

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB2747

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Kilgore

3. Committee: Commerce and Labor

4. Title: Southwest Virginia Energy Research and Development Authority.

5. Summary: This bill creates the Southwest Virginia Energy Research and Development Authority (the Authority) to promote opportunities for energy development in Southwest Virginia, to create jobs and economic activity in Southwest Virginia consistent with the Virginia Energy Plan, and to position Southwest Virginia and the Commonwealth as a leader in energy workforce and energy technology research and development. The Authority will be composed of 11 nonlegislative members, of whom four will be appointed by the Governor, four will be appointed by the Speaker of the House, and three will be appointed by the Senate Committee on Rules. The Authority is charged with, among other tasks, (i) leveraging the strength in energy research and workforce development of Virginia's public and private institutions of higher education; (ii) supporting the development of pump storage hydropower in Southwest Virginia and energy storage generally; (iii) promoting the development of renewable energy generation facilities on brownfield sites, including abandoned mine sites; (iv) promoting energy workforce development; and (v) assisting energy technology research and development by promoting the development of a Southwest Virginia Energy Park. The bill has a sunset date of July 1, 2029.

6. Budget Amendment Necessary: Yes, under Item 117 of HB1700/SB1100.

7. Fiscal Impact Estimates: Preliminary, see item 8.

7b. Expenditure Impact: Item 117– Department of Mines, Minerals and Energy

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2019	N/A	N/A	N/A
2020	\$125,000	1.0	General Fund
2021	\$125,000	1.0	General Fund
2022	\$125,000	1.0	General Fund
2023	\$125,000	1.0	General Fund
2024	\$125,000	1.0	General Fund
2025	\$125,000	1.0	General Fund

- 8. Fiscal Implications:** This bill creates a new authority, the Southwest Virginia Energy Research and Development Authority (the Authority), to be administered by the Department of Mines, Minerals and Energy (DMME). The Authority is created to promote opportunities for energy development in Southwest Virginia, to create jobs and economic activity in Southwest Virginia consistent with the Virginia Energy Plan, and to position Southwest Virginia as a leader in energy workforce and energy technology research and development. The Authority may also consult with research institutions, businesses, nonprofit organizations, and stakeholders.

The bill does not specify a funding source for the Authority is to come from; as such, it is anticipated that a general fund appropriation will be needed to support anticipated costs. As provided by the bill, the Director of the Authority is authorized to obtain non-state-funded support to carry out any duties assigned to the Director.

DMME anticipates that at least one position will be needed to meet the requirements of this bill. This position would be at an estimated cost of \$100,000 (including salary, benefits, and agency costs). In addition, DMME estimates that an additional \$25,000 will be required to support the initial start-up costs of the Authority and additional administrative expenses. DMME has indicated that it does not have the capacity to absorb the anticipated workload and expenses impact of this bill, as it currently provides staffing for three other authorities. The services provided to these authorities include scheduling, planning, drafting work plans and required annual reports, securing guest speakers and providing presentations requested by the authorities.

The bill also directs the Office of the Attorney General (OAG) to provide counsel to the Authority. According to the OAG, this may require the services of one Senior Assistant Attorney General, however, the full-time equivalent is indeterminate at this time. The cost for a Senior Assistant Attorney General is \$181,700 per year.

This bill has a sunset date of July 1, 2029.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Mines, Minerals and Energy; Office of the Attorney General.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** This bill is the companion to SB1707.