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Final Fiscal Note

Drafting Number: LLS 24-0172 Date: July 22, 2024
Prime Sponsors: Rep. Hamrick; Velasco Bill Status: Deemed Lost
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Bill Topic: PUBLIC NOTIFICATION OF HAZARDOUS CHEMICAL RELEASES

Summary of Fiscal Impact: [X] State Revenue [] State Transfer [] Local Government
[X] State Expenditure [] TABOR Refund [] Statutory Public Entity

The bill would have created notification procedures and other means of accessing information about hazardous chemical releases. It would have increased state and local expenditures, and may have increased state revenue, beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill would have required appropriations totaling \$282,976 to multiple state agencies.

Fiscal Note Status: The final fiscal note reflects the introduced bill, as amended by the House Energy and Environment Committee. The bill was deemed lost in the House Appropriations Committee on May 9, 2024; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 24-1359

Table with 4 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill creates notification procedures for hazardous chemical releases, creates a committee and website to share public information, and establishes a penalty for violations of these notification requirements.

Notification procedures. Under current law, an oil and gas operator must notify the Energy and Carbon Management Commission (ECMC) in the Department of Natural Resources (DNR) of any spill or release of a hazardous chemical. The bill requires the operator to also notify the Department of Local Affairs (DOLA). DOLA must develop a hazardous chemical notification website and it must post the covered reports it receives beginning July 1, 2025.

Hazardous Chemical Notification Committee. The bill creates the committee in DOLA, which consists of medical professionals, counties, DOLA, the ECMC, the Department of Public Health and Environment (CDPHE), and members of the public. The committee must develop content for the hazardous chemical notification website, which includes educational content related to hazardous chemicals for technical and nontechnical audiences and information about specific hazardous chemicals. The committee must meet monthly until 2026, and quarterly thereafter. Beginning in 2025, the committee must submit a report of its work to DOLA by July 1, and DOLA must submit a report on hazardous chemical notifications to the General Assembly by the following July 1. DOLA provides administrative support to the committee and may accept gifts, grants, or donations to implement these requirements. The committee repeals on September 1, 2034, following a sunset review by the Department of Regulatory Agencies.

Civil penalties. An oil and gas operator that violates the notification requirements is subject to a penalty of up to \$1,000 per day from the ECMC.

State Revenue

The bill may increase state revenue from gifts, grants, or donations, and from civil penalties.

Gifts, grants, or donations. The bill potentially increases state revenue from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

Civil penalties. The bill may increase revenue to the Energy and Carbon Management Cash Fund from civil penalties on oil and gas operators. The fiscal note assumes that operators will generally comply with these requirements and that any increase in revenue will be minimal. This revenue is subject to TABOR.

State Expenditures

The bill increases state expenditures in DOLA by about \$240,000 in FY 2024-25 and \$140,000 in FY 2025-26, paid from the General Fund. It also increases state expenditures in the ECMC by about \$80,000 per year beginning in FY 2024-25, paid from the Energy and Carbon Management Cash Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 24-1359

	FY 2024-25	FY 2025-26
Department of Local Affairs		
Personal Services	\$128,427	\$109,424
Operating Expenses	\$1,920	\$1,536
Capital Outlay Costs	\$13,340	-
Computer Programming	\$70,000	-
Centrally Appropriated Costs ¹	\$29,690	\$24,378
FTE – Personal Services	1.5 FTE	1.2 FTE
DOLA Subtotal	\$243,377	\$135,338
Department of Natural Resources		
Personal Services	\$61,595	\$61,595
Operating Expenses	\$1,024	\$1,024
Capital Outlay Costs	\$6,670	-
Centrally Appropriated Costs ¹	\$12,439	\$12,439
FTE – Personal Services	0.8 FTE	0.8 FTE
DNR Subtotal	\$81,728	\$75,058
Total	\$325,105	\$210,396
Total FTE	2.3 FTE	2.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs. The department must develop the hazardous chemical notification website and support the Hazardous Chemical Notification Committee.

- **Staffing.** DOLA requires 1.5 FTE to coordinate website development, provide technical expertise to the committee, administer contracts, and provide logistic support to the committee beginning in FY 2024-25. Workload to support the committee decreases in future years as the committee meets less frequently. Standard operating and capital outlay costs are included.
- **Computer programming.** DOLA requires computer programming, provided by the Office of Information Technology, to implement the website. This cost, estimated at \$70,000 in FY 2024-25, is based on similar IT development work administered by DOLA.
- **Legal services.** DOLA requires about 25 hours of legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations.

Department of Natural Resources. Workload increases in the ECMC to enforce violations and update rules.

- **Enforcement.** While the fiscal note assumes that most operators will comply with the bill's requirements, any violations increase workload for the ECMC to draft a notice to the operator, negotiate potential settlements, and participate in hearing proceedings. If only five percent of incidents result in a violation, the ECMC requires 0.8 FTE beginning in FY 2024-25. Standard operating and capital outlay costs are included.
- **Rulemaking.** Workload will increase to update ECMC rules, which can be accomplished within the ordinary course of business.

Governor's Office. Workload will minimally increase for the Governor's Office of Boards and Commissions to make the required appointments under the bill. This work can be accomplished within existing appropriations.

Department of Regulatory Agencies. The bill increases workload to complete the sunset review in FY 2033-34. Any increase in expenditures will be addressed through the annual budget process.

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 include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$213,687 to the Department of Local Affairs, and 1.5 FTE, of which \$70,000 is reappropriated to the Office of Information Technology.

For FY 2024-25, the bill requires an appropriation of \$69,289 from the Energy and Carbon Management Cash Fund to the Department of Natural Resources, and 0.8 FTE.

Departmental Difference

DOLA currently lacks expertise in hazardous chemical releases, and supporting the committee and developing the website requires a new office at a cost of about \$900,000 and 8.8 FTE in FY 2024-25, and \$700,000 and 7.3 FTE in FY 2025-26. The fiscal note instead assumes that a new office is not required and the website and committee requirements can be met with the costs identified in the State Expenditures section above.

State and Local Government Contacts

Counties	Governor's Office	Information Technology
Legislative Council Staff	Local Affairs	Natural Resources
Public Health and Environment	Public Safety	Regulatory Agencies
Transportation		

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).