



- ***Next step in Massachusetts climate leadership:*** Massachusetts has committed to building a clean energy future consistent with what the scientific community tells us is necessary to solve the global climate crisis. While we are making progress, we have yet to take the biggest and most critical step to transition off of fossil fuels by putting a price on carbon.

Key facts:

- In 2008, Massachusetts enacted the Global Warming Solutions Act, mandating that the state reduce our emissions by 80% over the next 35 years. Carbon pricing represents an essential strategy to achieve those emissions reductions.
  - The Global Warming Solutions Act requires the state reduce our emissions by 25% of 1990 levels by 2020. While we are making progress, the state is currently not on pace to meet this mandate. More aggressive actions, such as carbon pricing, will be necessary to achieve both the 2020 requirement as well as the 2050 requirement. [Link](#).
  - In particular, the state is not making nearly enough progress in the areas of transportation fuels and heating fuels, sectors that are not addressed in energy legislation recently proposed by the Governor.
  - Massachusetts state leadership has proven to be critical in driving national action, both on environmental issues and more broadly on issues such as health care reform and marriage equality. Carbon pricing represents the next opportunity for Massachusetts leadership on a critical issue.
- ***Consensus of Economists:*** The vast majority of economists and policy experts across the ideological spectrum support carbon pricing. The consensus among economists and policy experts that we should put a price on carbon is as broad and as deep as the consensus among scientists that global warming is happening and caused by human activity. Economists believe that carbon pricing is the least costly method of achieving the deep cuts in emissions that are necessary to stabilize our climate.

Key facts:

- A 2012 University of Chicago survey demonstrated that 98% of

economists agree that carbon pricing is the most effective and efficient way to reduce emissions. [Link](#).

- Economists across the political spectrum support carbon pricing, including prominent liberals such as Joseph Stiglitz, Paul Krugman, and Robert Reich to centrists such as Larry Summers and Paul Volcker, to conservative economists such as former Bush administration Treasury Secretary Henry Paulson, Mitt Romney advisor Gregory Mankiw, and supply side guru Art Laffer.
- ***Grow the economy by keeping energy dollars local:*** As a state with no fossil fuel reserves of our own, almost all the money that Massachusetts residents spend on fossil fuels leaves the state. Reducing our fossil fuel consumption is both good economic policy and good environmental policy.

Key facts:

- Every year Massachusetts sends approximately \$20 billion out of state to places like Texas, Nigeria, and Venezuela to purchase fossil fuels. By putting a price on carbon, we can keep more of our energy dollars local, creating more jobs here in Massachusetts and growing our economy.
- According to an economic study conducted by the state Department of Energy Resources, carbon pricing would create over 10,000 jobs and grow our economy by over \$450 million per year. [Link](#).
- ***Hold fossil fuel companies accountable:*** Fossil fuel companies have a product that pollutes our air, damages our health, and threatens the future of our planet. Putting a price on carbon means holding fossil fuel companies accountable for the damage that fossil fuels impose on all of us.

Key facts:

- According to the International Monetary Fund, the failure of the market to effectively price emissions is the largest fossil fuel subsidy of them all, and represents a \$5.3 trillion subsidy to the fossil fuel companies, including \$2,180 per American per year. [Link](#).
- Allowing fossil fuel companies to dump pollution into our atmosphere for free makes it impossible for clean, renewable energy sources to compete on an even playing field.
- According to the EPA, higher temperatures in the Northeast are likely to increase heat-related deaths and decrease air quality, especially in urban areas. People at greatest risk include young children, the elderly, and those with pre-existing health conditions like asthma. Those who live alone or in low income communities are also at increased risk, particularly if individuals do not have access to air conditioning or are in poor health.
- A recent Lancet Commission report found that “The implications of

climate change for a global population of 9 billion people threatens to undermine the last half century of gains in development and global health.” [Link](#).

- ***Carbon pricing has been proven to reduce emissions and strengthen the economy.*** . Jurisdictions such as British Columbia and California have successfully implemented economy-wide carbon pricing regimes while also improving their economies. Moreover, Massachusetts and the rest of the Northeast region have successfully demonstrated that carbon pricing can work in the electricity sector through the Regional Greenhouse Gas Initiative.

Key facts:

- British Columbia put a price on carbon using a model similar to S. 1747 beginning in 2008. Since then, British Columbia’s fossil fuel consumption fell by more than 16% while it increased 1% in the rest of Canada, and while the economy has outperformed the national average. [Link](#).
  - Since 2008, British Columbia’s clean energy sector has grown to 22% of the Canadian industry, while the province has only 13% of the country’s population.
  - California has had a price on carbon since 2013 which has reduced emissions without harming economic growth and also raised over \$2 billion for community initiatives including investments in transportation, affordable housing and clean energy. [Link](#).
  - The Regional Greenhouse Gas Initiative, a collaborative of 9 Northeastern states including Massachusetts, has put a small price on carbon in the electricity sector since 2008. During that time RGGI has helped reduce carbon pollution by one-third, while saving consumers \$1.5 billion on their utility bills, creating over 22,000 additional jobs, and bringing \$2.9 billion in additional economic benefit to the region. [Link](#).
  - Carbon pricing is now a mainstream policy internationally, with almost 40 countries and 20 sub-national governments using carbon-pricing mechanisms, including China. Together the states with carbon pricing systems now represent almost half of global emissions. And by next year, more than half of the world’s GDP will be produced in places that have carbon pricing. [Link](#).
- ***Carbon pricing can be good for low- and moderate-income households and for business.***

Key facts:

- According to analysis by the Massachusetts Department of Energy Resources, a carbon pricing system similar to that proposed in S. 1747 will have direct beneficial impacts for poor and middle class

households. Overall, the analysis showed that, based on existing energy usage patterns, the lower 60% (meaning most) of Massachusetts households would come out ahead under the proposal because they would receive a rebate larger than what they would pay in carbon fees. . [Link](#).

- The DOER study also found that, factoring in rebates, net impacts on almost all business sectors would be small, with most of the state's largest industries showing gains – such as professional services, health care, and manufacturing of computer and electronic equipment.
  - Additional steps taken in S. 1747 will protect trade-sensitive industries and rural drivers who may be disproportionately affected.
- ***No time to waste:*** Global warming represents a profound threat to the world and to the state of Massachusetts and we need to act quickly and decisively to reduce our emissions as quickly as possible.

Key facts:

- As a coastal state, Massachusetts is especially vulnerable to the impacts of global warming. Major threats include: rising sea levels, increasingly powerful storms such as Hurricane Sandy, the vulnerability of transportation and other infrastructure, loss of agriculture, and the increasing spread of insect-borne diseases such as Lyme disease and West Nile Virus. [Link](#).
  - Massachusetts is currently making big decisions that will affect our emissions for years to come, such as the construction of infrastructure that will increase our dependence on gas. These decisions should not be made without factoring in the present and long-term costs of carbon emissions. Pricing carbon will help move us towards a fiscally and ecologically sustainable system for clean energy.
- ***Details on proposed legislation:***
    - S. 1747 would put a price on carbon and rebate all proceeds directly back to taxpayers. Employers would receive rebates based on their total number of employees.
    - S. 1785 and S. 1786 would require the administration to implement a carbon pricing policy as part of its overall plan to meet the mandates of the Global Warming Solutions Act. S. 1785 and S. 1786 would use 20% of the proceeds for clean energy and public transportation, while rebating the remainder back to taxpayers.
    - Both of these approaches would represent a major step forward for the state of Massachusetts and we encourage the committee to move forward with legislation that will put a price on carbon this session.