

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 568** HLS 25RS 457

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 15, 2025	5:26 PM	Author: CARRIER
Dept./Agy.: Energy and Natural Resources		Analyst: Mimi Blanchard
Subject: Carbon Capture and Storage Damage Accountability		

ENERGY/CONSERVATION OR SEE FISC NOTE SD RV Page 1 of 1
Establishes public safety and accountability procedures applicable to carbon capture and storage projects

Current law mandates that owners or operators of Class VI wells report certain incidents, such as risks to underground sources of drinking water, noncompliance with permit conditions, or injection system malfunctions, within 24 hours. These reports must include the incident's location, description, cause, potential risks, and immediate mitigation steps. Additionally, quarterly reports are required to provide updates on operational data, including injection pressure, flow rate, and cumulative carbon dioxide injected.

Proposed law expands these reporting requirements to include carbon dioxide pipeline ruptures, seismic activity linked to injection operations, and equipment malfunctions that could lead to carbon dioxide release. It further mandates the disclosure of incidents within 48 hours to affected landowners, emergency responders, and the public, with a penalty of up to \$250,000 per day for noncompliance. New criminal penalties for failure to report incidents include felony charges, fines of up to \$500,000 per day, permanent revocation of state operating permits for repeat offenses, and personal liability for damages caused by delayed reporting. The law also introduces penalties for intentionally concealing or altering data related to incidents, including a \$1 million fine and potential civil and criminal prosecution.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

EXPENDITURE EXPLANATION

The Department of Energy and Natural Resources (DENR) reports no additional costs associated with the bill, as it does not impact current code or operations, and any increased review time or staff costs for the Emergency and Remedial Response Plan are expected to be minimal.

The Department of Environmental Quality (DEQ) reports that without specification of the extent of collaboration and cooperation required in the bill, they cannot quantify any additional expenditures that may be associated, although they anticipate that the workload may be handled within existing staff.

REVENUE EXPLANATION

DENR reports that penalty fines related to carbon dioxide incidents could increase revenues to the Carbon Dioxide Geologic Storage Trust Fund, however incidents cannot be foreseen and therefore revenues cannot be quantified in relation to such events.

To the extent that potential violations occur, revenues to the fund may be increased. These include a \$250,000 per day fine for failure to notify the public, a \$500,000 per day fine for failure to report incidents, and a minimum fine of \$1 M for intentionally concealing violations, in addition to civil lawsuit options.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

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Legislative Fiscal Officer