

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB77

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Rasoul

**3. Committee:** Labor and Commerce

**4. Title:** Green New Deal Act; fossil fuel projects moratorium, clean energy mandates, civil penalties.

**5. Summary:** Establishes a moratorium, effective January 1, 2021, on approval by any state agency or political subdivision of any approval required for (i) electric generating facilities that generate fossil fuel energy through the combustion of a fossil fuel resource; (ii) import or export terminals for fossil fuel resources; (iii) certain maintenance activities relating to an import or export terminal for a fossil fuel resource; (iv) gathering lines or pipelines for the transport of any fossil fuel resource that requires the use of eminent domain on private property; (v) certain maintenance activities relating to such gathering lines or pipelines; (vi) refineries of a fossil fuel resource; and (vii) exploration for any type of fossil fuel, unless preempted by applicable federal law. The measure also requires that at least 80 percent of the electricity sold by a retail electric supplier in calendar years 2028 through 2035 be generated from clean energy resources. In calendar year 2036 and every calendar year thereafter, 100 percent of the electricity sold by a retail electric supplier is required to be generated from clean energy resources. The clean energy mandates apply to a public utility or other person that sells not less than 1,000 megawatt hours of electric energy to retail customers or generates not less than 1,000 megawatt hours of electric energy for use by the person. The Director of the Department of Mines, Minerals and Energy is authorized to bring actions for injunctions to enforce these requirements. The measure requires the Department to adopt a Climate Action Plan that addresses all aspects of climate change, including mitigation, adaptation, resiliency, and assistance in the transition from current energy sources to clean renewable energy. The measure provides that residents of the Commonwealth and organizations shall have the legal standing to sue to ensure that its provisions and any Climate Action Plan are enforced. The measure requires (a) a 36 percent reduction in electric energy consumption in buildings by 2035; (b) the establishment of job training programs and energy worker protections; (c) transitional assistance for workers in the fossil fuel industry and affected communities; and (d) environmental justice protections. The measure provides that any retail electric supplier that fails to meet any goal or benchmark is liable for a civil penalty equal to twice the cost of the financial investment necessary to meet such goal or mandate that was not achieved, or three times the cost of the financial investment necessary to meet such goal or benchmark that was not achieved if not met in an environmental justice community. All civil penalties shall be paid into the general fund.

**6. Budget Amendment Necessary:** See item 8, below.

7. **Fiscal Impact Estimates:** Preliminary. See Item 8.
8. **Fiscal Implications:** This bill establishes the Green New Deal Act and Climate Action Plan for the purposes of transitioning the Commonwealth to 100 percent clean energy. The fiscal impact as a result of this bill is indeterminate.

Department of Mines, Minerals and Energy:

This bill would increase the administrative responsibilities of the Department of Mines, Minerals, and Energy (DMME). DMME is the lead agency for the development, implementation, and enforcement of the Green New Deal Act and Climate Action Plan. DMME will (i) promulgate rules and regulations necessary to carry out the provisions of the bill; (ii) administer and enforce the provisions of the bill; (iii) develop a Climate Action Plan to implement the requirements established in the bill; (iv) revise the Uniform Statewide Building Code in coordination with the Department of Housing and Community Development; (v) develop job training programs to transition workers from jobs in the fossil fuel and nuclear power industries into jobs in the clean energy sector in coordination with the Virginia Board of Workplace Development; (vi) develop a program of transition assistance for workers in the fossil fuel industry and affected communities; (vii) develop guidelines for clean energy worker protections; and (viii) determine which census tracts in the Commonwealth are environmental justice communities and establish performance benchmarks for these communities.

DMME's development of the Climate Action Plan will (i) address all aspects of climate change, including mitigation, adaptation, and resiliency; (ii) address agriculture, heating, cooling, and transportation; (iii) support the development of community and publicly owned clean energy; (iv) incorporate goals of environmental justice developed with input and analysis from environmental justice organizations; (v) establish a statewide Environmental and Climate Justice Task Force of affected community groups to assist in the development and implementation of the Climate Action Plan; and (vi) conduct regional public hearings on the draft plan.

DMME anticipates that additional resources will be required to support the development, implementation, and enforcement of the Climate Change Plan, including additional staff, however, estimates are not available. It is anticipated that an indeterminate number of additional classified positions and funding for personnel costs will be needed to develop, administer and enforce the Climate Action Plan. The amount of funding for job training support, relocation support, income and benefit support, and early retirement benefits to thousands of fossil fuel workers is indeterminate. It is not clear from the text of the bill how these costs would be supported or who would be responsible for such costs. The amount of funding to establish jobs programs in environmental justice communities, including scholarships and low interest forgivable loans is indeterminate. The fiscal impact of granting every citizen of the Commonwealth with the legal standing to sue is indeterminate.

Virginia Employment Commission:

The bill requires the Virginia Employment Commission (VEC) to provide temporary financial support that extends the duration of unemployment benefits to communities

disproportionally affected by the Climate Action Plan as established in the bill, but does not include any measurable criteria to provide an estimate for its cost. The bill would result in an increase in unemployment insurance (UI) tax to Virginia employers to cover benefit costs. Due to the broadness of who would be eligible for extended benefits, an unspecified benefit amount, and the lack of a specification on the duration of the benefits, the amount of unemployment benefits is indeterminate. If the assumption is that the weekly benefit amounts are equal to that of unemployment benefits, then the average employment of those in oil and gas extraction, coal mining, and support activities for mining is estimated at \$1.12 million for one week (average weekly benefit amount of \$317). The necessary tax increase is indeterminate as the bill is silent on the amount of the benefit payment, duration, and specifically those who would be eligible. According to VEC, guidance from the United States Department of Labor would require a corresponding amendment to title 60.2 providing for the payment of such benefits and the terms under which payment would be made. VEC indicates that when states amend their statutes to pay additional UI benefits, it is done in one of three ways (i) a surcharge is placed on the employers who cause the unemployment; (ii) states appropriate funds to pay the additional benefits; or (iii) the costs are socialized across all employers and may result in an increase in pool taxes.

It is anticipated that this bill will not result in a fiscal impact to the Department of Environmental Quality; State Corporation Commission; Department of Labor and Industry; Office of the Attorney General; Virginia Board of Workplace Development; and, the courts.

There may be an indeterminate impact on the Virginia Community College System and the Department of Education to implement job training programs that are developed in high schools and community colleges as a result of this bill.

The impact to the Department of Housing and Community Development and the Department of General Services is not known at this time.

The civil penalties assessed under the bill are paid to the general fund and are indeterminate.

**9. Specific Agency or Political Subdivisions Affected:** Department of Mines, Minerals and Energy; Department of Environmental Quality; State Corporation Commission; Department of Labor and Industry; Virginia Employment Commission; Department of Housing and Community Development; Department of General Services; Office of Attorney General; Virginia Community College System; Department of Education; Virginia Board of Workplace Development; courts.

**10. Technical Amendment Necessary:** Yes, Line 215, insert “shall” after “section”.

**11. Other Comments:** None.