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This past year gave us a preview of what the future holds for our state as the accumulated pollution from burning fossil fuels alters the global climate. The remarkably warm winter and record-low snowpack levels impacted recreation and tourism business, reduced summer water supplies to farms and homes, increased the intensity of forest fires, and stressed salmon as they returned to hot, shallow streams. Research by the University of Washington's Climate Impacts Group indicates that all of these events are more likely to occur if global temperatures continue to increase.

It is prudent for all of us to work to reduce carbon emissions to avoid these potential impacts on our economy, natural environment, and health. Even major oil producers, including BP, ConocoPhillips, and ExxonMobil, agree that the risks of climate change warrant action.

Many business owners fear that any prescription for addressing climate change will require higher taxes and onerous new regulations that will reduce economic growth. Fortunately, our neighbor to the north has proven that there's a better way. Since 2008, British Columbia has reduced carbon pollution 10-15 percent without increasing the size of government. At the same time, the province's economy has grown as much or more than the rest of Canada. They accomplished this feat by employing a business-friendly market mechanism that has been advocated by economists across the political spectrum: a revenue-neutral carbon tax, with revenue from taxing carbon pollution dedicated to reductions in existing taxes. It's not a bigger tax system; it's a smarter tax system.

Washington state now has the opportunity to implement a similar policy by adopting Initiative 732, which will be submitted to the state legislature in January. The gist of the I-732 tax swap consists of a tax of \$25 per metric ton of CO2 levied on all fossil fuels consumed in the state, with the revenue offset by lowering the state sales tax by one full percentage point, effectively eliminating the B&O tax on manufacturers, and funding a tax rebate of up to \$1,500 per year for 400,000 low-income working families.

The result would be a meaningful incentive for everyone to reduce pollution without hurting the economy. The sales tax cut offsets higher energy costs for both businesses and consumers alike. Reducing the B&O tax protects manufacturing jobs and businesses. A slow 40-year phase in for agricultural diesel gives farmers time to adapt. Funding the Working Families Tax Rebate provides a real economic boost for low-income families. Furthermore, a steady annual increase in the carbon price of 3.5 percent plus inflation provides businesses with predictability and ensures that state revenue remains stable even as fossil fuel consumption declines. And because the carbon tax is imposed upstream in the energy distribution system, there are no compliance costs for the vast majority of businesses in the state.

The experience in British Columbia illustrates that an effective carbon tax policy can also promote the growth of new clean energy companies like iTek Energy, Regenix, Ecotech Solar, and Western Solar that create jobs in Whatcom County. Vancouver Mayor Gregor Robertson sees the policy driving economic growth and drawing businesses to the city, stating in a 2014 commentary: "In just six years, [the carbon tax] has proved to be a success in moving our province towards a greener future. At the same time, our economy is thriving, and in Vancouver, it has spurred rapid job growth in a cleaner, greener economy. Renewable energy and clean tech companies are choosing to invest in Vancouver precisely because we are ahead of the curve with a carbon tax."

I-732 is a fair and cost-effective way to mitigate the risks of carbon pollution while accelerating the growth of innovative and efficient businesses. It is a common-sense solution that both conservatives and progressives can unite behind. By working together, Washingtonians can demonstrate to the rest of the nation how to address climate change in a way that is both pro-environment and pro-business.

Yoram Bauman is a PhD economist and Menno van Wyk is the founder and former CEO of Montrail. Both are members of Carbon Washington's Executive Committee, the group behind I-732.