

1 **[SUBSTITUTE FOR H.693, SEC. 24 – CHANGES HIGHLIGHTED]**

2 * * * Sustainability of Vermont’s Transportation System;

3 **Emissions Reductions** * * *

4 Sec. 24. **ANALYSIS AND REPORT ON SUSTAINABILITY OPTIONS;**

5 **TRANSPORTATION EMISSIONS REDUCTIONS**

6 **(a) Findings of fact. The General Assembly finds:**

7 **(1) A majority of the Vermont Climate Council (VCC) voted to**
8 **recommend participation in the Transportation & Climate Initiative Program**
9 **(TCI-P), a regional cap-and-invest program, as a lead policy and regulatory**
10 **approach to reduce emissions from the transportation sector in the Vermont**
11 **Climate Action Plan (CAP), adopted in December 2021.**

12 **(2) Shortly before adoption of the CAP in December 2021, participating**
13 **in TCI-P became unviable and the VCC agreed to include in the CAP that the**
14 **VCC would continue work on an alternative recommendation to reduce**
15 **emissions from the transportation sector in Vermont and pursue participating**
16 **in TCI-P if it again became viable.**

17 **(3) An addendum to the CAP, supported by a majority of the VCC,**
18 **stated that: “The only currently known policy options for which there is strong**
19 **evidence from other states, provinces[,] and countries of the ability to**
20 **confidently deliver the scale and pace of emissions reductions that are required**
21 **of the transportation sector by the [Global Warming Solutions Act (GWSA)]**

1 are one or a combination of: a) a cap and invest/cap and reduce policy
2 covering transportation fuels and/or b) a performance standard/performance-
3 based regulatory approach covering transportation fuels. Importantly, based on
4 research associated with their potential implementation, these approaches can
5 also be designed in a cost-effective and equitable manner.”

6 (4) The development of the State’s Carbon Reduction Strategy (CRS),
7 which is required by the Federal Highway Administration (FHWA) pursuant to
8 the federal Infrastructure Investment and Jobs Act (IIJA) for states to access
9 federal monies under the Carbon Reduction Program and required by the
10 General Assembly pursuant to 2023 Acts and Resolves No. 62, Sec. 31, and
11 the accompanying planning and public engagement process provided the Cross
12 Section Mitigation Subcommittee of the VCC a timely opportunity to
13 undertake additional analysis required for a potential preferred
14 recommendation or recommendations to fill the gap in reductions of
15 transportation emissions.

16 (5) The CRS, which was filed with the FHWA in November 2023,
17 models that the State may meet its 2025 reduction requirement in the
18 transportation sector, but that, even with additional investments for
19 programmatic, policy, and regulatory options, the modeling shows a gap
20 between projected “business as usual” emissions in the transportation sector

1 and the portion of GWSA emission reduction requirements for 2030 and 2050
2 that are attributable to the transportation sector.

3 (6) The CRS reaffirms that, without adoption of additional polices, the
4 portion of GWSA emission reduction requirements for 2030 and 2050 that are
5 attributable to the transportation sector will not be met and states that: “Of the
6 additional programs, a cap-and-invest and/or Clean Transportation Standard
7 program are likely the two most promising options to close the gap in projected
8 emissions vs. required emissions levels for the transportation sector. . . .”

9 (7) There remains a need for further, more detailed analysis of policy
10 options.

11 (b) Written analysis. The Agency of Natural Resources, specifically the
12 Climate Action Office, and the Agency of Transportation, in consultation with
13 the State Treasurer, the Departments of Finance and Management, of Motor
14 Vehicles, and of Taxes, and the VCC, including those councilors appointed by
15 the General Assembly to provide expertise in energy and data analysis,
16 expertise and professional experience in the design and implementation of
17 programs to reduce greenhouse gas emissions, and representation of a
18 statewide environmental organization as outlined in the adopted January 12,
19 2024 Transportation Addendum to the Climate Action Plan, shall prepare a
20 written analysis of policy and investment scenarios to reduce emissions in the
21 transportation sector in Vermont and meet the greenhouse gas reduction

1 requirements of 10 V.S.A. § 578, as amended by Sec. 3 of the Global Warming
2 Solutions Act (2020 Acts and Resolves No. 153).

3 (c) Scenario development. At a minimum, the written analysis required
4 under subsection (b) of this section shall address the pros, cons, costs, and
5 benefits of the following:

6 (1) Vermont participating in regional or cap-and-invest program, such as
7 the Western Climate Initiative (WCI) and the New York Cap-and-Invest
8 program;

9 (2) Vermont adopting a clean transportation fuel standard, which would
10 be a performance standard or performance-based regulatory approach covering
11 transportation fuels; and

12 (3) Vermont implementing other potential revenue-raising, carbon-
13 pollution reduction strategies.

14 (d) Emission reduction scenarios; administration. The written analysis
15 shall include an estimate of the amount of emissions reduction to be generated
16 from a minimum of four scenarios, to include a business-as-usual, low-,
17 medium-, and high-greenhouse gas emissions reduction, analyzed under
18 subsection (c) of this section and a summary of how each proposal analyzed
19 under subsection (c) of this section would be administered.

20 (e) Revenue and cost estimate; timeline. The written analysis completed
21 pursuant to subsections (b)–(d) of this section shall be provided to the State

1 Treasurer to review cost and revenue projections for each scenario. The State
2 Treasurer shall make a written recommendation to the General Assembly
3 regarding any viable approaches.

4 (f) Public access; committees; due date.

5 (1) The Climate Action Office shall maintain a publicly accessible
6 website with information related to the development of the written analysis
7 required under subsection (b) of this section.

8 (2) The Agencies of Natural Resources and of Transportation, in
9 consultation with the State Treasurer, shall file a status update on the
10 development of the written analysis required under subsection (b) of this
11 section with the House and Senate Committees on Transportation, the House
12 Committees on Environment and Energy and on Ways and Means, and the
13 Senate Committees on Finance and on Natural Resources and Energy not later
14 than November 15, 2024.

15 (3) The Agencies of Natural Resources and of Transportation, in
16 consultation with the State Treasurer, shall file the written analysis required
17 under subsection (b) of this section and the State Treasurer's written
18 recommendation to the General Assembly regarding any viable approaches
19 required under subsection (e) of this section with the House and Senate
20 Committees on Transportation, the House Committees on Environment and

1 Energy and on Ways and Means, and the Senate Committees on Finance and
2 on Natural Resources and Energy not later than February 15, 2025.

3 (g) Use of consultant. The Agencies of Natural Resources and of
4 Transportation shall retain a consultant that is an expert in comprehensive
5 transportation policy with a core focus on emission reductions and economic
6 modeling to undertake the analysis and to provide the State Treasurer with any
7 additional information needed to inform the State Treasurer's
8 recommendations regarding any viable approaches required under subsections
9 (b)–(e) of this section.

10 (h) Costs.

11 (1) If the costs of the consultant required under subsection (g) of this
12 section are eligible expenditures under the U.S. Environmental Protection
13 Agency's (EPA) Climate Pollution Reduction Grants (CPRG) program then
14 that shall be the source of funding to cover the costs of the consultant required
15 under subsection (g) of this section.

16 (2) The State Treasurer may use funds appropriated in State fiscal year
17 2025 to complete the work required under subsection (e) of this section.
18 including administrative costs and third-party consultation.