

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: SB560

House of Origin Introduced X Substitute X Engrossed
Second House X In Committee Substitute Enrolled

2. Patron: Puckett

3. Committee: Appropriations

4. Title: Gas and oil wells.

5. Summary: This bill increases the application fee for new permits from \$260 to \$600, and for permit modifications from \$130 to \$300.

6. Fiscal Impact Estimates: Preliminary

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010	\$0	n/a
2011	\$323,000	Nongeneral
2012	\$323,000	Nongeneral
2013	\$323,000	Nongeneral
2014	\$323,000	Nongeneral
2015	\$323,000	Nongeneral
2016	\$323,000	Nongeneral

7. Budget Amendment Necessary: No, SB/HB 30 (the Budget bills) already account for a nongeneral fund increase of \$320,000 resulting from these fee increases.

8. Fiscal Implications: This bill would increase the application fee for new gas and oil well permits from \$260 to \$600 for new gas and oil well permits, and from \$130 to \$300 for permit modifications.

The Department of Mines, Minerals and Energy (DMME) projects that there will be approximately 800 new permits and approximately 300 permit modifications (renewals) issued in calendar year 2010. This is based on a 30 percent decrease factor applied to calendar year 2009 totals of approximately 1,100 new permits issued and 400 permit modifications issued. The decrease factor is due to market uncertainty.

Based on these assumptions, the additional revenue resulting from this bill is as follows:

800 new permits	x	\$340 increase in fee	=	\$272,000
300 permit renewals	x	\$170 increase in fee	=	<u>\$ 51,000</u>
		TOTAL	=	\$323,000

Note that this revenue estimate is susceptible to business conditions, such as the price of gas and oil, changes in demand, and public policies that may increase or decrease the desirability of gas or oil as an energy fuel.

HB/SB 30 (the Budget bills) currently include \$320,000 in nongeneral fund revenue generated from these fee increases.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals and Energy.

10. Technical Amendment Necessary: No.

11. Other Comments: The substitute version of this bill is identical to the substitute version of HB1184.

Date: 2/17/2010 dpbaek

Document: G:\FIS\2010 Fiscal Impact Statements\DMME\SB560S1.Doc