



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 691** HLS 25RS 2783

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.: **HB 568**

Date: May 22, 2025	5:23 PM	Author: CARRIER
Dept./Agy.: Energy and Natural Resources		
Subject: Carbon Capture and Storage Damage Accountability		Analyst: Mimi Blanchard

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Establishes public safety and accountability procedures for carbon dioxide sequestration

Current law requires operators of Class VI carbon dioxide sequestration wells to report certain incidents within 24 hours, including risks to underground sources of drinking water, permit violations, and injection system malfunctions. Civil penalties of up to \$5,000 per day may be imposed for violations.

Proposed law adds reporting requirements for carbon dioxide releases and equipment malfunctions, and requires that reports include the incident location, cause (if known), potential risks, mitigation steps, and a corrective timeline. Operators must notify emergency responders, local officials, and the public within 48 hours, and the department must publish reports online. Civil penalties are increased to \$200,000 per day, and criminal penalties of up to \$25,000 per day and one year of imprisonment are established for willful violations. Criminal prosecution is prohibited if a compliance order or civil action is pending for the same violation. Effective upon governor’s signature.

EXPENDITURES	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	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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.

Proposed law may result in an indeterminable increase in Local Funds expenditures for local governing authorities if a person is convicted of willfully or knowingly failing to report or keep records related to a Class VI carbon dioxide sequestration well as required by law. The exact fiscal impact is indeterminable, as it is unknown how many individuals may be convicted or incarcerated in local facilities, nor the length of sentences imposed as a result of this legislation. The maximum imprisonment term at the local level is one year.

There is no anticipated direct material effect on state governmental expenditures as a result of this measure because this legislation creates a misdemeanor offense; therefore, these offenders will not be sentenced to the Department of Public Safety & Corrections – Corrections Services (DPS&C-CS).

REVENUE EXPLANATION

DENR reports that penalty fines (up to \$200,000 per day per violation) 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.

Proposed law may result in an indeterminable increase in local revenues due to misdemeanor convictions for willfully or knowingly failing to report or retain required records under Class VI well regulations. The fiscal impact on local revenue is indeterminable because the imposition of fines (not more than \$25,000 per day) is discretionary, and the amount collected will vary by case. Any revenue collected from fines would accrue to the local governing authority.

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}



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