



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-003: END-OF-LIFE MANAGEMENT OF EV BATTERIES

Prime Sponsors:

Sen. Wallace; Cutter
Rep. Brown; Stewart R.

Fiscal Analyst:

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Fiscal note status: This revised fiscal note reflects the introduced bill, as amended by the Senate Transportation and Energy committee.

Summary Information

Overview. The bill expands the Battery Stewardship Program to include electric vehicle batteries.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis beginning in FY 2027-28:

- State Revenue
- State Expenditures
- TABOR Refunds

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
State Revenue	\$0	\$200,000	\$299,574	\$284,784
State Expenditures	\$0	\$327,574	\$299,574	\$284,784
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$200,000	not estimated	not estimated
Change in State FTE	0.0 FTE	2.6 FTE	2.6 FTE	1.1 FTE

Fund sources for these impacts are shown in the tables below.

**Table 1A
 State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$0	\$200,000	\$299,574	\$284,784
Total Revenue	\$0	\$200,000	\$299,574	\$284,784

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
General Fund	\$0	\$271,309	\$0	\$0
Cash Funds	\$0	\$0	\$243,309	\$262,278
Federal Funds	\$0	\$0	\$0	\$0
Centrally Appropriated	\$0	\$56,265	\$56,265	\$22,506
Total Expenditures	\$0	\$327,574	\$299,574	\$284,784
Total FTE	0.0 FTE	2.6 FTE	2.6 FTE	1.1 FTE

Summary of Legislation

The bill establishes a framework for responsible end-of-life management of propulsion batteries in the state by assigning responsibilities to propulsion battery providers and other battery handlers, including secondary handlers, remanufacturers, and repurposers.

Propulsion Battery Safety Plans

By April 1, 2028 and every five years thereafter, propulsion battery providers must submit a safety plan to the Department of Public Health and Environment (CDPHE). The safety plan must include a public education and outreach strategy, a notification process for battery collection, and criteria to determine eligibility for collection. The CDPHE must approve, disapprove, or conditionally approve the plan within 180 days of receipt. Providers must pay a one-time \$5,000 safety plan review fee and an annual fee to cover the department’s costs of administering and enforcing these requirements. Fees are deposited into the Battery Stewardship Fund.

Provider Requirements

Beginning October 1, 2028, propulsion battery providers are prohibited from selling or distributing propulsion batteries in the state unless a safety plan has been submitted and the propulsion battery is labeled or includes a QR code with certain information.

Further, providers must:

- maintain a website with required educational information;
- publish safety and outreach materials;
- retrieve unwanted propulsion batteries within 60 days of notification;
- ensure responsible end-of-life management of collected batteries;
- fully fund the costs of collection; and
- provide battery state-of-health information for model year 2028 vehicles and later.

Beginning June 1, 2030 and each year thereafter, propulsion battery providers and remanufacturers must submit a report to the CDPHE detailing collection, management, and disposition of propulsion batteries. The department must keep proprietary information confidential and publish aggregated, nonproprietary data.

Enforcement and Reporting

The CDPHE must notify secondary handlers and solid waste collectors that landfill disposal of propulsion batteries is prohibited. The department must also conduct a study on orphaned batteries and publish findings by January 1, 2031.

Battery Handlers

Battery handlers operate within a coordinated system in which secondary handlers identify and transfer propulsion batteries at end of life, triggering notification to propulsion battery providers or remanufacturers. Upon notification, the responsible entity must collect the battery within required timelines and ensure its management through reuse, remanufacturing, repurposing, or recycling.

Secondary Handlers

Beginning October 1, 2028, secondary handlers must:

- ensure responsible battery management;
- notify providers and remanufacturers of unwanted batteries;
- maintain records of battery transfers for at least five years; and
- record and disclose battery state-of-health information upon removal and transfer.

Remanufacturers

Beginning October 1, 2028, remanufacturers must:

- label remanufactured batteries;
- ensure responsible battery management;
- fund the collection of unwanted batteries;
- retrieve batteries within 60 days of notification; and
- establish a notification process for secondary handlers.

Repurposers

Beginning October 1, 2028, repurposers must:

- label repurposed batteries; and
- ensure batteries that cannot be repurposed are recycled.

By June 1, 2030, and each year thereafter, repurposers must report to the CDPHE on repurposed batteries and their final disposition.

Assumptions

Provider Population

The fiscal note estimates that approximately 40 propulsion battery providers operate in Colorado, including major vehicle manufacturers and original equipment manufacturers (OEM).

Fee Timeline

The bill requires providers to submit plans by April 1, 2028 (FY 2027-28), which includes the one-time plan review fee of \$5,000. After submission, the CDPHE has 180 days to review plans, and if approved, providers must pay an annual fee within 12 months and by July 1 each year thereafter. As a result, the fiscal note assumes annual fee payment beginning on June 1, 2029 (FY 2028-29).

Study Funding

The fiscal note assumes that costs associated with the orphaned battery study are covered by fees assessed on battery stewardship organizations. If the intent is for fees not to cover study costs, General Fund expenditures will increase by \$150,000 in FY 2029-30, and state revenue from fees will decrease.

State Revenue

The bill increases state revenue in the Battery Stewardship Fund in the CDPHE by an estimated \$200,000 in FY 2027-28, \$300,000 in FY 2028-29, and \$285,000 in FY 2029-30 from fees paid by propulsion battery providers to the CDPHE. In future years, revenue will decrease as a result of reduced administrative costs. These impacts are shown in Table 2 and discussed in more detail below.

Table 2
Fee Impact on Propulsion Battery Providers

Fiscal Year	Type of Fee	Estimated Fee	Number Affected	Total Revenue
FY 2027-28	Plan Review Fee	\$5,000	40	\$200,000
FY 2028-29	Annual Fee	\$7,489	40	\$299,574
FY 2029-30	Annual Fee	\$7,120	40	\$284,784

Fee Impact on Propulsion Battery Providers

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill increases cash fund revenue in the CDPHE by \$200,000 in FY 2027-28 from 40 assumed providers. Beginning in FY 2028-29, providers must pay an annual fee to cover the costs of the program, which will be set administratively by the CDPHE based on cash fund balance, program costs, and the number of stewardship organizations subject to the fee. Based on anticipated program expenditures, the annual fee is estimated at \$7,489 in FY 2028-29 and \$7,120 in FY 2029-30. This fee revenue is subject to TABOR.

State Expenditures

The bill increases state expenditures in the CDPHE by about \$328,000 in FY 2027-28, \$300,000 in FY 2028-29, and \$285,000 in FY 2029-30. In future years, expenditures will decrease to about \$135,000 per year after initial plans are reviewed and the orphan battery study is completed. These costs, paid from the General Fund and Battery Stewardship Fund, are summarized in Table 3 and discussed below.

Table 3
State Expenditures
Department of Public Health and Environment

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
Personal Services	\$0	\$215,184	\$215,184	\$86,074
Operating Expenses	\$0	\$3,200	\$3,200	\$1,280
Capital Outlay Costs	\$0	\$28,000	\$0	\$0
Legal Services	\$0	\$24,925	\$24,925	\$24,925
Orphaned Battery Study	\$0	\$0	\$0	\$150,000
Centrally Appropriated Costs	\$0	\$56,265	\$56,265	\$22,506
FTE – Personal Services	0.0 FTE	2.5 FTE	2.5 FTE	1.0 FTE
FTE – Legal Services	0.0 FTE	0.1 FTE	0.1 FTE	0.1 FTE
Total Costs	\$0	\$327,574	\$299,574	\$284,784
Total FTE	0.0 FTE	2.6 FTE	2.6 FTE	1.1 FTE

Department of Public Health and Environment

The CDPHE will incur costs to administer the program beginning in FY 2027-28. Costs in the first year are paid from the General Fund, and in future years by the Battery Stewardship Fund.

Staff

Beginning in FY 2027-28 the CDPHE requires 1.0 FTE Environmental Protection Specialist II to assist with rulemaking, establish the expanded program for propulsion battery providers, and coordinate outreach to battery handlers. Between January 2028 (FY 2027-28) and December 2028 (FY 2028-29) only, the CDPHE requires an additional 3.0 FTE to collect and review safety plans, oversee fee collection, manage resubmissions and appeals. This estimate assumes that the department will review each of the 40 provider's safety plans at a rate of 150 hours per plan, including a public hearing and comment.

Orphaned Battery Study

In FY 2029-30, expenditures will increase by an estimated \$150,000 to hire a contractor that will study the evidence of abandoned orphaned batteries in the state. Actual costs will be determined through the contracting process.

Legal Services

Beginning in FY 2027-28, the CDPHE requires 180 hours of legal services for rulemaking, compliance, and ongoing program administration. Legal services are provided by the Department of Law at a rate of \$138.47 per hour.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 3 above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in Table 1 above. This estimate assumes the March 2026 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2027-28, and any future years when the state is over its revenue limit.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Counties	Public Health and Environment
Judicial	Treasury
Law	