

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Michael J. Barrett

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to combat climate change.

PETITION OF:

NAME:

Michael J. Barrett

DISTRICT/ADDRESS:

Third Middlesex

SENATE No.

[Pin Slip]

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 1821 OF 2017-2018.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-First General Court
(2019-2020)**

An Act to combat climate change.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 1 of chapter 21N of the General Laws, as amended by sections 7
2 through 10, inclusive, of chapter 209 of the Acts of 2018, is hereby amended by inserting after
3 the definition of “Greenhouse gas emissions source” the following definition:-

4 “Greenhouse gas-emitting priority”, natural gas, petroleum, coal, and any solid, liquid or
5 gaseous fuel derived therefrom, and any other matter that both emits, or is capable of emitting, a
6 greenhouse gas when burned and is designated a priority by the department for the purposes of
7 this chapter.

8 SECTION 2. Said section 1 of said chapter 21N, is hereby further amended by striking
9 out the definition of “Market-based compliance mechanism”, and inserting in place thereof the
10 following definition:-

11 “Market-based compliance mechanism”, any form of price compliance system imposed
12 on sources or categories of sources or any form of pricing mechanism imposed on greenhouse
13 gas-emitting priorities that is designed to meet a statewide greenhouse gas emissions limit
14 established pursuant to this chapter, including but not limited to: (i) a system of market-based
15 declining annual aggregate emissions limitations for sources or categories of sources that emit
16 greenhouse gases; (ii) greenhouse gas emissions exchanges, banking, credits and other
17 transactions governed by rules and protocols established by the secretary or a regional program
18 that results in the same greenhouse gas emissions reduction, over the same time period, as direct
19 compliance with a greenhouse gas emissions limit or emission reduction measure adopted by the
20 executive office pursuant to this chapter; or (iii) a system of charges or exactions imposed to
21 reduce statewide greenhouse gas emissions in whole or in part.

22 SECTION 3. Said section 1 of said chapter 21N, is hereby further amended by inserting
23 after the definition of “Person” the following definition:-

24 “Rural municipality”, a city or town in which residents drive, on average, 130% or more
25 per year than the statewide average number of miles driven per household in the commonwealth.

26 SECTION 4. Said chapter 21N, as appearing in the 2016 Official Edition, is hereby
27 further amended by inserting after section 7 the following section:-

28 Section 7A. The secretary shall promulgate regulations establishing a market-based
29 compliance mechanism or combination of such mechanisms for: (i) the transportation sector;
30 provided, however, that the regulations shall, at a minimum, be designed to reduce passenger
31 vehicle and light duty truck emissions; (ii) the commercial, industrial and institutional sectors,

32 including but not limited to buildings and industrial, manufacturing and other business processes;
33 and (iii) the residential building sector.

34 Proceeds realized by a market-based compliance mechanism established pursuant to this
35 section shall be treated or disbursed as follows: (i) as rebates or refunds to residents and
36 employers of the commonwealth in proportion to the aggregate monies collected from residents
37 and employers; or (ii) as monies credited to the carbon pricing trust fund established in section
38 2WWW of chapter 29 of the General Laws, which monies shall be expended pursuant to said
39 section; provided, that the secretary may allocate a reasonable amount of proceeds to reimburse
40 the commonwealth for any direct costs incurred in the administration of activities authorized by
41 this section.

42 A market-based compliance mechanism or combination of mechanisms established
43 pursuant to this section (i) shall, by means of emissions containment reserves and other
44 appropriate program features, maximize the ability of the commonwealth to achieve the
45 greenhouse gas emissions limits established pursuant to this chapter; provided, that any charges,
46 exactions, allowances, or permits shall be set, imposed, allocated, auctioned, sold or authorized
47 so as to maximize the likelihood that, beginning in the first year of implementation, said charges,
48 exactions, allowances or permits shall result in a cost of emissions per metric ton of carbon
49 dioxide equivalent of not less than 15 dollars; provided, further, that said charges, exactions,
50 allowances, or permits shall be set, imposed, allocated, auctioned, sold or authorized so as to
51 maximize the likelihood that the cost of emissions per metric ton of carbon dioxide equivalent
52 will increase by five dollars each year, up to a ceiling of 60 dollars per metric ton of carbon
53 dioxide equivalent; (ii) shall allocate proceeds, rebates, refunds and monies so as to mitigate, or
54 avoid altogether, any net financial burden that would otherwise be imposed by said mechanism

55 on low- income residents, whether in urban, rural, or suburban municipalities; (iii) shall allocate
56 proceeds, rebates, refunds and monies so as to mitigate, or avoid altogether, any disproportionate
57 financial burden that would otherwise be imposed by said mechanism on residents of rural
58 municipalities who are not low-income; (iv) shall allocate proceeds, rebates, refunds, and monies
59 so as mitigate, or avoid altogether, any disproportionate and unreasonable financial burden that
60 would otherwise be imposed by said mechanism upon an economic subsector of the
61 commonwealth.

62 The secretary may promulgate regulations to enable and facilitate coordinated efforts
63 with other states or Canadian provinces to implement, join or expand market-based compliance
64 mechanisms involving multiple jurisdictions.

65 Section 7B. (a) The secretary shall make reasonable efforts to ensure that any charges,
66 exactions, allowances or permits created pursuant to section 7A of this chapter are set, imposed,
67 allocated, auctioned, sold or authorized at the earliest possible point in the supply or distribution
68 chain within the commonwealth.

69 (b) The secretary shall consider various calendar schedules for distributing any rebates,
70 refunds, proceeds and monies generated pursuant to section 7A of this chapter, including partial
71 or complete distributions early in a relevant revenue cycle.

72 (c) The secretary shall make all reasonable efforts to ensure that any charges, exactions,
73 allowances or permits created pursuant to section 7A of this chapter are set, imposed, allocated,
74 auctioned, sold or authorized prior to the occurrence of any fugitive emissions or any leaks due
75 to suboptimal storage or transmission within the commonwealth.

76 SECTION 5. Section 2ZZZ of chapter 29 of the General Laws, as so appearing, is
77 hereby amended by adding the following subsection:-

78 (f) In addition to those revenues credited annually to the fund under subsections (a) and
79 (c), and in addition to those revenues credited to the fund under subsection (e) for fiscal years
80 2015 through 2020, inclusive, there shall be credited to the fund any monies received from the
81 carbon pricing trust fund established by section 2WWWW of chapter 29 of the general laws. In
82 addition to expenditures made pursuant to appropriation and disbursements required by
83 subsection (d), all monies received from the carbon pricing trust fund shall be annually
84 distributed to the Massachusetts Bay Transportation Authority or a fund controlled by the
85 Authority and to regional transit authorities organized under chapter 161B or predecessor
86 statutes.

87 SECTION 6. Chapter 29 of the General Laws, as so appearing, is hereby amended by
88 adding the following 2 sections:-

89 Section 2WWWW. There shall be established and set up on the books of the
90 commonwealth a separate fund to be known as the carbon pricing trust fund, in this section
91 referred to as the fund, to be administered by the executive office of energy and environmental
92 affairs. There shall be credited to the fund any monies realized by a market-based compliance
93 mechanism established pursuant to section 7A of chapter 21N and not distributed as rebates or
94 refunds to residents and employers of the commonwealth. Such monies shall be annually
95 disbursed as follows: (i) 60 per cent to the Commonwealth Transportation Fund; (ii) 30 per cent
96 to be expended in the form of school aid in partial satisfaction of amounts due under chapter 70
97 of the General Laws; (iii) 5 per cent to the environmental health and justice trust fund established

98 in section 2XXXX of this chapter; and (iv) 5 per cent to support electric vehicle incentives,
99 including but not limited to rebates provided under the Massachusetts Offers Rebates for Electric
100 Vehicles program, also known as MOR-EV, or any successor or similar electric vehicle rebate
101 program. All monies allocated to the Commonwealth Transportation Fund pursuant to this
102 section shall be used to facilitate, directly or indirectly, reductions in greenhouse gas emissions
103 through investment in new public transportation infrastructure or other forms of clean
104 transportation.

105 Section 2XXXX. (a) There shall be established and set up on the books of the
106 commonwealth a separate fund to be known as the environmental health and justice trust fund, in
107 this section referred to as the fund, to be administered by the executive office of energy and
108 environmental affairs. There shall be credited to the fund certain sums disbursed by the carbon
109 pricing trust fund authorized by this chapter, as well as any appropriations made by the
110 legislature and any investment income earned on assets of the fund. The fund shall expend its
111 monies to assist communities identified as having significant pollution impacts and population
112 vulnerabilities compared to other communities in the commonwealth. Amounts remaining in the
113 fund at the end of the fiscal year shall not revert to the General Fund and shall be available for
114 expenditure in succeeding fiscal years.

115 SECTION 7. The regulations required pursuant to clause (i) of the first paragraph of
116 section 7A of chapter 21N of the General Laws shall be promulgated and in effect not later than
117 December 31, 2021.

118 SECTION 8. The regulations required pursuant to clause (ii) of the first paragraph of
119 section 7A of chapter 21N of the General Laws shall be promulgated and in effect not later than
120 December 31, 2022.

121 SECTION 9. The regulations required pursuant to clause (iii) of the first paragraph of
122 section 7A of chapter 21N of the General Laws shall be promulgated and in effect not later than
123 December 31, 2023.