

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 868 – SB 1325

April 8, 2015

**SUMMARY OF ORIGINAL BILL:** Requires the Department of Environment and Conservation (TDEC) to prepare a state plan to be submitted to the Environmental Protection Agency (EPA) establishing and enforcing carbon dioxide control measures to comply with federal emission guidelines under the federal Clean Air Act (Clean Power Plan) regulating carbon dioxide from existing power plants. Directs TDEC to develop a report, subject to notice and comment, assessing specific impacts of the state plan including factors affecting the electric power sector; factors impacting electricity consumers; the direct and indirect impact of employment including potential job lost; economic development in the state; potential impacts to state and local governments concerning changes to tax revenue; existing state law and any legislation necessary to enact the state plan and the effect on Tennessee's competitive position as compared to neighboring states and other economic competitors. TDEC shall submit the report to the General Assembly within 15 days after its development for review, comment, and approval by majority vote of both houses prior to submitting it to the EPA depending on final federal emissions guidelines. Requires TDEC to inform the Secretary of State and the Tennessee Code Commission of the effective date of the federal emissions guidelines.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$200,000/One-Time

Other Fiscal Impacts - There may be additional expenditures for state and local government entities if sanctions are imposed by EPA; however, any such impact is dependent upon multiple unknown factors and cannot be quantified.

**SUMMARY OF AMENDMENT (005890):** Deletes all language of the original bill after the enacting clause. Requires the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to prepare a report upon the submission of the final state plan from the Department of Environment and Conservation (TDEC) to the Environmental Protection Agency (EPA). Requires TDEC to provide available information to TACIR upon request within their existing resources and without additional expenditures. Requires TACIR to transmit a copy of the report to the Chairs of the Government Operations Committees of the Senate and the House of Representatives and present findings of the report at the next regularly scheduled meeting at the Joint Government Operations Committee. States that the report does not have to be prepared by TACIR, if the final federal emissions guidelines approved by the EPA does not establish carbon dioxide emission control requirements for Tennessee that are based on the decrease in carbon dioxide emissions resulting from the operation of new nuclear-generating facilities currently under construction in Tennessee; and authorizes Tennessee to receive full credit for the decrease in carbon dioxide emissions resulting from nuclear-generating facilities under

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construction as of the effective date of this act. Requires the Commissioner of TDEC to notify the Secretary of State and the Executive Secretary of the Tennessee Code Commission of the effective date of the federal emission guidelines after the effective date is known. Requires the act to take effect concurrently with the effective date of federal emissions guidelines.

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

#### **Increase State Expenditures – Exceeds \$20,000/One-Time/TACIR**

Assumptions for the bill as amended:

- According to the Department of Environment and Conservation (TDEC), the bill as amended would require the department to provide available information to TACIR without additional expenditures and using existing resources. Therefore, no additional impact to TDEC as a result of the amended bill.
- Given the extent of additional resources required by TDEC to effectuate the purposes of the original bill, it is reasonable to presume that TACIR will incur additional expenditures in order to study and analyze data and information provided by TDEC for the purpose of preparing and distributing a comprehensive report proposed by the amended bill.
- The one-time increase in state expenditures for TACIR to prepare and complete the comprehensive report is reasonably estimated to exceed \$20,000.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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