



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 537** HLS 25RS 865

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 15, 2025	5:27 PM	<b>Author:</b> SCHAMERHORN
<b>Dept./Agy.:</b> Environmental Quality		
<b>Subject:</b> CO2 Pipeline Disaster Lien for Victims		<b>Analyst:</b> Mimi Blanchard

ENVIRONMENT/QUALITY

OR SEE FISC NOTE GF EX

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Authorizes liens for victims of CO2 pipeline disasters

Proposed law establishes a carbon dioxide victim lien for individuals and properties within a 25-mile radius of a carbon dioxide pipeline release, providing compensation for damages such as healthcare, death, disability, property damage, and punitive damages. It requires victims to file a financing statement within 365 days of a release to perfect the lien, which takes priority over any conflicting security interests. The lien applies to all assets of the pipeline owners, operators, and carbon dioxide suppliers responsible for the release. The bill also outlines procedures for filing termination statements and specifies that assets must be held in trust for 365 days if the owner is in bankruptcy or receivership, allowing time for lien filings.

Effective August 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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	\$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

The proposed law may result in an increase in state expenditures to the extent that administrative or legal actions are required to process and enforce carbon dioxide pipeline victim liens. The Secretary of State may incur minimal costs associated with processing and maintaining financing statements for these liens, including potential system updates and staff training, if filings are handled through the existing Uniform Commercial Code (UCC) or a similar system. The Attorney General or state courts may also experience increased legal workloads related to lien enforcement, bankruptcy proceedings, or disputes involving lien priority or termination. These costs are speculative and would depend on the number and complexity of cases.

Additionally, the proposed law may indirectly increase administrative costs for state agencies involved in the development or oversight of CO2 projects. The Department of Environmental Quality (DEQ) reports that an indeterminable increase in expenditures is anticipated, as the bill authorizes DEQ to use data to take necessary actions to address issues identified, but does not clearly define the department’s role or the nature of any required actions.

REVENUE EXPLANATION

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

Senate

Dual Referral Rules

House

- ☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
- ☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}
- ☐ 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}

Alan M. Boxberger  
Legislative Fiscal Officer