



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

May 28, 2024

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S.259 (Act 122) – An act relating to climate change cost recovery

As Enacted

Bill Summary

The bill would establish the Climate Superfund Cost Recovery Program to be administered by the Climate Action Office of the Agency of Natural Resources. The Program would secure compensatory payments from responsible parties to provide a source of revenue for climate change adaptation projects within the State. Payments would be based on proportional liability of responsible parties. The Program would also develop the strategy to identify and prioritize climate change adaptation projects and disperse funds to implement those projects.

The bill would create the Climate Superfund Cost Recovery Program Fund to be administered by the Secretary of Natural Resources to collect cost recovery payments and pay out qualified expenditures for climate change adaptation projects, administrative expenses of the Program, implement action identified in the State Hazard Mitigation Plan, and implement the Community Resilience and Disaster Mitigation Grant Program.

The bill would require the State Treasurer to complete an assessment of the cost to the State and its residents of the emission of covered greenhouse gases during the period January 1, 1995 through December 31, 2024. The assessment would include effect on public health, natural resources, biodiversity, agriculture, economic development flood preparedness and safety, housing, and other relevant effects.

Fiscal Impact

The short-term fiscal impact consists of two pieces. First, \$300,000 is appropriated from the General Fund to the Agency of Natural Resources in Fiscal Year 2025 to implement the Climate Superfund Cost Recovery Program and the Cost Recovery Program Fund. That appropriation would cover one new three-year limited service position in the Agency of Natural Resources, among other things.

Second, \$300,000 is appropriated from the General Fund to the Office of the State Treasurer in Fiscal Year 2025 to support hiring consultants or third-party services to assist in completing the assessment of the cost to the State and its residents of the emission of covered greenhouse gases. The assessment would be completed on or before January 15, 2026 and delivered to various legislative committees.

The longer-term fiscal impacts are nearly impossible to estimate. Before any funds would be deposited into the Climate Superfund Cost Recovery Program Fund, the State is likely to face substantial legal fees. Fossil

fuel producers and refiners would be expected to sue the State over its right to demand cost recovery payments from them. Any legal action could drag on for years, especially if Vermont is the first state to require such cost recovery payments. If the courts ultimately support the Climate Superfund Cost Recovery Program, how much money would come into the State in future years, how large the adaptation and resilience costs would be, and the timing of those payments and costs cannot be estimated at this time.