



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 25-286: PETROLEUM PRODUCTS FEES & PENALTIES

Prime Sponsors:
Sen. Hinrichsen; Snyder

Fiscal Analyst:
Josh Abram, 303-866-3561
josh.abram@coleg.gov

Published for: Senate Transportation & Energy
Drafting number: LLS 25-1036

Version: Initial Fiscal Note
Date: April 11, 2025

Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill authorizes the Colorado Department of Labor and Employment to fund costs related to relocation or redevelopment of the Division of Oil and Public Safety's Petroleum Laboratory using the Petroleum Storage Tank Cash Fund, and creates emissions- related civil penalties on petroleum marketers.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	FY 2025-26 through FY 2029-30
State Revenue	\$0
State Expenditures (Cash Funds)	\$6,400,000
Transferred Funds	\$0
Change in TABOR Refunds	\$0
Change in State FTE	0.0 FTE

Summary of Legislation

The bill authorizes the use of money in the Petroleum Storage Tank Cash Fund for costs related to the relocation or redevelopment of the Division of Oil and Public Safety's (OPS's) Petroleum Laboratory in the Colorado Department of Labor and Employment (CDLE) through July 1, 2030. The division is required to reserve money in the fund to pay costs related to relocation or redevelopment of the lab. The money reserved in the fund is not included in the available balance used to determine the amount of the Environmental Response Surcharge on fuel products.

When the federal Environmental Protection Agency requires the sale of reformulated gasoline in a nonattainment area in the state, the division may impose a civil penalty up to \$5,000 per day for the retail or wholesale distribution of reformulated gasoline that violates the applicable fuel quality standard.

The bill also creates a specific civil penalty for a gasoline dispensing facility that fails to file an air pollutant emission notice or an air permit public notice with the Department of Public Health and Environment (CDPHE) at \$500 per violation, which is a reduction in penalties the CDPHE can currently collect.

Background

The [Petroleum Tank Storage Fund](#), a state enterprise, reimburses costs related to assessment and cleanup of petroleum contaminated sites. It is funded with an environmental surcharge fee assessed per tanker truckload of petroleum products sold in the state, which varies based on fund balance. The surcharge is currently at its maximum, \$100 per tanker truckload. The surcharge is reduced when the fund balance exceeds certain dollar amounts.

State Revenue

The bill may minimally impact state revenue from fees and civil penalties, as discussed below.

Fee Impact on Petroleum Marketers

While the bill is not expected to change the surcharge amount assessed per tanker truckload of petroleum, reserving funds within the Petroleum Tank Storage Fund will draw down the balance, prolonging the higher surcharge of \$100 tanker truckload. This fund is not subject to TABOR.

Civil Penalties and Filing Fees

To the extent CDLE assesses civil penalties under the bill, revenue to the Petroleum Cleanup Redevelopment Fund will increase. Civil penalty collections may decrease for CDPHE, which will reduce revenue to the General Fund. Finally, the bill may increase revenue to various cash funds in the Judicial Department from an increase in filing fees from civil case filings. These revenue sources are subject to TABOR.

State Expenditures

The bill increases state expenditures in the Department of Labor and Employment by an estimated \$6.4 million through FY 2029-30. These costs, paid from the Petroleum Tank Storage Fund, which is continuously appropriated to the Division of Oil and Public Safety for this purpose, are summarized in Table 2 and discussed below. The bill also minimally impacts workload in the Judicial Department.

Department of Labor and Employment

The cost to relocate the petroleum laboratory is estimated at \$6.4 million based on an initial architectural proposal. Actual costs will be determined through contracting and available funds reserved. The project is expected to involve updating electric and plumbing systems in an existing structure to laboratory standards. The Petroleum Tank Storage Fund will continue to issue reimbursements for petroleum tank clean-ups during this time period.

Table 2
State Expenditures
Department of Labor and Employment

Cost Component	FY 2025-26 through FY 2029-30
Laboratory Relocation	\$6,400,000
Total Costs	\$6,400,000
Total FTE	0.0 FTE

Judicial Department

The bill may also increase workload in the trial courts if additional civil cases are brought for noncompliance with applicable fuel quality standards or from failing to file a required air pollutant emission notice. This fiscal note assumes a high degree of compliance from affected persons and that most violations will be resolved administratively. Any increase in trial court workload is anticipated to be minimal.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and civil penalties apply to violations committed on or after the applicable effective date.

State and Local Government Contacts

Labor and Employment

Public Health and Environment

Judicial