

BARRETT DRAWS ON CANADIAN EXPERIENCE TO PROMOTE CARBON FEES

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STATE HOUSE, BOSTON, APRIL 13, 2015.....In British Columbia, a Canadian province nearly 35 times the size of Massachusetts with a smaller population, policy leaders say their seven-year-old carbon tax has succeeded in reducing emissions and fuel consumption without stymying economic growth.

Here in Massachusetts, one senator is hoping to replicate that success.

Sen. Michael Barrett, a Lexington Democrat, has filed legislation this session to implement a fee on carbon-based fuels that would start at \$10 per metric ton of carbon dioxide and grow over the next six years to \$40.

The fee, modeled on the policy in British Columbia, would be revenue neutral. An estimated \$600 million would be collected by the state in the first year -- as much as \$2.5 billion when fully implemented -- and returned to consumers, business and municipal governments in the form of rebates.

"I think a carbon fee is tailor-made for finding consensus. We can let Charlie Baker follow through on his no-new-taxes pledge and still fight climate change. You can't beat that," Barrett told the News Service after participating in a panel discussion on carbon taxes at the Massachusetts Institute of Technology.

Though Barrett said the idea may be three- to-five years from becoming a political reality, he's looking to generate any momentum he can behind the proposal. Forty-one members of the Legislature, roughly 20 percent of the combined House and Senate, have signed on as co-sponsors to his bill this session.

Two top ranking officials in the British Columbian government were in Massachusetts on Monday promoting their carbon policy, noting that the province represents just 8 percent of Canada's total carbon emissions. Canada produces only 2 percent of the world's emissions.

The officials - Parliamentary Secretary for Energy Literacy and the Environment Mike Bernier and Dr. Susanna Laaksonen-Craig, head of the climate action secretariat in the Ministry of

Environment - said spreading the adoption of carbon policies like the one in British Columbia is critical to making a lasting impact on climate change.

British Columbia, with its population of about 4.4 million people, first imposed a carbon tax in 2008 as part of the province's climate action plan. By 2012, the province had hit its goal of reducing carbon emissions by 6 percent below 2007 levels at the same time that British Columbia's population was growing and its gross domestic product climbed 9 percent.

"From a political perspective and a provincial perspective, the last thing we wanted to do was slow down our economic growth because we would think that would be counterproductive," Bernier said in an interview with the News Service.

He said the tax on carbon has helped foster the growth of British Columbia's clean tech sector, including solar, wind and geothermal technologies on top of the already strong hydropower industry.

Bernier, a member of British Columbia's centrist Liberal Party, said his party in 2007 ran on a platform that included the carbon tax. The party has gone to win two more provincial elections, retaining its majority control as support for the carbon tax climbed as high as 65 percent in 2012 when the tax hit its peak of \$30 per ton of emissions.

"What it's really done is it has made people think about what they're doing and what their usage is. Fuel consumption has dropped 16 percent in British Columbia even though we're growing population and it's gone up about 3 percent in the rest of Canada," Bernier said.

The Canadian officials, invited by groups including the Massachusetts Campaign for a Clean Energy Future, met privately at the State House Monday with Senate President Stanley Rosenberg, Barrett and Sen. Marc Pacheco after a breakfast at Mintz Levin.

The private meeting was followed by a public discussion of the carbon tax at the State House with several members of the Legislature, including Reps. Frank Smizik, Denise Provost and Jonathan Hecht, and the M.I.T. forum.

"They reminded us that this is moderate proposal not a liberal one. Cap and trade and putting a price on carbon originated as a market based alternative to top-down command and control regulation. Tea party types have dumped on the idea since, but this is, in essence, something that can unite Democrats and Republicans," Barrett said.

Since 2008, British Columbia has collected \$5 billion in carbon taxes, redistributing the revenue throughout the economy with \$3.1 billion in corporate tax cuts, \$1.2 billion in income tax cuts, \$997 million in low-income tax credit and \$329 million in other personal tax cuts and additional rebates for those who live in the rural northern area of the province.

Barrett's bill proposes to offer equal rebates - about \$169 - to every citizen of the Massachusetts, including children, as well as businesses and non-profits based on employment levels.

Acknowledging that residents of western Massachusetts may consume more fuel because they must drive further distances for conveniences, the legislation authorizes a 30 percent boosted rebate for those who drive at least 30 percent more miles than the state average.

"We know that over time more and more people will find a way to conserve and avoid the fee, which is the whole point but we don't need to strong arm every individual into doing it at the same pace or in the same way," Barrett said.

Barrett's bill would not cover the Massachusetts electricity market, which is already subject to cap-and-trade regulations set by the Regional Greenhouse Gas Initiative.

Sen. Pacheco has filed similar legislation that would set an economy-wide carbon price, rebating 80 percent to individuals and businesses, while reserving 20 percent for spending on climate-change related programs, such as energy efficiency and public transit.

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