



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 and the Senate Appropriations 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	\$87,100	\$80,250	\$80,250
State Expenditures	\$0	\$86,854	\$79,854	\$79,854
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$87,100	not estimated	not estimated
Change in State FTE	0.0 FTE	0.6 FTE	0.6 FTE	0.6 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	\$87,100	\$80,250	\$80,250
Total Revenue	\$0	\$87,100	\$80,250	\$80,250

**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	\$0	\$0	\$0
Cash Funds	\$0	\$75,601	\$68,601	\$68,601
Federal Funds	\$0	\$0	\$0	\$0
Centrally Appropriated	\$0	\$11,253	\$11,253	\$11,253
Total Expenditures	\$0	\$86,854	\$79,854	\$79,854
Total FTE	0.0 FTE	0.6 FTE	0.6 FTE	0.6 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.

Registration and Program Initiation Fees

By July 1, 2027, propulsion battery providers in the state must register with the Department of Public Health and Environment (CDPHE) and inform the department of the provider’s intent to file an education and outreach plan individually or combined with other providers.

Remanufacturers, secondary handlers, and repurposers may also register with the state.

As part of the registration, the bill requires propulsion battery providers to pay a specific program initiation fee to the CDPHE, split into three payments on July 1 of 2027, 2028, and 2029. The CDPHE must determine which fee each provider pays based on their overall market share as of April 26, 2026, using data from the Division of Motor Vehicles (DMV) in the Department of Revenue. The bill establishes program initiation fees as shown in Table 2 on the following page.

**Table 2
 Program Initiation Fees**

Provider Market Share	Total Fees Due	FY 2027-28 Payment	FY 2028-29 Payment	FY 2029-30 Payment
Above 5%	\$24,400	\$8,300	\$8,050	\$8,050
Between 2% and 5%	\$14,400	\$5,000	\$4,700	\$4,700
Between 0.2% and 2%	\$4,800	\$2,000	\$1,400	\$1,400
Less than 0.2%	\$0	\$0	\$0	\$0

Propulsion Battery Education and Outreach Plans

By April 1, 2028, providers must submit individual or combined education and outreach plans to the CDPHE, including a public communication strategy, a notification process for battery collection, and criteria to determine eligibility for collection. By July 1, 2030, and each year thereafter, providers must pay an annual fee to cover the department’s costs of administering and enforcing these requirements. The CDPHE is required to establish this fee amount through rule by June 1, 2029, based on each provider’s relative market share. Total annual fees are not to exceed \$90,000 and no single provider can be required to pay more than 10 percent of that total. Fees are deposited into the Battery Stewardship Fund.

Battery Provider and Handler Requirements

Propulsion Battery Providers

Beginning October 1, 2028, propulsion battery providers are prohibited from selling or distributing propulsion batteries in the state unless an education and outreach 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 assess these reports for specific outcomes, keep proprietary information confidential, and publish aggregated, nonproprietary data.

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 three years; and
- record and disclose battery state-of-health information upon removal and transfer.

Remanufacturers

Beginning October 1, 2028, remanufacturers must:

- relabel remanufactured batteries;
- ensure responsible battery management;
- fund the collection of unwanted batteries;
- retrieve batteries within 60 days of notification from a secondary handler or 30 days from a solid waste disposal site; and
- establish a notification process for secondary handlers.

Repurposers

Beginning October 1, 2028, repurposers must:

- relabel 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.

State Enforcement and Reporting

The CDPHE must notify solid waste collectors that landfill disposal of propulsion batteries is prohibited. The department must also conduct an email survey of registered entities and solid waste disposal sites to analyze the success of the program and the presence of orphaned batteries in the state.

State Revenue

The bill increases state cash fund revenue in the Battery Stewardship Fund in the CDPHE by about \$87,000 in FY 2027-28 and \$80,000 in future years from fees paid by propulsion battery providers to the CDPHE. These impacts are shown in Table 3 and discussed in more detail below. Fee revenue is subject to TABOR.

**Table 3
 Fee Impact on Propulsion Battery Providers**

Type of Fee	# Affected	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Initiation Fee	17	\$0	\$87,100	\$80,250	\$80,250	\$0
Annual Fee	22	\$0	\$0	\$0	\$0	\$80,000
Total Revenue		\$0	\$87,100	\$80,250	\$80,250	\$80,000

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 from program initiation fees between FY 2027-28 and FY 2029-30, and annual fees beginning in FY 2030-31.

Program Initiation Fees

Based on the bill’s fee structure and the estimated number of providers that fall within in each fee payer category, the CDPHE will collect program initiation fees of \$87,000 in FY 2027-28, \$80,000 in FY 2028-29, and \$80,000 in FY 2029-30, as shown in Table 3A. The bill’s statutory fees have been calculated to cover the department’s first three years of administrative costs before annual fees begin in FY 2030-31. However, the exact number of providers subject to each fee amount, and thus the total amount of revenue collected, will depend on market share data provided by the DMV and assessed by the CDPHE, and may vary from this estimate.

**Table 3A
 Program Initiation Fees**

Provider Market Share	Number of Providers	FY 2027-28 Fee Revenue	FY 2028-29 Fee Revenue	FY 2029-30 Fee Revenue
Above 5%	7	\$58,100	\$56,350	\$56,350
Between 2% and 5%	3	\$15,000	\$14,100	\$14,100
Between 0.2% and 2%	7	\$14,000	\$9,800	\$9,800
Less than 0.2%	5	\$0	\$0	\$0
Total Initiation Fee Revenue		\$87,100	\$80,250	\$80,250

Annual Fees

Beginning in FY 2030-31, providers must pay an annual fee to cover the ongoing costs of the program, not to exceed \$90,000 in total each year or 10 percent per feepayer. Based on anticipated program expenditures, the department will collect about \$80,000 per year, with individual fees below \$8,000 per year. The bill also requires secondary handlers with ten or more unwanted batteries collected in a given year to pay a \$1,000 collection charge to the CDPHE, credited to the fund to offset annual fees paid by providers. The fiscal note does not account for the number of secondary handlers that may be subject to this charge due to a wide array of potential conditions and outcomes. Nevertheless, total revenue collected by the CDPHE is not expected to change. Annual fees will be set administratively by the CDPHE based on provider market share, cash fund balance, secondary handler collection charges, and program costs.

State Expenditures

The bill increases state expenditures in the CDPHE by about \$87,000 in FY 2027-28 and \$80,000 in future years. These costs are paid from the Battery Stewardship Fund, as shown in Table 4 and discussed below.

Table 4
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	\$43,037	\$43,037	\$43,037
Operating Expenses	\$0	\$640	\$640	\$640
Capital Outlay Costs	\$0	\$7,000	\$0	\$0
Legal Services	\$0	\$24,925	\$24,925	\$24,925
Centrally Appropriated Costs	\$0	\$11,253	\$11,253	\$11,253
FTE – Personal Services	0.0 FTE	0.5 FTE	0.5 FTE	0.5 FTE
FTE – Legal Services	0.0 FTE	0.1 FTE	0.1 FTE	0.1 FTE
Total Costs	\$0	\$86,854	\$79,854	\$79,854
Total FTE	0.0 FTE	0.6 FTE	0.6 FTE	0.6 FTE

Department of Public Health and Environment

Beginning in FY 2027-28 the CDPHE requires 0.5 FTE Environmental Protection Specialist II to assist with rulemaking, collect provider and annual fees, publish education and outreach plans, assess annual reports, conduct an email survey of registered entities, and enforce compliance with the bill's provisions.

The CDPHE also requires 180 hours of legal services for rulemaking, compliance, and ongoing program administration, 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 4 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	