

JBC Staff Fiscal Analysis Senate Appropriations Committee

Concerning the establishment of battery stewardship programs for the disposal of certain batteries.

Prime Sponsors:

Senator Cutter

Representatives Brown; Stewart R.

Date Prepared:

April 24, 2025

JBC Analyst:

Andrew McLeer

303-866-4959

Fiscal Impacts

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

New Cash Fund

Fiscal Note Status

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 02/24/2025.

Update: Fiscal impact has changed due to new information or technical issues. The Department has communicated to LCS Staff that the costs reflected in the fiscal note for FY 2025-26 are absorbable within existing appropriations. Therefore, no appropriation is needed for the budget year. Additionally, cash fund revenues for plan review and administration fees will total \$80,000 through FY 2027-28, rather than the \$180,000 reflected in the fiscal note. Legislative Council Staff and JBC Staff agree on these updates.

Amendments in This Packet

L.005 Bill Sponsor amendment - changes fiscal impact

L.009 Bill Sponsor amendment - changes fiscal impact

L.013 Bill Sponsor amendment - changes fiscal impact

Current Appropriations Clause in Bill

The bill does not require or contain an appropriation clause.

Description of Amendments in This Packet

L.005

Bill Sponsor amendment **L.005** (attached) implements plan review and the administration fee for battery stewardship organizations in FY 2026-27. This amendment delays the need for General Fund appropriations identified in the initial fiscal note until FY 2026-27, increasing General Fund expenditures by \$49,983, cash fund expenditures by \$80,000 and cash fund revenues by \$80,000 in FY 2026-27.

L.009

Bill Sponsor amendment **L.009** (attached) delays implementation of plan review and the administration fee for battery stewardship organizations until FY 2027-28. This amendment delays the need for General Fund appropriations identified in the initial fiscal note until FY 2027-28, increasing General Fund expenditures by \$49,983, cash fund expenditures by \$80,000 and cash fund revenues by \$80,000 in FY 2027-28.

L.013

Bill Sponsor amendment **L.013** (attached) implements plan review and the administration fee for battery stewardship organizations in FY 2026-27 while also eliminating the requirement for the Department to maintain a website related to the Battery Stewardship Program. This amendment delays the need for General Fund appropriations identified in the initial fiscal note until FY 2026-27, increasing General Fund expenditures by \$49,983, cash fund expenditures by \$80,000 and cash fund revenues by \$80,000 in FY 2026-27.

The Committee should adopt only one of L.005 or L.013. The committee may adopt L.009 individually or in conjunction with either L.005 or L.013 to delay implementation by one year.

Points to Consider

TABOR/ Excess State Revenues Impact

The March 2025 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of \$642.7 million for FY 2025-26 and \$775.8 million for FY 2026-27 to be refunded to taxpayers out of the General Fund. Legislation that increases non-exempt revenue (such as cash funds) will increase the TABOR refund from the General Fund.

The Joint Budget Committee has proposed a budget package for FY 2025-26 based on the March 2025 OSPB revenue forecast. The budget package includes \$18.2 million General Fund set aside for other legislation outside of the JBC budget package. This may be used for appropriations, transfers, or increases in TABOR refunds for FY 2025-26.

This bill is estimated to increase cash fund revenues by \$80,000 in FY 2025-26 and \$129,983 in FY 2027-28 and ongoing, which will reduce the available General Fund in each fiscal year by equal amounts. This bill increases the TABOR refund made out of the General Fund by \$80,000 for FY 2025-26 and \$129,983 FY 2027-28, assuming revenues exceed the Referendum C cap.

New Cash Fund

The bill creates the Battery Stewardship Fund in the Department of Public Health and Environment, which is supported by fees from battery stewardship organizations. Increases in cash fund expenditures require either an increase in fee or assessment revenue or a draw-down of existing reserve balance. Eventually, the cash fund will have to generate revenue on an ongoing basis to sustainably pay for an ongoing expenditure. In a TABOR refund year, cash fund revenue increases require a TABOR refund paid from the General Fund of an equal amount.

Although this bill does not have an immediate General Fund or TABOR impact, it includes General Fund expenditures that increase by \$129,983 and 1.1 FTE for FY 2026-27. General Fund expenditures increase by \$49,983 and cash fund expenditures increase by \$80,000 and 1.1 FTE for FY 2027-28 and ongoing.