Third Street, Baton Rouge, LA 70802, spoke for information only and answered questions from the committee members.

Witness cards submitted by individuals that did not speak are as follows: 1 for information only. Witness cards are included in the committee record.

Louisiana Department of Revenue

No one was present to speak from the Louisiana Department of Revenue.

The Police Jury Association

Guy Cormier, Police Jury Association of Louisiana, 707 North 7th Street, Baton Rouge, LA 70802, spoke for information only and initiated a discussion regarding ensuring local parishes benefit from revenue generated, and focusing on oil and gas as a benchmark example. He also acknowledged complex discussions and the need for uniformity in revenue-sharing approaches, rather than individualized parish fees.

LSU Center for Energy Studies

Greg Upton, Louisiana State University, Energy Coast and Environment Building, Baton Rouge, LA 70803, spoke for information only and explained the cost-benefit analysis framework by the federal Office of Management and Budget (OMB), updated in 2023, including the social cost of greenhouse

gases and the 45Q tax credit for carbon capture and storage. He also stated that an analysis funded by the National Science Foundation is currently underway to estimate these impacts more accurately. Dr. Upton also offered possible alternative measures to increase revenue, stating that if the project is on state lands there are mechanisms for fund returns under lease agreements; on private lands, the main revenue channel for local governments is property taxes. Draft rules exist in the Tax Commission on assessing sequestration equipment and pipelines for property tax purposes. The legislature can influence these mechanisms by passing laws that affect the creation of tax rules. Another alternative is implementing a CO2 injection fee, similar to the severance tax on oil and gas extraction, as already done in Texas, dedicating that revenue to local municipalities.

Louisiana Mid-Continent Oil and Gas Association

Tommy Faucheux, LMOGA, 730 North Boulevard, Baton Rouge, LA 70802, spoke for information only and expressed appreciation for the committee and highlighted ongoing collaboration with the Department of Natural Resources, Secretary Gray and his team, Police Jury Association, and local officials. He recognized property tax as a key revenue source for parishes with CCS activities; LMOGA, LCA, and LOGA worked together with the Assessors Association to develop proposed rules. These rules were submitted to the Louisiana Tax Commission in late summer or early fall of 2024 following collaborative drafting. The Assessors Association played a critical role as the primary local jurisdictional stakeholder in this process. Bob Adair was invited to explain the process and answer any committee questions, especially regarding revenue aspects and implementation.

Bob Adair, LMOGA, 440 North Third Street, Baton Rouge, LA 70802, spoke for information only and noted that industry discussions began in 2021 as CCS projects were being announced, with a focus on modeling these projects for property tax purposes. He stated that there has been a sustained effort to align tax modeling with the evolving nature of CCS projects and ensure appropriate revenue assessments for local jurisdictions.

Representative Lacombe requested that Louisiana Department of Wildlife and Fisheries come to the witness table to answer questions before public testimony began.

Cole Garrett, LDWF, 2000 Quail Drive, Baton Rouge, LA 70808, spoke for information only and answered questions from the committee members.

Witness cards submitted by individuals that did not speak are as follows: 1 for information only. Witness cards are included in the committee record.

Public testimony

Danny Ford, Louisiana Mineral Servitude Owners Group, 532 Spanish Town Road, Baton Rouge, LA 70802, spoke for information only and expressed concerns over the possibility of a decrease in

revenue for local government. He emphasized the importance of considering not just revenue generation for local government, but also potential revenue loss if actions are not handled properly. Mr. Ford noted that financial contributions from certain initiatives are minor compared to what local governments make from severance tax and royalties, especially in areas impacted by the Haynesville Shale. He warned that if plumes had affected regions like Claiborne Parish, Webster, Bossier, Caddo, Bienville, Red River, Desoto, or Sabine, the Haynesville Shale may have never been developed, which would have been detrimental to the state economy. Caution was urged in decision-making regarding locations for certain underground developments.

Michael Brassett, Louisiana Mineral Servitude Owners Group, 301 Main Street, Suite 2100, Baton Rouge, LA 70802, spoke for information only and answered questions from the committee members.

Elizabeth Soyachak, Climate Reality Project, 10,000 Women Louisiana, 3043 Ponce De Leon Street, New Orleans, LA 70119, spoke for information only and raised concerns about the impact of proposed carbon capture wells on clean water resources in towns and parishes, emphasizing that carbon sequestration technology is largely untested and carries potential environmental risks. The discussion referenced a December 2024 article highlighting a leak at Archer Daniel Midland's (ADM) commercial carbon sequestration facility in Decatur, Illinois, which was situated near the Mahomet Aquifer, a crucial drinking water source for nearly a million people. These points underscored the worries of environmentally conscious community members about possible health risks to Louisiana residents if similar underground carbon storage were to be implemented locally.

Jacob Dillehey, Allen Parish Police Jury, no address provided, introduced himself and noted that Allen Parish is revenue-tight, generating about \$20 million a year for all local agencies. He emphasized the importance of the committee's work for parishes and thanked Representative Mack for assembling it.

Roland Hollins, Louisiana CO2 Alliance, Allen Parish Police Jury, no address provided, highlighted that five class wells already exist in several parishes (Allen, Beauregard, Jeff Davis, Vernon). The local perspective is that sending CO2 into the parishes should involve a tariff; specifically, a proposal of \$8 per ton of CO2 pumped under parish land and water. This \$8 tariff would be less than 10% of the reported \$85 per ton value for one well, leaving the operating company with substantial profit while providing meaningful revenue to parishes. The current arrangement provides zero revenue to parishes despite the large sums involved.

IV. ANNOUNCEMENTS

There were no announcements.

V. ADJOURNMENT

Representative Jacob Landry offered a motion to adjourn. Without objection, the motion passed by a vote of 14 yeas and 0 nays. Representatives Geymann, Bryant, Carrier, Chassion, Coates, Dewitt, Domangue, LaCombe, Jacob Landry, Mack, Orgeron, Riser, Ventrella, and Zeringue voted yea.

The meeting was adjourned at 11:27 a.m.

Respectfully submitted,

Chair Brett F. Geymann
House Committee on Natural Resources and Environment

Date adopted: