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British Columbia officials say carbon tax is working

Sen. Barrett wants to introduce carbon fee in Mass.



[Bruce Mohl](#) Apr 13, 2015

OFFICIALS FROM BRITISH COLUMBIA came to MIT on Monday to make the case for their seven-year-old tax on carbon, which some lawmakers and clean energy advocates in Massachusetts want to replicate with a slight name change: The Massachusetts proponents prefer to call their proposal a carbon fee, not a tax.

Sen. Michael Barrett, the sponsor of the carbon fee legislation, said his revenue-neutral bill was crafted with the recognition that Gov. Charlie Baker and House Speaker Robert DeLeo are opposed to any new taxes. He said his bill would impose a fee on carbon emissions and all the money collected would be returned to Massachusetts residents in the form of cash rebates.

“We have drafted this bill so legally, constitutionally, it’s not a tax,” Barrett said. The senator from Lexington said Baker, a Republican, could attract significant political support from independents and Democrats by supporting a carbon fee, much the same way that former Republican governor Mitt Romney won support from the left by embracing universal health care coverage.

The goal of a carbon fee or tax is to price products that emit carbon in a way that accounts for their impact on the environment. By pricing the carbon dioxide emission of gasoline or natural gas, the tax would spur conservation and promote development of alternative forms of clean energy. The British Columbia tax started at \$10 per ton of carbon dioxide and rose \$5 a year until it peaked out at \$30 a ton. British Columbia officials said the tax works out to about 24 cents on a gallon of gasoline.

In British Columbia’s 2014-15 budget, officials said the carbon tax raised \$1.2 billion, all of which went back to residents in the form of lower corporate and income tax rates and cash

payments targeted at low-income people. The officials said a family of four earning less than \$38,000 a year would receive a check for \$300.

Michael Bernier, the parliamentary secretary for energy in British Columbia, said his province's carbon tax has proven that government can tax carbon and reduce greenhouse gas emissions without harming the economy. He said fuel use is down 16 percent in British Columbia since the carbon tax was imposed (fuel use is up 3 percent across Canada, he said) while the province's gross domestic product is up 9.2 percent. "You can have both," Bernier said.

Barrett's bill would set the initial price of carbon at \$10 a ton and let it rise \$5 a year until it tops out at \$40 a ton. He said the program would be revenue neutral, with all of the money raised by the fee flowing back to taxpayers. Individuals would receive equal rebates, which would be set by the state Division of Energy Resources. Companies would be rebated a share of the carbon fees collected from them based on their share of statewide employment. Barrett's bill would rebate slightly more to rural residents who drive 130 percent of the state average number of miles driven per household. The senator said the carbon fee would be somewhat progressive because studies show wealthier residents of Massachusetts use more energy and would pay more in fees but receive less back in the form of rebates.

Christopher Knittel, an economist and the director of the MIT Center for Energy and Environmental Policy Research, said placing some sort of price on carbon is the most efficient way of reducing carbon emissions. Most US states approach the problem from a different direction, by establishing directives or subsidies to promote conservation and various forms of renewable energy. The cost is fairly substantial, but it is hidden on most utility bills.

Knittel said a carbon fee or tax is a much more straightforward approach without many of the unintended consequences. For example, he said fuel economy standards for automobiles promote the development of fuel-efficient cars but do nothing to promote less driving. "Absent a carbon price, many of these policies do more harm than good," said Knittel, whose license plate reads "TAXCO2."

A carbon fee in Massachusetts would trigger higher prices for gasoline, electricity, and most heating fuels. In British Columbia, electricity doesn't trigger the carbon tax because 97 percent of the power is hydroelectric power, which the province has declared carbon free. Some in Massachusetts would like to see the state reduce its reliance on natural gas for electricity generation by importing hydro-electricity from Canada, primarily Quebec, Nova Scotia, and Newfoundland and Labrador.

At the MIT panel discussion, attended by more than 200 people, officials from British Columbia went to great lengths to say a carbon tax should not be considered a politically sensitive issue. Bernier, for example, said the province's carbon tax was pushed through by a center-right party which has solidified its hold on power since the tax took effect.

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