

An Act Combating Climate Change: section-by-section summary

Legislation sponsored by State Sen. Mike Barrett to create a system of revenue neutral carbon fees for Massachusetts

Existing Law: G.L. c. 25A regulates the Department of Energy Resources (DOER), an agency within the Executive Office of Energy & Environmental Affairs. DOER oversees the Green Communities Act, maintains the commonwealth's renewable portfolio standard, and administers the DOER Credit Trust Fund. G.L. c. 25A, §3 provides the definitions for the chapter; G.L. c. 25A, §6 lays out the powers and duties of the agency.

Section 1 of the bill amends G.L. c. 25A, §3 by adding the following definitions:

- Carbon-based fuel, in order to specify what products are subject to the charge imposed by §13A;
- Carbon-generated electricity, in order to specify electricity generators covered by the regional greenhouse gas initiative (RGGI);
- Carbon dioxide equivalent, in order to define a consistent unit of pollution for all fossil fuel products and greenhouse gases;
- Carbon dioxide emissions charges, for use throughout the new statute;
- Employer, in order to specify rebates under the new statute;
- Fund, for use throughout the new statute;
- Motor vehicle fuel, in order to refer to a subset of charge proceeds attributable to motor vehicles; and
- Resident, in order to specify rebates under the new statute.

Section 2 of the bill amends G.L. c. 25A, §6 by adding a paragraph granting DOER the authority to carry out the new statute.

Section 3 of the bill amends G.L. c. 25A by adding the following three new sections:

- 13A instructs the Commissioner of Energy Resources to collect a charge on the distribution or sale of carbon-based fuels and states the charge shall be phased in up to \$40 per ton, with an instruction to DOER to recommend adjusted rates every two years thereafter. In addition, 13A provides that charges be calculated based on carbon dioxide equivalents and not be collected in violation of federal law.
- 13B creates the carbon dioxide emissions charge rebate fund, and instructs the Commissioner of Energy Resources to deposit all funds collected under section 13A into the fund. The money in the fund is to be rebated in full to residents and employers in proportion to what residents and employers contributed to the fund. If the proceeds are not returned in full, the salaries of the governor and two secretaries are cut. Residents shall receive equal rebates, except that rural residents are to be rebated an additional motor vehicle fuel rebate. Employers shall receive equal rebates per employee, except that the state has the option of helping energy-intensive employers by funding their rebates out of the disproportionately high proceeds collected from their sectors. Finally, 13B shields the Commissioner of Energy Resources from liability if the fund is not exactly balanced on a year-to-year basis.
- 13C authorizes DOER to: (1) promulgate regulations to carry out the purposes of this chapter; (2) make reasonable efforts to collect charges as far upstream as possible; (3) consider alternative calendar schedules for distributing rebates; (4) return charges collected upstream in instances in which no downstream emissions occur; and (5) weigh the feasibility of applying carbon pricing to electricity generation.