

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB627

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Ticer

3. Committee: Rules

4. Title: **Commission on Climate Change; report.**

5. Summary: This bill establishes a Climate Change Commission in the executive branch to develop a Climate Change Action Plan. In its development of the Climate Change Action Plan, the Commission shall consider demand-side energy conservation by utilities and consumers; expanding renewable energy portfolios; rate decoupling; time-of-use pricing; and transportation demand management. The Commission will also consult with the Superintendent of Public Instruction to establish and supervise the High School Climate Change Leadership Awards Program and with the State Council of Higher Education to require that a state-supported institution of higher education organize and host a 2009 Mid-Atlantic Regional Climate Change Leadership Consortium.

6. Fiscal Impact Estimates: Preliminary. See Item 8.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	0	0.00	n/a
2009	\$12,150	0.00	GF
2010	\$12,150	0.00	GF
2011	\$12,150	0.00	GF
2012	\$12,150	0.00	GF
2013	\$12,150	0.00	GF
2014	\$12,150	0.00	GF

7. Budget Amendment Necessary: Yes, Item 360.

8. Fiscal Implications: This bill establishes a Commission on Climate Change in the executive branch to study, report on, and make recommendation to mitigate the risks of climate change and on prospective greenhouse gas regulation for the Commonwealth. The Commission is to consist of 21 members, including nine legislative members and 12 nonlegislative citizen members.

Compensation and Reimbursement Expenses

The bill stipulates that all legislative members of the Commission shall receive such compensation as provided in §30-19.12, Code of Virginia, which details compensation of legislative councils as provided for in §2.2-2813, which sets the rate at \$50 per day unless a

different rate of compensation is specified by statute. Item 1 of Chapter 847 of the 2007 Virginia Acts of Assembly, another statute, sets the level of compensation to members of the General Assembly at a rate of \$200 per day. Assuming that semiannual meetings are held, and that all nine legislative members attend both meetings, total annual compensation costs for the nine legislative members would be approximately \$3,600. The bill does not specify whether or not nonlegislative citizen members are to receive compensation. However, §2.2-2813 specifies that members of commissions are to be compensated at the rate of \$50 per day. Accordingly, should the bill be interpreted that nonlegislative members are to receive compensation; the estimated total cost for compensation for nonlegislative members (assuming semiannual meetings are held) would be approximately \$1,200 annually. Total estimated compensation costs for this bill for both legislative and nonlegislative members would be \$4,800 annually.

The bill also states that all members of the Commission shall be reimbursed for all reasonable and necessary expenses incurred in the discharge of their duties as provided in §§2.2-2825. Assuming (1) semiannual meetings are held; (2) all 21 members attend each meeting; (3) each member will incur travel and lodging expenses for each meeting (average \$175 per meeting, per member), the total annual cost for reimbursement of necessary expenses would be approximately \$7,350. While many who are eligible for reimbursement historically do not seek payment, it is uncertain as to the level of reimbursement that will be sought by members of this Commission, and so full reimbursement was assumed.

The total operating costs (compensation and reimbursable expenses) for the Commission, assuming that nonlegislative members are to receive compensation, are estimated to be \$12,150 annually.

Unless a budget amendment is approved for the Commission, the Office of the Secretary of Natural Resources would be responsible for the costs of compensation and reimbursement of the Commission. According to §2.2-2813, the funding for the compensation and reimbursement of expenses of members shall be provided by the collegial body or, if funds are not appropriated to the collegial body for such purpose, by the entity that supports the work of the collegial body. In this case, as the bill does not specify funding for the Commission directly, but does specify that the Secretary is to provide the staffing for the Commission, the Secretary is therefore also responsible for the costs of the Commission.

Staffing Expenses

According to the bill, staffing for the Commission is to be provided by the Secretary of Natural Resources. Executive Order No. 59, signed on December 21, 2007, established the Governor's Commission on Climate Change. This order specifies that staff support for the Governor's Commission on Climate Change is to be provided by the Secretary of Natural Resources, among other executive branch agencies. Accordingly, since the Office of the Secretary of Natural Resources has already allocated and prepared the staffing needed for the Governor's Commission on Climate Change, they do not anticipate that the staffing responsibilities placed on their office by this bill will result in a significant fiscal impact. It is estimated that any staffing impact can be absorbed within current resources.

Climate Change Consortium

This bill also states that the State Council of Higher Education (SCHEV) is to require a state-supported institution of higher education to organize and host a 2009 Mid-Atlantic Climate Change Leadership Consortium (the Consortium) in consultation with the Commission on Climate Change. SCHEV reports current law that does not permit SCHEV to mandate responsibilities on state institutions of higher education, and so they do not have the legal authority to act on the mandate place on them by this bill. Should legal barriers be removed and the Consortium be held, SCHEV estimates that this would result in a fiscal impact on their agency, and on whichever state institution(s) of higher education elect to host the Consortium. The scope of such fiscal impact is indeterminate.

9. Specific Agency or Political Subdivisions Affected: Secretary of Natural Resources, General Assembly, State Council of Higher Education, state institutions of higher education.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is very similar to HB676 which also establishes Commission on Climate Change in the executive branch, and HB796 which establishes a Commission on Climate Change in the legislative branch.

Date: 1/31/2008 dpbaek

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cc: Secretary of Natural Resources
Secretary of Education
Secretary of Finance