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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Senate Conservation Committee</u>	<b>LAST UPDATED</b> _____ <b>ORIGINAL DATE</b> <u>2/11/24</u>
<b>SHORT TITLE</b> <u>Oil &amp; Gas Facility Setback Study</u>	<b>BILL NUMBER</b> <u>CS/Senate Memorial 8/SCONC</u>
	<b>ANALYST</b> <u>Wan Smith</u>

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Agency Analysis Received From  
 Energy, Minerals and Natural Resources Department (EMNRD)  
 State Land Office (SLO)

Agency Analysis was Solicited but Not Received From  
 Department of Health (DOH)

## SUMMARY

### Synopsis of Senate Memorial 8

Senate Memorial 8 (SM8) requests the Energy, Minerals and Natural Resources Department (EMNRD) to evaluate the risks of proximity to oil and gas facilities for humans and the environment based on peer-reviewed scientific literature and other sources. The memorial also requests the agency convene with relevant stakeholders to evaluate such risks and how to mitigate them by establishing oil and gas facility setback requirements or other measures. Finally, SM8 asks EMNRD to present its evaluation and recommendation to an appropriate interim legislative committee by December 1, 2024, and to the full Legislature in 2025.

## FISCAL IMPLICATIONS

No fiscal impact is anticipated.

## SIGNIFICANT ISSUES

EMNRD reports agency staff participated in workgroups related to modernization and reform of the Oil and Gas Act, including the creation of setback requirements, between August 2023 and the start of the current legislative session. These workgroups included stakeholders from the oil and gas industry as well as nongovernmental organizations.

The link between oil and gas development and negative health outcomes is well established. Two peer-reviewed studies in California found an association between oil and gas development and self-reported and physician-diagnosed asthma, reduced lung function, and self-reported acute respiratory symptoms (e.g., recent wheezing) (Johnston et al., 2021; Shamasunder et al., 2018). Six studies in other oil and gas regions (Pennsylvania and Texas) reported an association between oil and gas development and asthma exacerbations, asthma hospitalizations, and respiratory symptoms (Koehler et al., 2018; Peng et al., 2018; Rabinowitz et al., 2015; Rasmussen et al., 2016; Willis et al., 2018, 2020).

However, the ideal setback zone distance is not settled. In 2022, the state of California enacted 3,200-foot protection zone for homes and other sensitive sites (schools, healthcare facilities, childcare centers, and public parks). The bill eliminated new drilling within the setback and also forbade certain high-risk oil and gas extraction activities; however, the law has yet to go into effect pending the outcome of a 2024 statewide ballot measure.

CWS/al/ne/ss/hg/al