



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0160: Revise alternative energy project laws to require a bond prior to construction

Primary Sponsor: Bob Phalen Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$201,609	\$204,005	\$208,932	\$212,494
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$201,609)</u>	<u>(\$204,005)</u>	<u>(\$208,932)</u>	<u>(\$212,494)</u>
General Fund Balance				

Description of fiscal impact

SB 160 amends Title 75, Chapter 26, part 3 to require new solar and wind generation facilities to notify the Department of Environmental Quality (DEQ), submit a decommissioning plan, provide the power purchase agreement, and submit a decommissioning bond to DEQ prior to the start of construction and commencement of operation of the facility. Facilities that were constructed and commenced commercial operation prior to January 1, 2026, must submit a decommissioning bond to DEQ on or before January 1, 2026. SB 160 requires DEQ to review each decommissioning plan and corresponding bond amount annually and allows DEQ to increase the bond under certain conditions. These are new annual requirements for staff time.

FISCAL ANALYSIS

Assumptions

Department of Environmental Quality

1. To fully implement SB 160 will require one new full time equivalent (FTE) engineer position in DEQ's Air, Energy & Mining Division.
2. The wind and solar decommissioning account balance will remain at a zero cash balance at the start of FY 2026, general fund will be needed to implement the requirements of SB 160.
3. DEQ will be required to amend the existing wind and solar bonding and decommissioning rules to incorporate changes from SB 160. The rule update must take place prior to completing required bond calculations by the deadline of January 1, 2026.
4. By January 1, 2026, there will be 14 wind and nine solar generating facilities that will have commenced commercial operation but, in accordance with current law, will not have submitted decommissioning bonds to DEQ. DEQ will be required to collect information from, and calculate a bond in consultation with, those 23 facilities after adoption of updated rules (see Assumption 3) and prior to January 1, 2026. Bond calculation and the associated consultation typically takes up to six months with existing resources.

Fiscal Analysis Table

Department of Environmental Quality				
	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
FTE	1.00	1.00	1.00	1.00
TOTAL Fiscal Impact	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
<u>Expenditures</u>				
Personal Services	\$157,507	\$159,379	\$163,228	\$166,011
Operating Expenses	\$44,102	\$44,626	\$45,704	\$46,483
TOTAL Expenditures	<u>\$201,609</u>	<u>\$204,005</u>	<u>\$208,932</u>	<u>\$212,494</u>
<u>Funding of Expenditures</u>				
General Fund (01)	\$201,609	\$204,005	\$208,932	\$212,494
TOTAL Funding of Expenditures	<u>\$201,609</u>	<u>\$204,005</u>	<u>\$208,932</u>	<u>\$212,494</u>
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	<u>(\$201,609)</u>	<u>(\$204,005)</u>	<u>(\$208,932)</u>	<u>(\$212,494)</u>

NO SPONSOR SIGNATURE

Sponsor's Initials

Date

1/27/25

Budget Director's Initials

1/24/2025

Date