

HOW TO PRESENT THE CASE FOR FAIR CARBON PRICING (AKA AS CARBON FEE AND DIVIDEND) STATE-LEVEL LEGISLATION TO A DEMOCRATIC TOWN COMMITTEE

12/6/14

Preparing for Success

1. The most important thing you can do to ensure success is to build up your relationships with the people to whom you will be presenting in advance.

Begin by approaching members of your town's sustainability group(s). Invite one or two to coffee and explain Senator Barrett's bill and the fact that the MA Democratic Party has already endorsed putting a price on carbon as part of its platform. Show them that document, and the Wellesley DTC's endorsement. Say, "We would now like the endorsement of our town's DTC."

If you can gain their buy-in, they may be willing to help you approach your town's DTC. Best case scenario, some of the people in your town's sustainability groups will be *in* the DTC.

2. Contact the head of your town's DTC. Explain that you represent a group called Climate XChange and ask if you could present a proposal in favor of endorsing a state carbon tax to the committee at an upcoming meeting.
 - a. "Hello, my name is X. I'd like to talk to you about the possibility of presenting a proposal to the ____ DTC. You may be aware that the MA Democratic Party endorsed the concept of a putting a price on carbon as part of its platform in 2013. Now, state Senator Mike Barrett is drafting fair carbon pricing legislation for Massachusetts, and I'd like the opportunity to talk to the ____ DTC to see if you would be interested in formally supporting this proposal. The Wellesley DTC was the first to do so, and we are hoping to gain the approval of every DTC in the state. Senator Barrett would be happy to come and speak on the subject. Is there an upcoming meeting when it might be convenient to have such a presentation?"
 - b. State that you will need about 15 minutes to present.
3. Coordinate dates with Senator Barrett or some other member of Climate XChange and arrange to have them accompany you.
4. Bring as much supporting documentation as you can – a hard copy of the draft (or final) DOER report, the MA REMI report, several articles about carbon pricing, copies of the Wellesley DTC's press release, etc. Ask if

they would like a slide presentation. If so, you can use the one Jessica Langerman presented at the Dec. 6, 2014 Sustainable Middlesex Carbon Pricing Event.

5. Arrive on time with your partner(s) at the meeting. Quickly review how you will work together – who will do the main presentation, and who will answer tougher questions (see end of document for examples). Be as gracious and appreciative as humanly possible. ☺
6. Knock 'em dead!
7. Afterwards, ask the head of DTC how/when he/she will get back to you on their decision.
8. Write a thank you note the next day.
9. Call to thank profusely once the decision has been made and ask if a press release will be issued! Send sample press release from the Wellesley DTC to them.
10. Contact Senator Barrett, Climate XChange, jhlangerman@mac.com and zaurie.zimmerman@gmail.com and let them know of your success!

Your Presentation: “Why Fair Carbon Pricing?”

Introduce yourself. Explain that you are from Climate XChange and there to speak on behalf of a fair carbon pricing proposal currently being drafted by Senator Mike Barrett, based on findings by a recent, comprehensive DOER study.

SHORT:

Currently, the prices of gasoline, electricity and fuels in general include none of the long-term costs associated with devastating climate change or even the well-quantified near-term health costs of burning fossil fuels.

This omission suppresses incentives to develop and deploy carbon-reducing measures such as energy efficiency, renewable energy, low-carbon fuels, and conservation-based behavior.

Conversely, pricing fuels according to their carbon content will infuse these incentives at every link in the chain of decision and action — from individuals’ choices and uses of vehicles, appliances, and housing, to businesses’ choices of new product design, capital investment and facilities location, and governments’ choices in regulatory policy, land use and taxation.

LONGER:

Currently, the prices of gasoline, electricity and fuels in general include none of the long-term costs associated with devastating climate change or even the well-quantified near-term health costs of burning fossil fuels.

This omission suppresses incentives to develop and deploy carbon-reducing measures such as energy efficiency (e.g., high-mileage cars and high-efficiency heaters and air conditioners), renewable energy (e.g., wind turbines, solar panels), low-carbon fuels (e.g., biofuels from high-cellulose plants), and conservation-based behavior such as bicycling, recycling and overall mindfulness toward energy consumption.

Conversely, pricing fuels according to their carbon content will infuse these incentives at every link in the chain of decision and action — from individuals’ choices and uses of vehicles, appliances, and housing, to businesses’ choices of new product design, capital investment and facilities location, and governments’ choices in regulatory policy, land use and taxation.

A gradually and predictably-increasing price on carbon won’t stop global climate disruption by itself — other, synergistic actions are required as well. But without a price on carbon, even the most aggressive regulatory regime (e.g., high-mileage cars) and “enlightened” subsidies (e.g., tax credits for efficiency and renewables) will fall woefully short of the necessary reductions in carbon burning and emissions.

A price on carbon, like any fee, is regressive — by itself. However, **the regressivity of a fee on carbon can be minimized, and perhaps eliminated altogether, by keeping the fee revenue-neutral in a way that protects the less affluent.**

The operative fact is that wealthier households use far more energy. They generally drive and fly more, have bigger (and sometimes multiple) houses, and buy more stuff that requires energy to manufacture and use. As a result, most gradually and predictably-increasing revenues will come from families of above-average means, along with corporations and government.

That is why the two “return” approaches discussed above — carbon dividends or tax-shifting — can turn the carbon fee into a progressive fee. Because income and energy consumption are strongly correlated, most poor households will get more back in their equal carbon dividends or via tax progressive shifting than they will pay in the carbon fee. The overall effect of a gradually and predictably-increasing carbon fee could be equitable and perhaps even “progressive” (benefiting lower-earning households).

LONGEST (PIGOU STORY):

In the late 19th century, a British economist, Arthur Pigou, noticed something unjust happening along the railway lines in England. Pieces of glowing coal were being thrown out of the funnels of steam engines, causing fires near the railway lines. The people whose property abutted the lines had to put those fires out themselves. The railway was not compensating them for their lost time or damaged property. Pigou called this a “negative externality”. The unjust result was what modern economists call a “market failure.”

Pigou suggested that the State impose a fee on the railway companies for the risk of damage caused by the cinders. This fee would motivate the railway companies to equip their locomotives with anti-soot systems and the funds would be used to compensate the victims. Thus, the first Pigouvian “eco-fee” was born.

Today, environmentalists argue that we are faced with the most colossal “market failure” in the history of humanity - the carbon pollution of our atmosphere caused by burning fossil fuels. Each of us, every day, makes the decision to use fossil fuels, slowly heating up our atmosphere. Yet, none of us has paid for the negative externalities of our behavior - until now. Now, we are beginning to be faced with the results of our improvidence with the emergence of extreme weather conditions that result in millions, if not billions of dollars of damage per year.

It is time to put a slowly-increasing Pigouvian “ecofee” on carbon emissions. It is time for us to put a price on those negative externalities. BUT, our economy is

so dependent on fossil fuels that if we were to price gasoline correctly, for example, it would cost \$90.00 a gallon or more.

The prohibitive cost would, as Pigou suggested, incentivize us all to stop using fossil fuels, healing our atmosphere and igniting a clean energy revolution by creating a market for green energy.

But, could we make such a transition without destroying our economy?

A number of renowned modern economists have demonstrated that not only can it be done, but a fee can be imposed on carbon emissions would actually benefit our economy, not to mention our planet.

Here in MA, legislation is already being introduced based on a study by Regional Economic Models, Inc., of Amherst and Washington, D.C. REMI constructed a model of how a Pigouvian fee could be imposed, at what rate, and how the revenue could be used that would protect the poor, increase our state's gross domestic product, increase jobs, and decrease greenhouse emissions.

How would this work?

In the REMI model, the first 100 million of the revenue would be given to the state for whatever they wanted. The remaining money would be divided:
50% into corporate income tax breaks
25% into personal income tax breaks
25% into sales tax breaks

Under this model, if we in MA decided to put a \$1.50 fee on a gallon of gasoline, our annual GDP would increase by almost \$100 million dollars by 2016. If we imposed a \$4.50 fee, our GDP would increase by 450 million during the same time frame. In the first scenario, our economy would add an additional 2,000 to 11,000 jobs over our current baseline, and our emissions would fall by 2 to 8 million metric tons a year.

This is one fee the government would actually be happy for you to avoid. Citizens like you and me could decide to buy SUVs and pay the price in higher (much higher) gasoline prices, or we could opt to move to the city and use public transportation. We could choose to continue heating our homes by oil, or we could install solar, insulate more heavily, or buy our energy from renewable resources. The market, responding to economic pressure imposed by our own democratically-elected government, would drive these decisions.

And the playing field between fossil fuels and renewable energy would be leveled.

This is not the only way such a fee could be levied. Since this report was presented publicly in June of 2012, the DOER has commissioned its own report from REMI. The intention of that analysis is to determine if the model can be made to be completely revenue-neutral, and, if so, is there an even more effective way to compensate citizens and boost our economy?

We - or rather, our children and grandchildren - face terrifying consequences if we fail to reduce our carbon emissions immediately and dramatically. We can avoid "market failure" by dealing with the negative externalities of carbon pollution now, using the most powerful tool at our disposal - our democracy - to vote in a Pigouvian carbon fee.

2013 REQUEST TO THE WELLESLEY DTC

Here in MA, we are lucky enough to have two legislators who have introduced STATE fair carbon pricing legislation, Mike Barrett & Rep Tom Conroy. Like most legislation, this bill, H2532, is a work in progress. Listening to input from citizens like us, Senator Barrett and Representative Conroy are working hard to arrive at a policy that is right for MA.

I am here tonight to ask the Wellesley Democratic Town Committee to consider passing a resolution in favor of a gradually and predictably-increasing carbon fee in Massachusetts.

MA is the state where progressive ideas are born. From the abolition of slavery to women's suffrage, from marriage equality to universal health care, this is the state of bold, progressive ideas.

Once we bring this idea to MA and demonstrate to the country and the world that we can help solve the climate crisis while creating new jobs and protecting household incomes, the idea will spread to other states, to our federal government, and, eventually, to the rest of the world.

WHO ELSE HAS ENDORSED A FEDERAL CARBON FEE?

Newton aldermen

Newton Democratic City Committee

The Cambridge Dem City Committee

Brookline selectmen

have all endorsed the Citizens Climate Lobby's "call on Congress" to support a federal gradually and predictably-increasing carbon fee.

WHO ELSE HAS ENDORSED A STATE CARBON TAX?

We have just begun to approach DTC's on the subject. Wellesley was the first to do this!

Wellesley DTC

Actual Language of Wellesley DTC Proposal:

"We, the Wellesley Democratic Town Committee, believe a policy of environmental tax reform can simultaneously reduce greenhouse gas emissions, strengthen our economy, and help move our state away from its dependence on fossil fuels. We urge the MA Legislature to pass legislation that imposes a fee on the carbon content of fossil fuels, and returns that revenue to households and businesses. In particular, we commend Rep. Alice Peisch for co-sponsoring environmental tax reform legislation filed in this session by Sen. Mike Barrett (D-Lexington) and Rep. Tom Conroy (D-Wayland), and urge her and our State Senators – Richard Ross and Cynthia Creem – to co-sponsor the legislation when it is re-filed at the beginning of the 2015-16 session."

Most recently-proposed language from Senator Barrett's office:

"We, _____, urge the Massachusetts Legislature to pass legislation that imposes a fee on the carbon content of fossil fuels and returns that revenue to households and businesses. We commend Senator Mike Barrett (D-Lexington) and former Representative Tom Conroy (D-Wayland) for drafting such legislation, and urge our state senators and representatives who haven't yet done so to co-sponsor the bill when it is re-filed at the beginning of the 2015-16 session."

Questions/Objections

First, accept going in that you are NOT an expert economist, but rather an informed, concerned citizen committed to fair carbon pricing legislation because you feel it would be the most effective way to begin to reverse global warming. Next, believe me when I tell you that you already know more than most of them. Possible replies to difficult questions:

1. “Let me write that down and get back to you.”
2. “Let me hand you a draft summary of the DOER report. An economist whom you could contact with this question is Marc Breslow @ marc@mbreslow.org “ (please give out judiciously).
3. “What a great question. I’m sure Senator Barrett’s aide, Brendan, would be happy to answer that. His email is: Brendan.Berger@masenate.gov”

Empathize with questioners, thank them for their smart questions.

Questions to anticipate:

1. Why not Cap-and-Trade?

A fee on carbon emissions isn’t the only way to “put a price on carbon” and thereby provide incentives to reduce use of high-carbon fuels. A carbon cap-and-trade system is an alternative approach supported by some prominent politicians, corporations and mainstream environmental groups. Cap-and-trade was the structure embodied in the Waxman-Markey climate bill that passed the U.S. House but failed in the U.S. Senate. And cap-and-trade is the cornerstone of the European Union’s “Emissions Trading Scheme” (ETS).

Under some conditions, cap-and-trade systems can be effective. The U.S. sulfur dioxide cap-and-trade system instituted in the early 1990s, deserves credit for efficiently reducing acid rain emissions from power plants. However, the scale of a carbon trading system — it would be up to 100 times larger than that for sulfur — combined with the lack of readily available “technical fixes” for filtering or capturing CO₂, appear to rule out the sulfur cap-and-trade system as a model for carbon. Recent evidence from the EU’s ETS suggests that price volatility and gaming by market participants has largely undermined the effectiveness of this complex, opaque indirect cap-and-trade system for pricing carbon pollution.

We regard a gradually and predictably-increasing carbon fee as superior to a carbon cap-and-trade system, for five fundamental reasons:

- Carbon fees will lend predictability to energy prices, whereas cap-and-trade systems exacerbate the price volatility that historically has discouraged investments in less carbon-intensive electricity generation, carbon-reducing energy efficiency and carbon-replacing renewable energy.

- Carbon fees can be implemented much sooner than complex cap-and-trade systems. Because of the urgency of the climate crisis, we do not have the luxury of waiting while the myriad details of a cap-and-trade system are resolved through lengthy negotiations.
- Carbon fees are transparent and easily understandable, making them more likely to elicit the necessary public support than an opaque and difficult to understand cap-and-trade system. The co-author of the U.S. Senate cap-and-trade bill, Sen. John Kerry, even told a reporter in September 2009, “I don’t know what ‘cap and trade’ means. I don’t think the average American does.”
- Carbon fees can be implemented with far less opportunity for manipulation by special interests, while a cap-and-trade system’s complexity opens it to exploitation by special interests and perverse incentives that can undermine public confidence and undercut its effectiveness.

Carbon fee revenues can be rebated to the public through dividends or tax-shifting, while the costs of cap-and-trade systems are likely to become a hidden fee as dollars flow to market participants, lawyers and consultants.

2. What about this DOER study? Who’s doing it?

The state commissioned **REMI** (Regional Economic Models, Inc.), an econometric modeling firm that provides economic impact studies for governmental and private-sector clients including the Atlanta Regional Commission (ARC), consulting firms Booz Allen Hamilton and Ernst & Young, the Massachusetts Institute of Technology (MIT), and the Tennessee Valley Authority (TVA). They are *renowned* for their unbiased analyses. Massachusetts economist Marc Breslow also has a large role in the study.

Scott Nystrom (lead economist) is a senior economic associate at REMI, Washington, DC. His major projects have included economic impact analyses of the federal “fiscal cliff” and sequestration, the TransCanada Keystone XL pipeline, the \$500 billion long-range transportation plan of the Southern California Association of Governments (SCAG), the potential Medicaid expansion in North Carolina, and carbon pricing studies in Massachusetts, Washington, and California.

PRESS RELEASE

For Immediate Release

July 1, 2014

Contact

Auli Batts , Co-Chair

Susan Ryan, Co-Chair

chair@wellesleydems.org

Wellesley Democratic Town Committee

(Wellesley)

Wellesley Dems Voice Support for a Revenue Neutral Carbon Tax

The Wellesley Democratic Town Committee at their monthly general meeting on June 26 unanimously passed the following motion supporting Massachusetts' adoption of a revenue neutral carbon tax:

We, the Wellesley Democratic Town Committee, believe a policy of environmental tax reform can simultaneously reduce greenhouse gas emissions, strengthen our economy, and help move our state away from its dependence on fossil fuels. We urge the Massachusetts Legislature to pass legislation that imposes a fee on the carbon content of fossil fuels, and returns that revenue to households and businesses. In particular, we commend Representative Alice Peisch for co-sponsoring environmental tax reform legislation filed in this session by Senator Mike Barrett (D-Lexington) and Representative Tom Conroy (D-Wayland), and urge her and our State Senators – Richard Ross and Cynthia Creem – to co-sponsor the legislation when it is re-filed at the beginning of the 2015-16 session.

The Committee was addressed by Representative Alice Peisch who gave the Committee an up-date of the legislative process regarding the Carbon Tax bill in the just ending legislative session and what is planned for the up-coming session.

The next meeting of the Wellesley Democratic Town Committee will take place on Tuesday August 12 at 7:30PM in the Community Room at the Wellesley Police Department, 485 Washington Street. All are invited. More information can be found at wellesleydems.org.

The complete text of the bill, <https://malegislature.gov/Bills/188/House/H2532>.