

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: HB847

Patron: Cousins

Bill Title: Extreme Weather Taxpayer Protection Program and Fund established.

Bill Summary: Establishes the Extreme Weather Taxpayer Protection Program and Fund, administered by the Department of Conservation and Recreation, for the purpose of holding parties responsible for covered greenhouse gas emissions between the covered period of January 1, 1995, and December 31, 2025, for the parties' share of the Commonwealth's costs due to climate change. The bill defines responsible parties as fossil fuel extractors or crude oil refiners causing emissions of one billion metric tons or more of covered greenhouse gases during the covered period. Under the bill, responsible parties are strictly liable for cost recovery payments to the Commonwealth. The bill requires the State Treasurer to conduct an assessment of the costs to the Commonwealth and its residents of the emissions of covered greenhouse gases during the covered period. The bill establishes the Extreme Weather Relief Fund into which the cost recovery payments from responsible entities are deposited and used to pay for extreme weather relief projects, as defined in the bill.

Budget Amendment Necessary: Yes, to capitalize the new Fund.
Items Impacted: 362
See Fiscal Analysis

Explanation: This bill involves the Department of Conservation and Recreation and the Department of Treasury, along with the Department of Environmental Quality, the Department of Energy, and the Department of Emergency Management. A budget amendment is required.

Fiscal Summary: A budget amendment is required to capitalize the Extreme Weather Relief Fund established in the bill. It is anticipated that the Department of Conservation and Recreation (DCR) will require indeterminate resources to implement the bill's requirements as the department does not have subject matter expertise on staff. Additionally, this bill is anticipated to have an expenditure impact on the Department of Treasury (TRS).

Fiscal Analysis: This impact statement is preliminary. This bill establishes the Extreme Weather Taxpayer Protection Program and the Extreme Weather Relief Fund, to be administered by DCR in consultation with Department of Environmental Quality (DEQ), the Department of Energy (Energy), and the Department of Emergency Management (VDEM). To capitalize the Fund, an appropriation is required. The bill does not identify a funding source.

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The bill specifies that monies in the Fund may be used to implement and administer the Extreme Weather Taxpayer Protection Program and for extreme weather relief projects, including their operation, monitoring, and maintenance. The size and scope of this program is unknown.

DCR does not have the expertise or the resources to implement this program. The bill requires the Board of Conservation and Recreation to adopt regulations to implement the Program and the Fund. DCR anticipates the need of several positions, including a program manager, grant managers, a legal analyst, and subject matter analysts. As the bill provides that the Fund can be used to administer the program, it is anticipated that these positions would be supported by the Fund.

The bill requires TRS to submit to the Governor and the General Assembly an assessment of the cost to the Commonwealth and its residents of the emission of covered greenhouse gases for the period that began on January 1, 1995, and ended on December 31, 2025. According to TRS, a consultant would be required to complete this assessment. Based on similar studies conducted by other states, TRS anticipates that the cost of the assessment/study could range from approximately \$500,000 to \$1.0 million. It is uncertain if this cost is considered a qualified expense under the Fund for administration.

It is anticipated that any impact to DEQ, Energy, and VDEM can be absorbed.

Other: None.