

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Natural Resources, Fish, and Wildlife to which was  
3 referred House Bill No. 763 entitled “An act relating to a study of approaches  
4 to greenhouse gas reduction” respectfully reports that it has considered the  
5 same and recommends that the bill be amended by striking out all after the  
6 enacting clause and inserting in lieu thereof the following:

7 **Sec. 1. RECOMMENDATION OF CLIMATE ACTION COMMISSION**  
8 **FOR A STUDY ON GREENHOUSE GAS REDUCTION**

9 **In preliminary recommendations dated December 29, 2017, the**  
10 **Vermont Climate Action Commission created by the Governor through**  
11 **Executive Order No. 12-17, published as No. 10-42, states:**

12 **(1) “To ensure global temperature rise remains no greater than two**  
13 **degrees Celsius above pre-industrial levels, the entire global population**  
14 **will need to transform its relationship with energy use. A wide spectrum**  
15 **of policy mechanisms that aim to enable those choices and reduce GHG**  
16 **[greenhouse gas] emissions have been investigated and implemented by**  
17 **nations, regions, states, and provinces around the world . . .”**

18 **(2) “Whether any of those policy approaches would effectively**  
19 **reduce GHG emissions in Vermont while spurring economic innovation,**  
20 **making Vermont more affordable, creating jobs, protecting the most**  
21 **vulnerable, and ensuring all Vermonters have the ability to be part of the**

1 climate solution remains an open question. To answer that question, the  
2 Commission recommends an independent, non-partisan evaluation of the  
3 full spectrum of regulatory and market-based approaches to reducing  
4 GHG, including carbon pricing mechanisms, carbon market  
5 opportunities, and regulatory control policies.”

6 (3) “The Commission recommends the Legislature’s Joint Fiscal  
7 Office contract that study with a well-respected, independent research  
8 organization to provide Vermonters with the information needed to make  
9 informed decisions. . . . The Commission offers to provide a small  
10 working group made of a subset of its members to assist in the scoping of  
11 the study, if desired.”

12 Sec. 2. GREENHOUSE GAS REDUCTION; JOINT FISCAL OFFICE;  
13 STUDY; REPORT

14 (a) Study. The Joint Fiscal Office shall conduct a study to analyze the  
15 fiscal impacts of adopting and implementing various approaches to reducing  
16 greenhouse gas (GHG) emissions caused by Vermont’s consumption of fossil  
17 fuels ~~used in transportation, heating, cooling, and ventilation and the~~  
18 relationship of those approaches to Vermont’s consumption of electric  
19 energy.

20 (1) The study shall evaluate the costs and benefits for Vermont of  
21 regulatory and market-based approaches to GHG reduction, including:

1           (A) the costs and benefits for Vermont of applying a carbon charge,  
2           including an analysis of similar charges enacted in other jurisdictions, such as  
3           British Columbia and Ireland;

4           (B) the costs and benefits for Vermont of a cap-and-trade approach,  
5           including an analysis of programs such as the Western Climate Initiative or an  
6           expansion of the Regional Greenhouse Gas Initiative (RGGI); and

7           (C) the costs and benefits for Vermont ~~of other regulatory or~~  
8           ~~market-based approaches that may exist~~ regulatory approaches to  
9           reducing GHG emissions from the State’s consumption of fossil fuels.

10           (2) The study shall compare the approaches evaluated under subdivision  
11           (1) of this subsection, including their comparative ability to achieve significant  
12           reductions in GHG emissions; the impact on economic development,  
13           innovation, and job creation **and displacement** in the State; and the effect on  
14           the cost of living in Vermont.

15           (3) The study shall consider both **interstate multi-jurisdictional** and  
16           Vermont-only approaches to GHG reduction.

17           (4) The study shall evaluate tax incentives and tax structures **with**  
18           **respect to carbon pricing** that may spur economic development **and include**  
19           **an analysis of the effects of a regressive carbon tax.**

1           (5) The study shall evaluate the feasibility and outcome of expanding  
2           RGGI to include GHG emissions from ~~transportation, heating, cooling, and~~  
3           ~~ventilation~~ all fossil fuel consumption in the member states.

4           (6) With respect to carbon pricing approaches, the study shall  
5           develop and evaluate options for the collection and disbursement of  
6           revenues.

7           (7) The study shall evaluate whether revenues may offset ~~the sales,~~  
8           ~~income, or property tax~~ other Vermont fees or taxes.

9           (8) The study shall evaluate ~~methods to provide assistance to mitigate~~  
10           ~~effects on Vermonters with low income~~ distributional impacts, by income  
11           and regions of the State, of the different approaches to GHG reduction  
12           and analyze methods to mitigate income- or location-based inequities.

13           (b) Funds; appropriation. In conducting the study, the Joint Fiscal Office  
14           shall retain independent, professional assistance ~~for which.~~ Notwithstanding  
15           any contrary provision of law, up to \$100,000.00 during fiscal year 2019 is  
16           authorized and appropriated to the Joint Fiscal Office from the sale of  
17           carbon credits pursuant to 30 V.S.A. § 255 for this retention. Persons  
18           retained shall work under the direction of the Joint Fiscal Office.

19           (c) Legislative Council. The Office of Legislative Council shall be  
20           available to the Joint Fiscal Office to provide legal assistance.

1        (d) ~~Executive Branch~~ Climate Action Commission; Executive Branch  
2        agencies.

3                (1) The Vermont Climate Action Commission created by the  
4        Governor under Executive Order No. 10-42 (12-17) shall appoint and  
5        provide a small working group to assist the Joint Fiscal Office.

6                (2) In conducting this study, the Joint Fiscal Office shall be entitled to  
7        such assistance and relevant information from ~~the Executive Branch or any~~  
8        agency ~~thereof of the Executive Branch~~ as the Office considers necessary.

9                (e) Report. On or before January 15, 2019, the Joint Fiscal Office shall  
10        submit a report of the study with its findings to the Senate Committees on  
11        Finance and on Natural Resources and Energy, the House Committees on  
12        Energy and Technology, on Natural Resources, Fish, and Wildlife and on  
13        Ways and Means, and the Senate and House Committees on Transportation.

14        **~~Sec. 2. GOVERNOR; ADVOCACY; REGIONAL CARBON~~**  
15        **~~SOLUTIONS~~**

16                ~~The Governor or designee shall use all available fora to advocate for~~  
17        ~~regional or interstate solutions to reducing GHG emissions, such as a~~  
18        ~~regional carbon tax or cap-and-trade system. Such fora include the~~  
19        ~~Coalition of Northeastern Governors, the annual conference of New~~  
20        ~~England Governors and Eastern Canadian Premiers and its regional~~  
21        ~~climate change initiative, and the RGCI.~~

1       Sec. 3. EFFECTIVE DATE

2           This act shall take effect on passage.

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4           (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

6

Representative \_\_\_\_\_

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FOR THE COMMITTEE