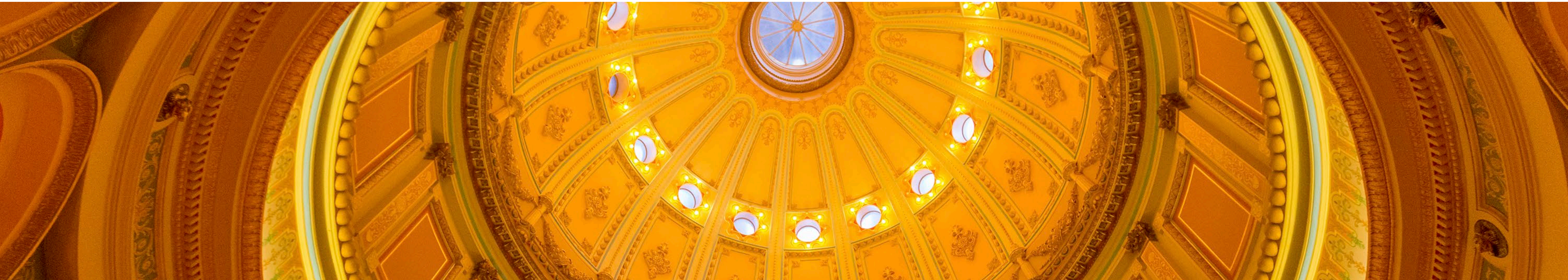
Department of Toxic Substances Control

BOARD OF Environmental Safety

CalEPA California Environmental Protection Agency

BES & DTSC FY26-27 Budget Updates & Proposed Fee Rate Scenarios

JULY 23, 2026



BES Fee Subcommittee Members

- Board Chair - Andrew Rakestraw
- Board Member – Rhys Williams

BES Support Staff:

- Executive Officer - Swati Sharma
- Board Legal Counsel - Greg Forest
- Environmental Program Manager - Ferdous Pourmirza
- Senior Staff Scientist – Marcus Raymond
- Senior Staff Engineer - Linda Ocampo

Department of Toxic Substances Control-Office of Financial Planning

- Brian Brown, Chief Financial Officer
- Kaytherine Grant, Fiscal Officer

Purpose

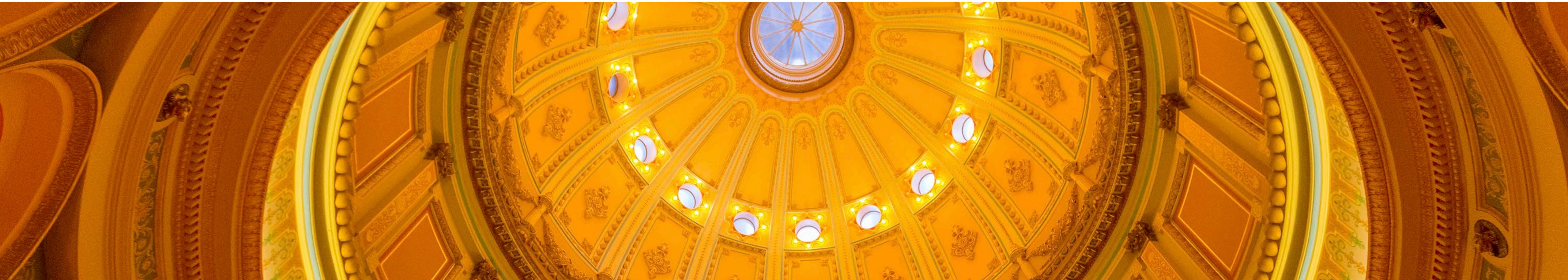
- DTSC Budget Act Updates
- BES Fee Setting Process
- Fee Rate Scenarios
- Next Steps

Department of Toxic Substances Control

CalEPA California Environmental Protection Agency

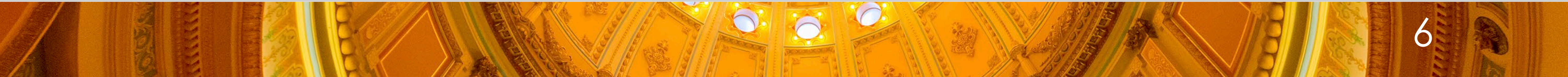
Enacted 2026-27 Budget and Fund Condition Updates

BY KAYTHERINE GRANT & BRIAN BROWN



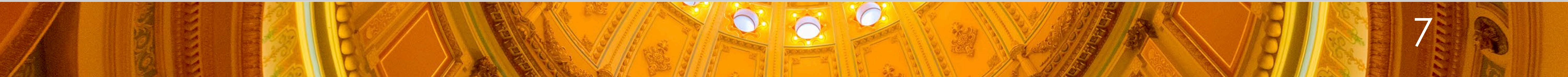
2026-27 Budget Actions Affecting Funds

- All DTSC budget requests approved in final budget bills
  - Increased appropriation levels in TSCA and HWCA
  - Significantly decreased HWFA appropriation
- HWFA officially designated as independent fund
- Restores 75.1 positions previously eliminated in 2024-25 budget
- Assumes full $40 million loan is repaid from HWCA to Beverage Container Recycling Fund by end of 2026-27



Other Technical Adjustments to Fund Condition Statements

- Year-end expenditure estimates
- Prior-year adjustments to revenues and expenditures
- Estimated impact of recent bargaining agreements
- Other baseline technical adjustments



Understanding Fund Condition Statements

	2025-26 (Estimated)	2026-27 (Budgeted)
BEGINNING BALANCE	$2.0	$4.0
Revenue	$47.0	$48.0
Other Revenue Sources	$5.0	$3.0
Total Resources	**$54.0**	**$55.0**
Expenditures	$50.0	$52.0
Vacancy Restoration		$1.0
Total Expenditures & Expenditure Adjustments	**$50.0**	**$53.0**
YEAR-END FUND BALANCE	$4.0	$2.0
Fund balance as percent of expenditures		*3.8%*

Figures in millions of dollars

Beginning Balance – funding available at the beginning of the fiscal year

Total Resources - total funding available (including estimated revenues) before spending

Total Expenditures – total actual and planned spending

Year-End Fund Balance – total estimated funding remaining at the end of the fiscal year

Beginning Balance + Revenues – Expenditures = Year-End Fund Balance

Fund 0014
Hazardous Waste Control Account *(G&H Fee)*

	2025-26 (Estimated)	2026-27 (Budgeted)
BEGINNING RESOURCES	$95.0	$68.1
G&H fee Revenue	$74.0	$75.0
Other Revenue Sources	$23.4	$3.3
Total Resources	$192.4	$146.3
Expenditures	$104.3	$110.3
Vacancy Restoration	$0.0	$3.7
Loan Repayment	$20.0	$20.0
Total Expenditures and Expenditure Adjustments	$124.3	$134.0
YEAR-END FUND BALANCE	$68.1	$12.3
Fund balance as percent of expenditures		*9.2%*

Figures in millions of dollars

based on existing fee rate

Fund 1033
Hazardous Waste Facilities Account *(Facility Fee)*

	2025-26 (Estimated)	2026-27 (Budgeted)
BEGINNING RESOURCES		$5.4
Facility fee Revenue		$11.1
Other Revenue Sources		$1.9
Total Resources	$0.0	$18.4
Expenditures		$8.2
Vacancy Restoration		$0.3
Total Expenditures and Expenditure Adjustments	$0.0	$8.5
YEAR-END FUND BALANCE	$0.0	$10.0
Fund balance as percent of expenditures		*117.7%*

Figures in millions of dollars

based on existing fee rate

Fund 0557
Toxic Substances Control Account *(Environmental Fee)*

	2025-26 (Estimated)	2026-27 (Budgeted)
BEGINNING RESOURCES	$54.7	$51.8
Environmental Fee Revenue	$123.0	$123.0
Other Revenue Sources, Loans, and Transfers	-$17.2	-$25.7
Total Resources	**$160.5**	**$149.1**
Expenditures	$108.7	$131.3
Vacancy Restoration	$0.0	$5.5
Total Expenditures and Expenditure Adjustments	**$108.7**	**$136.8**
YEAR-END FUND BALANCE	$51.8	$12.3
Fund balance as percent of expenditures		*9.0%*

Figures in millions of dollars

based on existing fee rate

Fee Rate Setting Overview

BY LINDA OCAMPO

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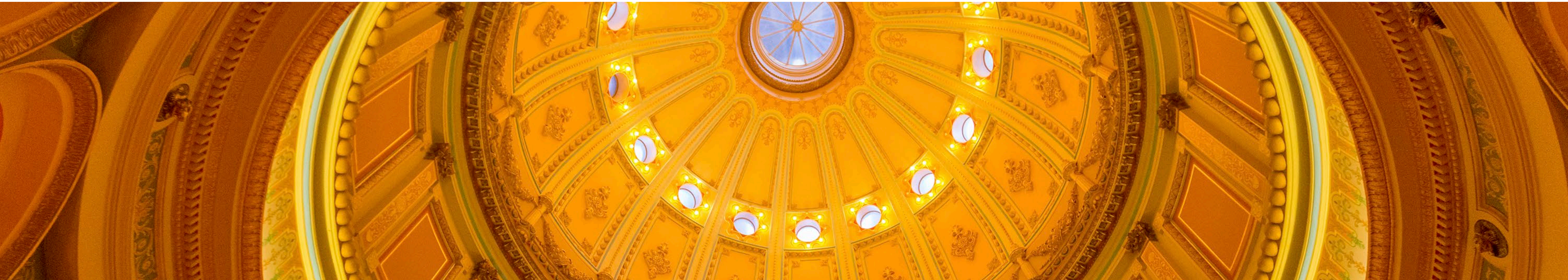
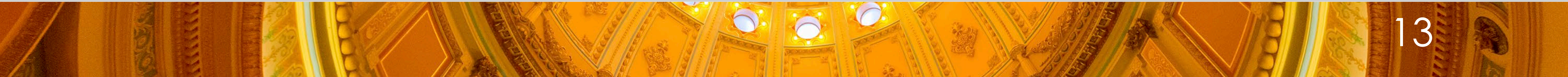


Role of the Board of Environmental Safety

- Ensure fiduciary responsibility for short- and long-term financial stability of DTSC
- Drive fee payer, stakeholders and public awareness
- Solicit public comment and stakeholder input to inform decisions related to fee changes



Statutory Factors Used to Set Fee Rates

Fund Balance- Over or under collection of revenue during the preceding year

DTSC Expenditures

- **Appropriations set by the Legislature-** intended to enable DTSC to deliver on its mandate
- **Administrative costs-** budgeted by DTSC, including costs to administer and collect fees

Responsible Reserve- not to exceed 10% of expenditure levels

Fee Rate Limits - adjusted annually to reflect changes in the cost of living

Factors for FY 26-27 Fee Rate Scenarios

Information available to date:

- Budget Act of 2026 enacted
- Loan repayment amount for G&H fee
- Updated Fund Condition Statements - Assessment of fund solvency, including projected revenues and expenditures

Pending:

- <u>Mid August</u>: Consumer Price Index available to adjust fee rate limits

Activities Funded by the Generation & Handling Fee

- Inspections and Enforcement
- Office of Criminal Investigations
- HWMP Policy and Program Support
- Corrective action and cleanup at hazardous waste facilities
- Support Programs: (Office of Legal Counsel, Information Technology, Environmental Chemistry Lab, Administration, Public Participation, Health and Safety, etc.)

G&H Fee Scenarios

Projected HWCA fund balance w/ no fee increase = $12.3M (9.2%)

Scenarios	**Scenario #1** *8% Reserve*	**Scenario #3** *9.2% Reserve (status quo)*	**Scenario #4** *10% Reserve*
Additional Revenues Required	**- $1.61M**	**-**	**$1.1M**
Required Fee Rate	**$60.91**	**$62.24**	**$63.13**
Rate Difference	***-$ 1.34***	***$0.00***	***$0.89***

FY2025/26 fee rate: $62.24/ton

Activities Funded by the Facility Fee

- DTSC Permitting
- Inspections and Enforcement of DTSC Permitted Facilities
- Office of Criminal Investigations
- HWMP Policy Implementation
- Support Programs: (Office of Legal Counsel, Information Technology, Environmental Chemistry Lab, Administration, Public Participation, Health and Safety, etc.)

Facility Fee Scenarios

Projected HWFA fund balance w/ no fee increase = $10M (117.7%)

Scenarios	**Scenario #1** 9% Reserve	**Scenario #2** 9.5% Reserve	**Scenario #3** 10% Reserve
Revenue Decrease Required	**- $9.21M**	**- $9.17M**	**- $9.13M**
Percent Revenue Decrease Required	**-83.0%**	**-82.6%**	**-82.2%**

Facility Fee Scenarios

Permit Tier	Permit Type	2025-26 Rate		Number of Facilities	Scenario #1 9% Reserve		Scenario #2 9.5% Reserve		Scenario #3 10% Reserve	
					New Rate	Change in Rate	New Rate	Change in Rate	New Rate	Change in Rate
Full Permit	**Base Rate**	**$90,609**		46	**$15,411.00**	*($75,198.00)*	**$15,757.00**	*($74,852.00)*	**$16,103.00**	*($74,506)*
	Disposal Facility	**$906,090**	*10 x Base Rate*	2	$154,110.00	*($751,980.00)*	$157,570.00	*($748,520.00)*	$161,030.00	*($745,060)*
	Large Onsite/Offsite Treatment Facility	**$271,827**	*3 x Base Rate*	17	$46,233.00	*($225,594.00)*	$47,271.00	*($224,556.00)*	$48,309.00	*($223,518)*
	Small Treatment Facility	**$181,218**	*2 x Base Rate*	9	$30,822.00	*($150,396.00)*	$31,514.00	*($149,704.00)*	$32,206.00	*($149,012)*
	Mini Treatment Facility	**$45,305**	*0.5 x Base Rate*	1	$7,705.50	*($37,599.00)*	$7,878.50	*($37,426.00)*	$8,051.50	*($37,253)*
	Large Storage Facility	**$181,218**	*2 x Base Rate*	2	$30,822.00	*($150,396.00)*	$31,514.00	*($149,704.00)*	$32,206.00	*($149,012)*
	Small Storage Facility	**$90,609**	*Base Rate*	14	$15,411.00	*($75,198.00)*	$15,757.00	*($74,852.00)*	$16,103.00	*($74,506)*
	Mini Storage Facility	**$22,652**	*.25 x Base Rate*	1	$3,852.75	*($18,799.50)*	$3,939.25	*($18,713.00)*	$4,025.75	*($18,627)*

Facility Fee Scenarios

				Scenario #1 *9% Reserve*		**Scenario #2** *9.5% Reserve*		**Scenario #3** *10% Reserve*	
Permit Tier	**Permit Type**	**2025-26 Rate**	**Number of Facilities**	**New Rate**	**Change in Rate**	**New Rate**	**Change in Rate**	**New Rate**	**Change in Rate**
Standardized Permit	**Std Permit Facility Series A**	**$52,775**	4	**$8,976.00**	*($43,799.00)*	**$9,178.00**	*($43,597.00)*	**$9,379.00**	*($43,396)*
	Std Permit Facility Series B	**$24,736**	6	**$4,207.00**	*($20,529.00)*	**$4,302.00**	*($20,434.00)*	**$4,396.00**	*($20,340)*
	Std Permit Facility Series C	**$20,774**	10	**$3,533.00**	*($17,241.00)*	**$3,613.00**	*($17,161.00)*	**$3,692.00**	*($17,082)*
	Std Permit Facility Series C (Sm Qty)	**$10,387**	3	**$1,767.00**	*($8,620.00)*	**$1,806.00**	*($8,581.00)*	**$1,846.00**	*($8,541)*
Post Closure (<5 yrs)	**Within 5yrs - Small Facility**	**$25,757**	0	**$4,381.00**	*($21,376.00)*	**$4,479.00**	*($21,278.00)*	**$4,578.00**	*($21,179)*
	Medium Facility	**$51,515**	0	**$8,762.00**	*($42,753.00)*	**$8,959.00**	*($42,556.00)*	**$9,155.00**	*($42,360)*
	Large Facility	**$77,272**	1	**$13,143.00**	*($64,129.00)*	**$13,438.00**	*($63,834.00)*	**$13,733.00**	*($63,539)*
Post Closure (>5 yrs)	**Small Facility**	**$13,723**	1	**$2,334.00**	*($11,389.00)*	**$2,386.00**	*($11,337.00)*	**$2,439.00**	*($11,284)*
	Medium Facility	**$27,447**	7	**$4,668.00**	*($22,779.00)*	**$4,773.00**	*($22,674.00)*	**$4,878.00**	*($22,569)*
	Large Facility	**$46,350**	25	**$7,884.00**	*($38,466.00)*	**$8,060.00**	*($38,290.00)*	**$8,237.00**	*($38,113)*
Fixed & Transportable Treatment Units	**Permit-By-Rule**	**$4,391**	33	**$747.00**	*($3,644.00)*	**$764.00**	*($3,627.00)*	**$780.00**	*($3,611)*
	Conditional Exemption	**$172**	2	**$29.00**	*($143.00)*	**$30.00**	*($142.00)*	**$31.00**	*($141)*

Activities funded by Environmental Fee

- Site Mitigation and Brownfields
- Site Remediation Transfer (federal "Superfund" and state orphan sites)
- Safer Consumer Products
- Support Programs (Biomonitoring, Office of Legal Counsel, Information Technology, Environmental Chemistry Lab, Administration, Public Participation, etc.)

Environmental Fee Scenarios

Projected TSCA fund balance w/ no fee increase = $12.3M (9%)

Scenarios	Scenario #1 8% Reserve	Scenario #2 9% Reserve (status quo)	Scenario #3 10% Reserve
Revenue Decrease Required	- $1.3M	0	$1.4M
Percent Revenue Decrease Required	-1.10%	0%	1.13%

Environmental Fee Scenarios

Number of Employees	2025-26 Fee Rates	Number of Businesses	Scenario #1 *8% Reserve*		Scenario #2 *9% Reserve (Status quo)*		Scenario #3 *10% Reserve*	
			New Rate	**Change in Rate**	**New Rate**	**Change in Rate**	**New Rate**	**Change in Rate**
100 - 249	$1,235	18,284	$1,222	- $13	$1,235	$ -	$1,249	$14
250 - 499	$2,651	4,454	$2,622	- $29	$2,651	$ -	$2,681	$30
500 - 999	$15,674	1,679	$15,504	- $170	$15,674	$ -	$15,853	$179
1,000 or more	$52,997	1,179	$52,423	- $574	$52,997	$ -	$53,601	$604

Fee Rate Setting Timeline

August Board Meeting

Board Adopts Fee Rates & Fee Rate limit

September

Emergency Rulemaking Process

October 1

BES notifies CDTFA of Adopted Rates and Caps

Engage With Us!

Set up a meeting

Alicia.Delfin@bes.dtsc.ca.gov

Submit written comments

Linda.Ocampo@bes.dtsc.ca.gov

Attend Board meeting

https://bes.dtsc.ca.gov/next-meeting/