

These could be the first U.S. states to tax carbon — and give their residents a nice paycheck

By [Chelsea Harvey](#) November 10, 2015

In Washington state, a circulating petition might be the key to both permanently cutting down on the state's carbon footprint and also reforming what is widely considered one of the nation's most regressive tax systems. If enough signatures are secured, the petition will allow the United States' first-ever carbon tax a spot on the ballot.

[Carbon Washington](#) is a grassroots carbon tax campaign founded by environmental economist and stand-up comedian [Yoram Bauman](#). The idea of a carbon tax is pretty simple: It's a form of carbon pricing that aims to drive greenhouse gas emissions down by requiring people to pay a tax or a fee on either the carbon they emit or the fossil fuels they purchase, and then either returning the revenue to the public or using it for new government programs (Washington state would do the former).

Carbon Washington's initiative proposes a starting fee of \$15 per ton of carbon, which would gradually increase to a cap of \$100 per ton over the next 40 years — the highest price-per-ton of any carbon pricing scheme introduced so far.

"I think it's a relatively new idea for a lot of people," said [Bauman](#). "When you talk about climate change, they think they're going to have to spend money on solar panels or stuff like that."

But the idea is catching on. Washington requires citizens' initiatives to raise 246,372 signatures via petition to qualify for the ballot. So far, Carbon Washington has raised 304,000 signatures, according to Bauman, and is hoping to reach 330,00 before it submits the petition at the end of the year to have a buffer of about 25 percent of the needed number of signers.

"Once we qualify, it goes to the legislature in January, and the legislature essentially has two choices," Bauman said. "Pass it and it goes to law, or it goes on the ballot in 2016."

Washington state isn't the only one. Citizens and legislators in a handful of other states around the country, including Massachusetts, Vermont, Rhode Island and Oregon, are in various stages of introducing similar proposals to their own state legislatures.

Many are inspired by British Columbia's carbon tax, which was introduced in 2008 and is widely considered by

economists a [prime example](#) of a successful carbon pricing scheme. Currently the only carbon tax in North America, the tax — which is revenue neutral, meaning funds are returned to the public rather than kept as revenue by the state (in this case, in the form of other tax breaks) — charges \$30 per ton of carbon dioxide equivalent emissions and has so far reduced fuel consumption by more than 16 percent without harming the Canadian province’s economy.

“I think the experience from BC shows that a climate policy like this, a smart well-designed policy, can work,” Bauman said.

But Massachusetts may give Washington state a run for its money. For their part, advocates in Massachusetts are also set on becoming the first state in the country to successfully implement a carbon tax, said Zaurie Zimmerman, president of Zaurie Zimmerman Associates Inc., board member for [Climate XChange](#) and co-chair of [Business Leaders for Climate Action](#). Rather than pushing a citizen’s initiative, interested residents, businesses and civic organization have formed a coalition called the Massachusetts Campaign for a Clean Energy Future and rallied behind [a bill](#) introduced earlier this year by state Sen. Michael Barrett, a Democrat.

The bill also proposes a revenue-neutral carbon fee, which would start at \$10 per ton of carbon dioxide equivalent and rise by \$5 per year until it reached a cap of \$40 per ton. Money raised would be returned to the public in the form of rebates. The proposed tax would not affect the electricity sector, which is already regulated through a cap-and-trade system called the [Regional Greenhouse Gas Initiative](#).

As of last weekend, the bill had gained 45 co-sponsors, which is more than 20 percent of the state legislature. On Oct. 27, the Massachusetts Joint Committee on Telecommunications, Utilities and Energy held a hearing largely devoted to discussion of the proposed carbon tax and related testimony from interested individuals and organizations, including business, industry, faith and civic leaders.

A price on carbon is “essential” if Massachusetts wants to meet its [statewide emissions reduction goals](#), which include reducing emissions by 80 percent relative to their 1990 levels, said [Christopher Knittel](#), professor of energy economics at Massachusetts Institute of Technology, in testimony to the committee.

“I have rarely in my career explicitly supported a single piece of legislation, but this is one very important exception,” he wrote in his address to the committee. “S. 1747 is the right policy, at the right time, for the right reasons.”

Zimmerman said the bill could be out of committee as early as March, at which point it would be subject to a vote, although there’s a possibility the process could be pushed back later in the year.

Who gets there first? Which state will succeed first — if any of them succeed at all — is likely to depend on

whether the campaigners can garner enough bipartisan support for the idea of a carbon tax. This can be done by presenting legislation that will provide benefits both sides of the aisle can get behind, Bauman said.

A carbon tax's primary goal is to address carbon output and climate change, but it also provides certain economic benefits, said Bill Finkbeiner, another member of Carbon Washington's executive committee and a Republican who served in the Washington State Legislature for years, including as Senate majority leader. A revenue neutral scheme returns leftover funds to the citizens in the form of either tax breaks or rebates, meaning more money goes back into the economy, and low- and middle-income households in particular get a boost.

"We're hoping to build kind of a coalition between environmentalists and businesses and Republicans and Democrats," he said. "It's going to be a challenge. You know, there's a lot of Republican constituencies who maybe haven't had climate change on the top of their list, but we think also that the awareness is that something needs to be done about climate change."

So far, there have been mixed reactions to proposed carbon taxes across the country. As of yet, the Massachusetts bill has neither been endorsed nor opposed by Republican Gov. Charlie Baker, said Zimmerman. But proposed legislation in Vermont, for instance, has met with staunch opposition from some Republicans, including David Sunderland, chair of the Vermont Republican Party, who recently published a [scathing commentary](#) in the Vermont news source VTDigger.org.

"Democrats in the Legislature are unleashing another assault on working Vermonters, struggling young people and senior citizens by proposing an 88-cent per gallon tax hike on gasoline, calling it a 'carbon tax,'" he wrote.

In Washington there's [even been debate](#) among the state's carbon tax supporters, revolving around whether such legislation should be revenue neutral or revenue positive. While Carbon Washington's supporters feel that a revenue neutral carbon tax holds the most bipartisan appeal, other environmental groups in the state support the idea of

raising money for the state that could then be funneled back into other initiatives, such as clean energy investments, said [Ramez Naam](#), a computer scientist and member of Carbon Washington’s executive committee.

In the case of Washington state, the tax is also designed to appeal to more than just voters concerned with combating climate change. The proposal also helps address what the campaigners see as a major inequality in the state’s tax system through its revenue neutral model.

Washington state currently has “one of the most regressive state taxes in the country,” Naam said. The state has no income tax, and instead relies heavily on its sales tax for revenue, meaning lower income households generally pay a much higher percentage of their income in taxes than higher income households.

The campaign proposes using money from the carbon tax to fund a “tax swap,” which would lower the state’s sales tax by a full percentage point in favor of the carbon fee, while also eliminating the state’s business and occupation tax for manufacturers, with money from the carbon fee essentially replacing the revenue formerly raised from these taxes. Additionally, the carbon tax would help to fund the [Working Families Rebate](#), which was signed into law in 2008 but never funded. This measure would provide up to \$1,500 per year to 400,000 low-income families in the state.

In these ways, the carbon tax is not used to make any more money for the state than it was making before, but rather benefits the public in the form of replacing other, more regressive state taxes and providing rebates — essentially returning cash — to qualifying households.

Despite these differing opinions, the number of carbon pricing initiatives across the country is evidence of a growing interest in greater efforts to limit carbon emissions in the U.S.

The topic is growing increasingly relevant as dozens of nations prepare to convene in Paris at the end of the month

for the UN's annual climate conference. While the goal of this year's conference is to settle on an international agreement to cut down on global carbon output, UN climate chief Christiana Figueres [announced last week](#) that the conference would not be able to include discussions on a global carbon price.

But as support for carbon pricing grows both abroad and at home, local initiatives may become more common even without the formal intervention of the UN.

“This is becoming something that we have a lot of real-world examples of, British Columbia being the primary one in North America,” said Rebecca Morris, co-director of strategy and communications for Climate XChange and communications director for the Massachusetts Campaign for a Clean Energy Future. “There are also many successful examples around the world of carbon pricing actually having positive effects, reducing emissions and strengthening the economy.”

“People are starting to say, ‘We need to do something,’” she added. “They may or may not be on board with one or more details, but people are at the table.”

Chelsea Harvey is a freelance journalist covering science. She specializes in environmental health and policy.
