

**Local Mandate Fiscal Impact Estimate
Kentucky Legislative Research Commission
2017 Regular Session**

Part I: Measure Information

Bill Request #: 1661

Bill #: HB 438

Bill Subject/Title: AN ACT relating to electric generating units.

Sponsor: Representative Kevin Stinnette

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local
 Government

Office(s) Impacted: All units of local government

Requirement: Mandatory Optional

Effect on

Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Purpose and Mechanics

HB 438 is identical to HB 461 of the 2016 session of the General Assembly, which did not pass. **The bill creates a new section of subchapter 20 of KRS Chapter 224 to allocate ten percent of carbon dioxide emissions allowances to the Commonwealth of Kentucky** under 42 U.S.C. sec. 7411 (the Clean Air Act) to certain counties. HB 438 establishes the criteria by which counties with a coal-fired electric generating unit that retires after 2010 and before 2026 will receive a percentage of the emission allowances and requires that 50 percent of the emission allowances allocated to the utilities in the Commonwealth be returned to their ratepayers if their allowances equal their emissions. HB 438 requires that if the utilities sell the allowances that all proceeds of the sale be returned to the ratepayers.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact of the bill is indeterminate and could range from nil to moderate for those counties having coal power plants that retire between 2010 and 2026. The Clean Power Program regulatory package has been stayed pending judicial review by the Court of Appeals. Assuming that it goes into effect after being upheld, the impact would depend on the approach that Kentucky would take to compliance. Thus, the entire

funding program is subject to the development of carbon emission standards and federal grants of emission allowances to Kentucky. Presently, there are 21 (potentially eligible) counties having coal power plants.

Data Source(s): LRC Staff; Kentucky Association of Counties; Kentucky Coal Facts (13th Edition)

Preparer: H. Marks **Reviewer:** _____ **Date:** _____