



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-101: LOCAL GOV LANDFILL METHANE EMISSION REDUCTION REGS

Prime Sponsors:

Sen. Pelton B.

Fiscal Analyst:

Brendan Fung, 303-866-4781
brendan.fung@coleg.gov

Published for: Senate Transportation & Energy

Drafting number: LLS 26-0285

Version: Initial Fiscal Note

Date: March 17, 2026

Fiscal note status: This fiscal note reflects the introduced bill.

Summary Information

Overview. The bill modifies several funding mechanisms and agency processes to assist local governments in their effort to meet methane emissions goals set by the state.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$195,053 to the Department of Public Health and Environment.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$225,952	\$207,130	\$149,849
State Expenditures	\$225,952	\$207,130	\$149,849
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$225,952	\$207,130	Not estimated
Change in State FTE	1.5 FTE	0.7 FTE	0.2 FTE

Funds sources for these impacts are shown in the tables below.

**Table 1A
 State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds	\$225,952	\$207,130	\$149,849
Total Revenue	\$225,952	\$207,130	\$149,849

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$195,053	\$0	\$0
Cash Funds	\$0	\$195,677	\$149,849
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$30,899	\$11,453	\$0
Total Expenditures	\$225,952	\$207,130	\$149,849
Total FTE	1.5 FTE	0.7 FTE	0.2 FTE

Summary of Legislation

Under current law, the Air Quality Control Commission (AQCC) in the Department of Public Health and Environment (CDPHE) adopts emission control regulations for significant sources of air pollutants, including solid waste landfills. The bill modifies several funding mechanisms and agency processes to assist local governments in their effort to meet methane emissions goals set by the state. Specifically, the bill:

- expands the permitted uses of the Community Impact Fund, the Air Quality Enterprise Fund, and the Local Government Mineral Impact Fund for grants to counties for projects to meet solid waste landfill methane emission reduction benchmarks;
- requires the Air Quality Enterprise to conduct research on the best practices for counties to achieve solid waste methane emission reduction, and publish a report by December 31, 2028;
- directs the AQCC to consider current debt services on solid waste landfills when developing compliance schedules for methane emission reduction;
- allows a local government to request a waiver from solid waste landfill methane emission reduction requirements if the local government demonstrates a different approach to achieving relevant goals;

- clarifies that a solid waste landfill that reaches or exceeds methane emission limits on or after the effective date of the bill is not subject to reduction requirements for two years; and
- exempts a local government from noncompliance penalties if the local government demonstrates that failure to comply resulted solely from financial instability.

State Revenue

The bill increases cash fund revenue by about \$226,000 in FY 2026-27, \$207,000 in FY 2027-28, and \$150,000 in future years to the Stationary Sources Control Cash Fund in the CDPHE to cover the increased costs of solid waste landfill management, as shown in Table 2 and discussed below. The bill may also decrease state revenue from noncompliance penalties by an indeterminate amount.

Table 2
State Revenue
Fee Impact on Stationary Sources

Fiscal Year	Estimated Sources Affected	Estimated Fee Increase	Total Fee Impact
FY 2026-27	45	\$5,021	\$225,952
FY 2027-28	45	\$4,603	\$207,130
FY 2028-29 and ongoing	45	\$3,330	\$149,849

Fee Impact on Stationary Sources

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. In FY 2026-27, the CDPHE will collect about \$226,000 in stationary source fees from an estimated 45 solid waste landfills subject to the state's methane reduction requirements to cover program costs. In FY 2027-28, the CDPHE will collect about \$207,000 and on an ongoing basis, the department will collect about \$150,000. Therefore, it is estimated that fees will increase by about \$5,000 per source in the first year, \$4,600 in the second year, and \$3,300 in future years. This proposed fee is an estimate only; actual fees will be set administratively by the CDPHE based on the cash fund balance, estimated program costs, and the estimated number of licensees subject to the fee. Fee revenue is subject to TABOR.

Civil Penalties

Under current law, stationary sources that violate certain air quality requirements are subject to a civil penalty of up to \$47,357 per day. The bill exempts local government solid waste landfills that demonstrate that failure to comply resulted solely from financial instability, which may reduce state revenue from noncompliance penalties. This revenue impact depends on actions taken by stationary sources, local government financial assessments, and penalty amounts determined by the CDPHE, and thus cannot be estimated. Civil penalties are subject to TABOR.

State Expenditures

The bill increases state expenditures in the CDPHE by about \$226,000 in FY 2026-27, \$207,000 in FY 2027-28, and \$150,000 in future years. These costs, paid from the General Fund in the first year and the Stationary Sources Control Cash Fund beginning in FY 2027-28, are summarized in Table 3 and discussed below. The bill also minimally affects workload in the Department of Local Affairs (DOLA).

Table 3
State Expenditures
Department of Public Health and Environment

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$129,539	\$45,188	\$0
Operating Expenses	\$1,664	\$640	\$0
Capital Outlay Costs	\$14,000	\$0	\$0
Financial Contractor	\$0	\$100,000	\$100,000
Legal Services	\$49,849	\$49,849	\$49,849
Centrally Appropriated Costs	\$30,899	\$11,453	\$0
FTE – Personal Services	1.3 FTE	0.5 FTE	0.0 FTE
FTE – Legal Services	0.2 FTE	0.2 FTE	0.2 FTE
Total Costs	\$225,952	\$207,130	\$149,849
Total FTE	1.5 FTE	0.7 FTE	0.2 FTE

Department of Public Health and Environment

The CDPHE will have an increase in staff and legal services costs beginning in FY 2026-27 to implement the bill. Workload will also minimally increase to conduct additional research and manage financial distributions from existing cash funds.

Staff

In FY 2026-27, the CDPHE requires 1.5 FTE Environmental Protection Specialist III to conduct rulemaking, manage public stakeholder meetings, collect data, and prepare documentation and analyses of implementation changes. In FY 2027-28, the CDPHE only requires 0.5 FTE to support the integration of new rules, fiscal analysis, and alternative compliance measures into permitting requirements. Staff and FTE are prorated in the first year based on the bill's effective date and end in FY 2027-28.

Financial Contractor

Beginning in FY 2027-28, the CDPHE requires an estimated \$100,000 for a contractor to perform an audit on local government finances that demonstrate financial instability, and assist the department with these ongoing cases and assessments. This estimate assumes that two of the 13 locally-owned landfills will annually notify the CDPHE of an exemption to noncompliance penalties, and that a contractor will assess each case at a rate of \$200 per hour for 250 hours.

Grants

The bill permits the CDPHE and DOLA to distribute money from various cash funds to local governments to meet solid waste landfill methane emission reduction benchmarks. Because the bill expands the allowable uses of existing grant and enterprise funds, but does not require specific awards or appropriate additional funding, the fiscal note cannot estimate the amount or timing of financial distributions that may be awarded to counties. However, any awards are assumed to shift expenditures within existing cash funds, and overall state expenditures are not expected to increase.

Legal Services

The CDPHE requires 360 hours of legal services beginning in FY 2026-27 for rulemaking, program implementation, and ongoing support. Legal services are provided by the Department of Law at a rate of \$138.47 per hour.

Department of Local Affairs

As mentioned above, the bill permits DOLA to distribute money from the Local Government Mineral Impact Fund for counties to meet solid waste landfill methane emission reduction benchmarks. Workload will minimally increase if the department reallocates funds to counties for these purposes, which can be accomplished within existing appropriations.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 3 above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$225,952 in FY 2026-27 and \$207,130 in FY 2027-28. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Local Government

Beginning in FY 2026-27, the bill impacts local government revenue and expenditures. Revenue will increase if counties receive funding from the state for projects related to methane emission reduction, and project expenditures will shift from local funds to awarded state funds. In addition, expenditures may shift or decrease if compliance schedules are altered to accommodate a county's financial stability, a waiver is granted from reduction requirements, or a local government becomes exempt from noncompliance penalties.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2026-27, the bill requires a General Fund appropriation of \$195,053 to the Department of Public Health and Environment, and 1.3 FTE. Of this amount, \$49,849 is reappropriated to the Department of Law, with an additional 0.2 FTE.

State and Local Government Contacts

Counties	Municipalities
Law	Public Health and Environment
Local Affairs	Treasury

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).