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Bill H.394: Vermont's Carbon Compromise

I. Context

In the 21st century, an era of increased environmental awareness, states must become political and environmental leaders, creating effective legislation at the subnational level. Federal stagnation has prevented serious environmental policy from passing in Washington DC. Vermont has become an environmental vanguard, passing progressive legislation aimed at mitigating climate change and promoting renewable energy. In an effort to further reduce greenhouse gas emissions, Vermont political leaders have introduced the concept of carbon pricing. Carbon pricing is a free market solution that can cause drastic reductions in fossil fuel use, while providing renewable energy with a competitive economic edge.

II. Policy Recommendation

Although it is paramount that Vermont reduces its greenhouse gas emissions, before comprehensive policy is enacted, a study must be conducted to understand the nature of state level carbon pricing. H.394 is a bill that will require the Joint Fiscal Office to study externalities associated with carbon pricing, and submit a report to the General Assembly. Since uncertainties reside in all new policies, H.394 suggests that a study will allow legislative members, and the public, to best understand carbon pricing.

I recommend that the language should be changed from a carbon tax, to a carbon price. The word 'tax' has a negative connotation associated with it. Some Vermont legislators and citizens view a carbon tax as a punishment. However, the term 'carbon pricing' is self explanatory, a price on carbon emissions. A price is not a punishment, rather a cost of operation.

Conducting a study on carbon pricing for Vermont will determine its political feasibility, and will ease state/public uncertainty. Before any serious legislation is drafted or introduced, H.394 must be passed. Without a comprehensive study, carbon pricing is not politically feasible in Vermont.

III. Barriers to Carbon Pricing

Currently, Governor Phil Scott has regarded affordability as one of his distinct platforms. Governor Scott has stated he will not sign bills that raise taxes or implement fees. His notion of affordability can serve as a barrier to passing legislation focused on carbon pricing. However, carbon pricing can exist within an affordable Vermont.

The issues of equity also serve as an obstacle to Vermont carbon pricing. Although H.394 funds a study, the end goal is to eventually establish a price on carbon emissions. No state in the US has implemented carbon pricing, other countries have, but there is a large gap in knowledge. How will carbon pricing affect Vermonters? Proponents believe it will be beneficial, while opponents believe it will further polarize the socioeconomic classes.

Political feasibility serves as a large obstacle to carbon pricing. Due to staunch disagreement, middle ground politicians in Vermont can view the passage of carbon pricing as a futile effort.

IV. Solution

As a compromise, bill H.394 must be passed. The concerns of politicians and citizens on both ends of the political spectrum cannot be ignored. A study will satisfy both opponents and proponents of carbon pricing, while providing citizens with much needed information. A study will assist in determining the feasibility of state level carbon pricing.

Humans cannot continue to operate without being environmentally conscious. As Hurricane Irene has proved, climate change is real and imminent threat. Carbon pricing will create a financial incentive to utilize clean energy, and will bring tremendous environmental and health benefits to Vermont. Carbon pricing can exist within an affordable Vermont.

I urge all legislative members to make an investment in our future. Allocating money to study carbon pricing will yield important results. Only through a study can externalities associated with carbon pricing come to light. The results from a study will allow legislative members to determine an effective policy response.

References

- Carbon Tax; Cap and Trade; Joint Fiscal Office Study Report, H.394 (2017).
- “State and Trends of Carbon Pricing.” World Bank Group on Climate Change. October 2016, 2016.
- “Crafting an Equitable Carbon Pollution Tax for Vermont: An Analysis of the Impacts of Bill H.412 on Vermont’s Low-Income Community.” Middlebury College. December 2015.