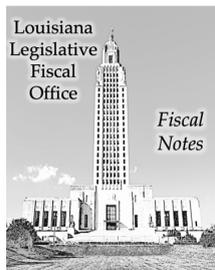


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 758** HLS 26RS 832
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 25, 2026 4:02 PM **Author:** BRASS
Dept./Agy.: Department of Environmental Quality **Analyst:** Richie Anderson
Subject: DEQ Fee restructure

ENVIRONMENT/QUALITY EG +\$12,383,369 SG RV See Note Page 1 of 2
 Provides with respect to the Department of Environmental Quality fees

Proposed law provides for a new fee structure to be set by the Department of Environmental Quality (DEQ) through promulgation of rules and regulations. To calculate these new fees the department shall use a formula developed by rules based upon the test category per fee matrix, accreditation requested, and location of the laboratory. Proposed law provides that these fees shall annually adjust based on the annual rate of the Consumer Price Index if the department determines it is necessary. DEQ shall promulgate rules to determine late fees that shall not exceed 15% of the original fee amount. Proposed law provides that 90 days after a prescribed fee's due date shall constitute a violation, and shall subject that entity to applicable enforcement. DEQ also gains jurisdiction over the regulation of groundwater protection and underground storage tanks.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$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		\$0	\$0	\$0	\$0	\$0

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$12,383,369	\$14,076,369	\$14,241,369	\$14,241,369	\$54,942,476
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	\$0	\$12,383,369	\$14,076,369	\$14,241,369	\$14,241,369	\$54,942,476

EXPENDITURE EXPLANATION

Proposed law may nominally increase SGR expenditures out of the Environmental Trust Dedicated Fund Account. Proposed law provides for a new fee structure to be set by the Department of Environmental Quality (DEQ) through promulgation of rules and regulations. DEQ reports that to implement the new fee structure there may be costs associated with updating computer systems in FY 27. DEQ reports that any nominal costs to update their system can be absorbed using existing staff and resources.

REVENUE EXPLANATION

Proposed law will increase SGR revenue deposited into the Environmental Trust Dedicated Fund Account by \$12,338,369 in FY 28, \$14,076,370 in FY 29, and \$14,241,369 in FY 30 and FY 31. Proposed law provides for a new fee structure to be set by the Department of Environmental Quality (DEQ) through promulgation of rules and regulations. There is no increase in fees assessed in FY 27 as DEQ will be implementing the proposed law through rule making and technology system changes to assess the new fees in FY 28. These fee estimates are the maximum amount of revenue the department can generate from these fees based on the test category matrix. These estimates do not incorporate any potential increases the department may make related to the annual increases for the Consumer Price Index, or any late fees that may be charged. The department utilizes both fixed fees, the same amount for all applicants, and variable fees, differing amounts based on certain qualifications. The increase in fixed fees is calculated as the number of applicants in FY 25 multiplied by the proposed fee change. The increase in variable fees is calculated as a percentage increase of current collections. Due to the number of variable fees the department anticipates adjusting, this fiscal note provides an estimated increase across different fee categories. Page two of this fiscal note provides more details on the fixed and variable fee increases. Below is a breakdown of the total variable and fixed fees maximums for FY 28.

Total FY 28 Variable Revenue: \$11,440,649
 Total FY 28 Fixed Fee Revenue Increase: \$942,720
 Total FY 28 Revenue Increase: **\$12,383,369**

Starting in FY 29, the Water Fee will increase by an additional \$15,000 per fee. In FY 25, DEQ charged 36 facilities this fee, which will generate \$540,000 (\$15,000 x 36). The Solid Waste Fee will increase by an additional 10% in FY 29, generating an additional \$409,000 in revenue. The Radiation Fee will increase by 20% to \$184, generating an additional \$75,000. These increases will total an additional increase of \$1,024,000 in FY 29 SGR revenue.

Total FY 28 Revenue Increase: \$12,338,369
 Total FY 29 Additional Increase: \$1,024,000
 Total FY 29 Revenue: **\$14,076,369**

Revenue Explanation Continues on page 2

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
 Deputy Fiscal Officer



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**CONTINUED EXPLANATION from page one:
Revenue Explanation Continued:**

In FY 30, the Radiation Fee will increase from \$184 to a fixed rate of \$250, which will generate an additional \$165,000 annually.

Total FY 29 Increase: \$14,076,369
 Total FY 30 Additional Increase: \$165,000
 Total FY 30 Revenue: **\$14,241,369**

The department reports that the fees that will be calculated using the test category matrices include: Hazardous Waste Tonnage (HWT), Radiation Fees, Lab Accreditation Fees, Air, Water, Solid Waste, and Groundwater Waste Fees.

See Below for a breakdown of the increase in fees for fixed fees based on the actual number of applicants in FY 25.

Fixed Fee Revenue Breakdown

Fee Type Category	Amount	Current Rate	Proposed Rate	Proposed Revenue Increase
Water Fee	36	\$150,000	\$165,000	\$540,000
Large Quantity Generator HWT	420	\$634	\$1,000	\$153,720
Small Quantity Generator HWT	1,000	\$634	\$750	\$116,000
Very Small Quantity Generator HWT	4,000	\$83	\$100	\$68,000
Radiation Fee*	<u>2,500</u>	<u>\$128</u>	<u>\$154</u>	<u>\$65,000</u>
Total FY 28 Fixed Fee Revenue Increase:				\$942,720

Note* The Radiation Fee Category currently charged is \$128 and will increase by 20% in FY 28 (\$154) and FY 29 (\$184) until FY 30 when it will become a fixed rate of \$250.

The fees below are variable fees and will increase based on a percentage of the actual FY 25 collections. Due to the number of variable fees the department anticipates adjusting, this fiscal note provides an estimated increase across different fee categories.

Variable Fee Revenue Breakdown

Fee Type Category	FY 25 Revenue	% Increase	Proposed Revenue Increase
Air Fee per Emissions Point	\$15,300,000	65%	\$10,000,000
Solid Waste Fee	\$4,400,000	10%	\$440,000
Facility HWT Annual Fee	\$3,648,318	10%	\$364,831
Groundwater Waste Fee	\$3,125,000	10%	\$312,500
Facility HWT per Tonnage	\$286,682	61%	\$175,318
Lab Accreditation Fee	\$740,000	20%	<u>\$148,000</u>
Total FY 28 Variable Revenue:			\$11,440,649

Note: The LFO presumes the same number of annual fees will be assessed and collected each year. To the extent that a change in the fees amount changes market behavior with regard to the number of fees assessed annually, the potential additional revenue may be impacted accordingly.

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

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