

## Department of Planning and Budget

### 2022 Fiscal Impact Statement

**1. Bill Number:** HB1171

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

**2. Patron:** Kory

**3. Committee:** Commerce and Energy

**4. Title:** Commonwealth Clean Energy Financing Authority and Fund; established.

**5. Summary:** Establishes the Commonwealth Clean Energy Financing Authority and the Commonwealth Clean Energy Financing Authority Fund to increase private investment in clean energy and resiliency projects in the Commonwealth. The bill requires the Authority to ensure that the projects and programs financed complement the goals of the Virginia Energy Plan and programs implemented by the Department of Energy, Department of Housing and Community Development, Department of Conservation and Recreation, and other relevant public and private entities. The bill requires that at least 40 percent of the resources deployed through the Authority are directed to historically economically disadvantaged communities. The bill provides that the Authority will have a total membership of 11 members that consist of nine nonlegislative citizen members and the Director of the Department of Energy and the Director of the Department of Housing and Community Development or their designees as ex officio members. The bill includes general powers and duties of the Authority, including submission of an annual report. The bill also includes various requirements for notes and bonds issued by the Authority.

**6. Budget Amendment Necessary:** Yes, in order to capitalize the Fund.

**7. Fiscal Impact Estimates:** Indeterminate. See item 8.

**8. Fiscal Implications:** The fiscal impact of this bill is indeterminate. This bill authorizes the Authority to receive and accept from any federal or private agency, foundation, corporation, association, or person grants, donations of money, or real or personal property for the benefit of the Authority, and to receive and accept from the Commonwealth or any state, and from any municipality, county, or other political subdivision thereof and any other source, aid or contributions of either money, property, or other things of value, to be held, used, and applied for the purposes for which such grants and contributions may be made. The bill limits the allowance for administration of the Fund at ten percent of the amount available in the Fund. This bill also provides for all members of the authority to be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties, and for these expenses to be paid from the Fund.

The Department of Energy estimates that any expenditure impact that will result from this bill can be absorbed within existing resources. The Auditor of Public Accounts (APA) states that the cost of an audit will be charged to the Authority, whether it is conducted by the APA or an independent firm. The APA estimates the cost of such an audit to be between \$35,000 and \$120,000.

The Department of the Treasury does not anticipate a fiscal impact. The bonds allowed to be issued by the Authority are not to be obligations of the Commonwealth, as they are to be secured by revenues or funds pledged by the Authority, none of which revenues or deposits are contemplated to be provided by appropriations by the Commonwealth to the Authority or the Fund. Under its current construct, Treasury doesn't view this potential bonding authority as being a tax-supported obligation with an impact to debt capacity.

Additionally, the bill establishes the Authority as a political subdivision but requires that the establishment of the Commonwealth Clean Energy Financing Authority Fund on the books of the Comptroller. As such, the Authority will need a fiscal agent.

**9. Specific Agency or Political Subdivisions Affected:** Department of Energy; Department of Housing and Community Development; Department of the Treasury; Auditor of Public Accounts

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

**11. Other Comments:** None.