

Department of Planning and Budget 2015 Fiscal Impact Statement

1. **Bill Number:** SB1428

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** McEachin

3. **Committee:** Agriculture, Conservation and Natural Resources

4. **Title:** Regional Greenhouse Gas Initiative; Commonwealth Resilience Fund established.

5. **Summary:** Requires the Governor to join the Regional Greenhouse Gas Initiative that established a regional CO2 electric power sector cap and trade program and establishes the Commonwealth Resilience Fund, a revolving fund to serve as a consistent revenue stream to assist counties, cities, and towns in the Hampton Roads region with the implementation of adaptation efforts to combat sea level rise and recurrent flooding. The bill also provides economic development assistance for families, businesses, and localities in Southwest Virginia to offset negative economic impacts associated with reduced fossil fuel production.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Indeterminate.

8. **Fiscal Implications:** The Regional Greenhouse Gas Initiative (RGGI) is the first market-based regulatory program in the United States to reduce greenhouse gas emissions. RGGI is a cooperative effort among the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont to cap and reduce CO2 emissions from the power sector.

Participant states sell nearly all emission allowances through auctions and invest proceeds in energy efficiency, renewable energy, and other consumer benefit programs. These programs are spurring innovation in the clean energy economy and creating green jobs in the RGGI states.

This bill allows for recovery of the Department of Environmental Quality (DEQ) and the Department of Mine, Minerals and Energy's administrative costs from the Commonwealth Resilience Fund, but the fiscal impact is indeterminate due to the uncertainties of the revenues that could go into this new fund.

9. **Specific Agency or Political Subdivisions Affected:** The Department of Environmental Quality, the Department of Mine, Minerals and Energy, State Corporation Commission, and localities in Southwest Virginia and Hampton Roads region.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** This is a companion to HB2205. Also, the bill establishes the Commonwealth Resilience Fund, but the bill does not state whether the Fund is to be a nongeneral fund or whether it is to be created on the Commonwealth's books. In addition, the bill tasks DEQ with managing the Fund and disbursements from the fund, but also provides for the State Corporation Commission to refund money in the Fund to ratepayers.

Date: 01/29/2015 /jlm

Cc: Secretary of Natural Resources