LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 505** SLS 26RS 1546
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 21, 2026 10:12 AM **Author:** CATHEY
Dept./Agy.: Department of Environmental Quality
Subject: Motor Fuels Underground Storage Tank Trust **Analyst:** Richie Anderson

ENVIRONMENTAL CONTROL EN INCREASE SG EX See Note

Provides relative to the Motor Fuels Underground Storage Tank Trust Dedicated Fund Account. (8/1/26)

Current law provides that the interest account of the Motor Fuels Underground Storage Tank Trust Dedicated Fund Account (Tank Trust Account) shall be used to grant or loan funds for upgrades and improvements to storage tank sites. Current law provides that a single grant or loan shall not exceed $150,000, and the annual total shall not exceed $3 M.

Proposed law provides that a single grant or loan shall not exceed $300,000, and the annual total shall not exceed 75% of the unobligated balance of the interest account of the Tank Trust Account. Requires the applicant to be the entity that owns the facility where the upgrade and improvements will be performed. Establishes two application periods from July 1st to September 30th and January 1st to March 31st, and requires applicants to complete upgrades or improvements no later than three years from approval. Allows the Motor Fuel Underground Storage Tank Trust Fund Advisory Board (Board) to establish caps on the total number of grants, which are not to exceed 20 per period and 40 per fiscal year. Proposed law clarifies that the storage tank must have been installed prior to December 20, 2008, and each owner may participate in the program no more than once per fiscal year.

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.	**INCREASE**	**INCREASE**	**INCREASE**	**INCREASE**	**DECREASE**	
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	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	$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**	**$0**

EXPENDITURE EXPLANATION

Proposed law will likely increase SGR expenditures out of the Interest Account of the Motor Fuels Underground Storage Tank Trust Dedicated Fund Account (Tank Trust Account). Proposed law provides that a single grant or loan shall not exceed $300,000, with an annual cap of 75% of the unobligated balance of the Interest Account of the Tank Trust Account and a maximum of 40 grants or loans allowed each year. The Department of Environmental Quality (DEQ) reports that since 2024, they have awarded 35 grants (16 in 2024 and 19 in 2025). Entities that receive awards must complete upgrades on their underground storage tank before being reimbursed by DEQ. DEQ reports that as of March 31, 2026, they have reimbursed seven (6 in 2024 and 1 in 2025) of these projects for $150,000 each, totaling $1.1 M.

Proposed law will increase the reimbursement threshold to $300,000 for each underground storage tank project and allow a maximum of 40 grants to be issued annually. To the extent that more underground storage tank owners apply or entities request more than the current maximum of $150,000, the expenditures out of the Tank Trust Account will increase accordingly.

Proposed law will likely increase the annual cap from $3 M to 75% of the unobligated balance of the interest account of the Tank Trust Account until FY 31. To the extent that DEQ provides grants totaling more than $3 M up to the annual cap each year, then expenditures will increase accordingly. The projected end of year unobligated balance for the Tank Trust Fund Interest Account for FY 26 is $14.6 M. The cap for FY 27 would be 75%, which would be $10.9 M. DEQ assumes they will issue 20 grants a year, resulting in the unobligated balance decreasing year over year. To the extent DEQ awards more than 20 grants a year, the unobligated balance will deplete at a faster rate than presented below and may lead to a decrease in expenditures sooner than FY 31.

Below is a projected unobligated balance for the Tank Trust Fund Interest Account and estimated future caps.

	Projected Unobligated Balance	Future Cap for Ensuing Fiscal Year (75%)
FY 26	$14,562,901	$10,922,176
FY 27	$13,262,901	$9,947,176
FY 28	$10,462,901	$7,847,176
FY 29	$7,662,901	$5,747,176
FY 30	$4,862,901	$3,647,176
FY 31	$3,862,901	$2,897,176

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules

[x] 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