

# OFFICE OF FISCAL ANALYSIS

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sSB-884

AN ACT REDUCING TRANSPORTATION-RELATED CARBON EMISSIONS.

## ***OFA Fiscal Note***

### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 22 \$</b>	<b>FY 23 \$</b>
Department of Energy and Environmental Protection; Transportation, Dept.	Transportation Grants and Restricted Accounts - Revenue Gain	None	Up to \$44.3 million

***Municipal Impact:*** None

### ***Explanation***

The bill requires the Department of Energy and Environmental Protection (DEEP) to adopt regulations implementing the Transportation and Climate Initiative Program (TCI-P) to cap, reduce, and auction transportation-related greenhouse gas (GHG) emissions.

It is estimated that the TCI-P would generate up revenue of to \$88.6 million annually beginning 2023, with half of that amount, or up to \$44.3 million, beginning in FY 23 (assuming carbon allowance prices begin at approximately \$6.60 per metric ton). The bill requires these auction proceeds to be deposited into a Transportation and Climate account within the Transportation Grants and Restricted Accounts Fund (TGRAAF) and specifies that proceeds are not pledged revenue of the state.

The bill also allows DEEP to use a contractor for TCI-P administration. This administrative cost to DEEP, of up to 5% would

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be paid for using revenue derived through auction proceeds, as discussed above.

The bill includes other provisions that are not anticipated to result in a fiscal impact to the state or municipalities.

***The Out Years***

The bill is anticipated to result in significant auction revenue in the out years. Beginning in FY 24, which is anticipated to be the first full year of the program, auction proceeds are estimated to be between \$90 million and \$115 million annually, depending on the price and volume of carbon emissions at the time of auction.