

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

PUBLISHED: 2/2/2026 2:26 PM

ORIGINAL

Bill Number: SB225 **Patron:** Surovell
Bill Title: Virginia Clean Energy Innovation Bank; established; report.

Bill Summary: Creates the Virginia Clean Energy Innovation Bank to finance clean energy projects, greenhouse gas emissions reduction projects, and other qualified projects through the strategic deployment of public funds in the form of grants, loans, credit enhancements, and other financing mechanisms. The Bank is governed by a 12-member Board of Directors, consisting of nine nonlegislative citizen members and three ex officio members with voting privileges, who include the Director of the Department of Energy, the Chief Executive Officer of the Virginia Economic Development Partnership Authority, and the State Treasurer, or their designees. The bill contains provisions for (i) the appointment of a president and the hiring of staff, (ii) the powers and duties of the Bank, (iii) lending practices, (iv) a strategic plan, (v) an investment strategy, (vi) public outreach requirements, (vii) audits, (viii) exemptions from taxes and from personnel and procurement procedures, and (ix) reporting requirements.

Budget Amendment Necessary: See Analysis **Items Impacted:** 109, 264

Explanation: This bill impacts the Departments of the Treasury and Energy; however, the extent of the impact is indeterminate. An amendment may be needed to capitalize the Bank.

Fiscal Summary: It is anticipated that this bill will transfer expenditures associated with the Virginia Clean Energy Innovation Bank from the Department of Energy to the Bank as a separate entity. The bill may result in additional expenditure impacts to the Treasury and Energy.

Fiscal Analysis: This fiscal impact statement is preliminary.

This bill would establish the Virginia Clean Energy Innovation Bank as a public body corporate and political subdivision of the Commonwealth. The Bank would have a Board of Directors and specific powers and duties as outlined in the bill.

The Virginia Clean Energy Innovation Bank currently exists within the Department of Energy and is staffed by a director. Current funding supporting the Bank is nongeneral fund revenue generated from the sale of Renewable Energy Certificates (RECS) received in September 2025.

Energy received \$27.6 million in revenue from the sale of RECs and deposited the cash into a newly created nongeneral fund for the Bank. As of January 16, 2026, Energy obligated \$22.7 million of this funding. The Introduced Caboose Bill, HB29/SB29, directs the State Comptroller to transfer \$2.2 million from the Virginia Clean Energy Innovation Bank Fund, the Fund into which the REC proceeds were deposited, to the general fund by June 30, 2026. After this transfer and current obligations, the estimated unobligated cash balance in the Fund is approximately \$2.7 million.

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This bill allows funding for expenses of the Board, compensation for employees and agents, start-up costs, grants and investments, and the development of a strategic plan and investment strategy “from funds made available to the Bank.” The bill also authorizes the Bank to hire a President and appropriate staff and to execute the provisions of the bill and responsibilities of the Bank. Such employees are to be eligible for benefits afforded to state employees.

Impact estimates are not yet available from Energy. In 2025, it was anticipated that a bill directing Energy to continue the Bank with similar duties as described in this bill would have resulted in expenses of \$1.2 million in the first year and \$1.0 million ongoing thereafter to support five positions, administrative overhead, and marketing.

It is anticipated that any fiscal impact resulting from service on the Bank’s Board by designees from Energy, the Virginia Economic Development Partnership, and Treasury will be absorbed within existing appropriations.

Additionally, the bill requires all projects for which the Bank provides financing to be submitted to the Treasury Board for review. The Department of the Treasury provides staff support to the Treasury Board. If the increased workload cannot be absorbed by existing staff, additional resources would be needed. Specific impact estimates for Treasury are currently unavailable.

Other: This bill is the companion to HB 1444.