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IN SUPPORT OF H.2532

An Act relative to shifting from carbon emissions to transportation investment

Testimony submitted to the Joint Committee on Revenue
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Thank you for the opportunity to submit testimony in support of H.2532, “An Act Relative to shifting from carbon emissions to transportation investment.” The League of Women Voters US (LWVUS) has been a strong advocate of efforts to protect natural resources since the 1960s¹ expanding its focus to include the relationship between greenhouse gas emissions (GHG) and [climate change](#)² in keeping with emerging science on this issue. In a comprehensive [report](#)³ issued by the LWVUS Climate Change Task Force in 2009, a carefully designed carbon tax is identified as a key strategy for reducing GHGs.

H.2532 is consistent with LWVUS policy and is strongly endorsed by The League of Women Voters of Massachusetts (LWVMA) as legislation that is critically needed to address the serious threat posed to society by climate change. Based on the documented, successful track record of carbon taxes implemented in [other countries and entities](#)⁴, H.2532 is the first carbon tax proposed at the state level. As such, it promises to serve not only to reduce carbon emissions in Massachusetts, but as a model and catalyst for state, national and international action. The League of Women Voters of Massachusetts urges your support of this groundbreaking legislation as significant not only for its environmental and symbolic value, but also for revenue generation for the Commonwealth – revenue that is needed to support the transition from a carbon-based energy system to a future of clean, renewable energy.

The science is clear regarding the link between CO₂ emissions and global warming. Recent extreme weather events—including prolonged droughts throughout the heartland, devastating firestorms that have destroyed acres of forest land, and super storms such as Katrina, Irene and Sandy—have all made the cost to society of a rapidly heating planet painfully clear. The CO₂ in the atmosphere today will continue to [impact](#)⁵ the climate for centuries to come and the planet is rapidly approaching, and projected to soon exceed, the 2°C rise in global surface temperature informally established as the red line that must be held to avoid far more serious climate disruption.

¹ <http://www.lwv.org/content/environmental-protection-and-pollution-control>

² http://participate.lwv.org/c/9217/t/6398/p/salsa/web/common/public/content?content_item_KEY=3769

³ <http://www.lwv.org/content/cap-and-trade-versus-carbon-tax-two-approaches-curbing-greenhouse-gas-emissions>

⁴ <http://www.carbontax.org/progress/where-carbon-is-taxed/>

⁵ <http://cfpub.epa.gov/eroe/index.cfm?fuseaction=detail.viewPDF&ch=46&IShowInd=0&subtop=342&lv=list.listByChapter&r=23977>

With [recent reports](#)⁶ indicating that warming has accelerated and timelines for action have shortened drastically, every day of [delay](#)⁷ makes the task of stabilizing warming more daunting and costly. A November 2012 report published by Pricewaterhouse Coopers, [Too Late for Two Degrees?](#)⁸ warns, “This year we estimated that the required improvement in global carbon intensity to meet a 2°C warming target has risen to 5.1% a year, from now to 2050. We have passed a critical threshold – not once since 1950 has the world achieved that rate of decarbonisation in a single year, but the task now confronting us is to achieve it for 39 consecutive years. The 2011 rate of improvement in carbon intensity was 0.8%. Even doubling our rate of decarbonisation, would still lead to emissions consistent with six degrees of warming. To give ourselves a more than 50% chance of avoiding two degrees will require a six-fold improvement in our rate of decarbonisation.”

Massachusetts has established itself as a national leader on environmental matters and innovation through a variety of policy and legislative mechanisms aimed at promoting energy efficiency and the development of clean, renewable energy. Membership in the Regional Greenhouse Gas Initiative (RGGI) is an important part of the current approach.

RGGI provides a structure for capping and curbing emissions from the power sector, the large emitters. H.2532 is a much needed complement to RGGI, because it focuses on emissions from “small emitters” – emissions from motor vehicles and heating and cooling of residences and businesses with natural gas and distillate fuel oil. Approximately 40 percent of total U.S. carbon dioxide emissions are associated with this [sector](#)⁹.

The relatively low cost of carbon based fuels encourages their use and stymies conservation and investment in clean, renewable energy development. H.2532 focuses on the [demand side](#)¹⁰ of the carbon equation by pricing carbon to reflect its true social cost, a cost that has been borne by, but hidden from, the public. By pricing carbon to include the externalities of environmental damage, pollution and health consequences up front, H.2532 generates revenue that will create multiple social benefits by:

- Reducing usage and associated emissions by providing an immediate incentive for the public and businesses to conserve;
- Generating much needed revenue for reinvestment in the Commonwealth to support transportation and clean energy initiatives;
- Returning a portion of revenues collected to households to mitigate or eliminate the impact of higher fuel costs through an equitable system of tax deductions, dividends and exemptions;
- Providing clear price signals to industry and a permanent incentive to reduce the use of carbon-based fuels, steadily lowering emissions over time;
- Building on a well-developed administrative structure of existing taxes for ease of implementation;
- Stimulating the economy through money returned to and available to families to meet household needs and through job creation related to transportation infrastructure and clean energy development;
- Providing a model of the bold action required to address what is considered one of the gravest threats to future generations and civilization itself.

⁶ Turn Down the Heat: World Bank Report, Nov. 2012:

http://climatechange.worldbank.org/sites/default/files/Turn_Down_the_heat_Why_a_4_degree_centrigrade_warmer_world_must_be_avoided.pdf

⁷ <http://climatecommunication.org/wp-content/uploads/2011/08/presidentialaction.pdf>

⁸ http://www.pwc.com/en_GX/gx/low-carbon-economy-index/assets/pwc-low-carbon-economy-index-2012.pdf

⁹ <http://www.eia.gov/oiaf/1605/ggrpt/carbon.html>

¹⁰ “The most effective way to reduce carbon dioxide (CO₂) emissions is to reduce fossil fuel consumption.”:

<http://www.epa.gov/climatechange/ghgemissions/gases/co2.html#Reducing>

Passage of such legislation demonstrates a credible commitment to a carbon tax. The LWVUS report¹¹ cited previously identifies the following design features as crucial aspects of effective carbon tax models:

1. Setting the tax rate high enough to provide immediate incentives to reduce consumption of carbon-based fuels;
2. Scheduling predictable, annual increases in the tax to spur investment in development and adoption of clean, renewable energy.

LWVMA applauds the introduction of this bill, but suggests the following modifications based on the considerations outlined above:

1. the tax per metric ton be set at \$15/metric ton as recommended by the [Carbon Tax Center](#)¹² as a starting point;
2. a CO₂ emissions reduction target be established and modified as needed, based on current, scientifically-based recommendations;
3. the carbon tax be increased by 5% annually until the established CO₂ emissions reduction target is met.

[A diverse and growing body of scientists, economists and thought leaders from across the political spectrum](#)¹³ agree that a carbon tax is the surest, most immediate lever available for bringing emissions down and stalling global warming enough to allow a manageable, proactive shift to renewable energy sources.

We are fortunate to have blueprints from other countries and intellectual resources in the Commonwealth to guide us in crafting an effective carbon tax bill. While the implementation of the bill needs to be worked out thoughtfully and carefully, the choice we face as a society is straightforward. Will we act to do what is necessary to curb emissions as quickly and steeply as needed to ensure a livable future or will we turn from this challenge and slip, ever more swiftly, toward climate chaos and catastrophe?

The time for half-measures is past. Our legacy as a generation rests on the choices we make today. Leadership on actions that match the level of risk faced is desperately needed. Passage of H.2532 would demonstrate that leadership. LWVMA urges you to advance H.2532 with a favorable report and your ongoing support in the Legislature along its journey to passage.

Thank you for your time and consideration of this testimony.

¹¹ LWVUS Report: <http://www.lwv.org/content/cap-and-trade-versus-carbon-tax-two-approaches-curbing-greenhouse-gas-emissions>.

¹² <http://www.carbontax.org/faq/>

¹³ <http://www.carbontax.org/who-supports/>