

1 **COMMITTEE:** Environment

2 **POLICY:** ~~Federalism Issues in~~ Climate Change ~~Legislation~~

3 **TYPE OF POLICY:** ~~Existing~~Draft Policy Resolution

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5 ~~The National Conference of State Legislatures has long-standing policy on the partnership~~
6 ~~between state, local and federal governments in enhancing the environment and protecting~~
7 ~~public health while providing a stable planning process for energy providers and consumers.~~

8 ~~State, local and tribal leaders have advanced a diverse portfolio of policies that speak to the~~
9 ~~issue of climate change and air quality while respecting regional diversity and accounting for~~
10 ~~the costs and benefits of actions and/or inaction.~~ NCSL urges the federal government to

11 consult with state elected officials, their national representative organizations and existing

12 interstate partnerships ~~such as the Climate Registry, the Regional Greenhouse Gas Initiative,~~
13 ~~or RGGI, the Western Climate Initiative, and the Midwestern Greenhouse Gas Reduction~~

14 ~~Accord~~ in developing a federal program. As Congress and the administration examine

15 proposals for reducing greenhouse gas emissions, the National Conference of State

16 Legislatures encourages the federal government to always take the following principles into

17 account:

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19 • Federal action should be flexible, allowing for a range of complementary strategies at
20 the state and federal level maintaining a strong role for state, local and tribal
21 government in any federal action.

22

23 • Federal legislation should provide states the authority and flexibility to work within a
24 overall framework; to apply the law effectively to all sources of emissions and ensure

25 achievement of climate change goals in the most cost effective, timely and efficient
26 manner for each state.

- 27
28 • Federal legislation should not preempt state or local governments from enacting policy
29 options that differ from federal choices or from enacting stricter or stronger measures
30 within their jurisdiction.
- 31 • Federal legislation should afford states the flexibility to form regional cooperatives and
32 implement innovative policies that advance federal efforts to reduce the effects of
33 climate change.
- 34
35 • Congress must authorize and appropriate sufficient funds for federal, state and local
36 governments to implement any federal legislation. These funds should be newly
37 authorized appropriations, not reprogrammed resources.
- 38
39 • Federal legislation should ensure state legislative authority in any federal climate
40 change legislation and affirm the active role played by state legislatures in both fiscal
41 and substantive aspects of state policymaking.
- 42
43 • Federal legislation providing for the allocation of cap-and-trade allowances to states
44 should include language making decisions related to such allowances subject to
45 state legislative approval.

46
47 While there exists a diversity of opinion among the National Conference of State Legislatures
48 (NCSL) membership regarding the need for national limitations on anthropogenic greenhouse
49 gas (GHG) emissions, Congress and the Administration have indicated a clear intent on

50 advancing comprehensive energy and climate legislation which includes a cap and trade
51 program to reduce national emissions. The potential impact of such federal legislation on
52 state, local and tribal government is immense. As Congress and the administration examine
53 proposed initiatives and design components for a federal program, NCSL urges the federal
54 government to take into account the following principles:

55 NCSL urges the federal government, should it choose to act on this issue, to take into
56 account the following principles regarding program design components:

- 58 • Any national system must include short, medium and long-term goals and incorporate
59 a rigorous oversight program that provide for ongoing study and analysis of the system
60 to ensure it is achieving intended goals.

- 62 • A new national program should serve to address uncertainties that are hampering
63 investment in generation, transmission and distribution and enhance the likelihood that
64 appropriate technologies will be developed and other solutions implemented so as to
65 achieve the desired reductions in GHG emissions in the most economical manner
66 possible.

- 68 • In the event that Congress chooses to implement a cap and trade program, any such
69 federal **Federal** legislation should be designed appropriately to balance competing
70 criteria, including, but not limited to, equity, economic efficiency and ease of
71 administration.

- 73 • Revenue derived from a cap-and-trade program should be directed to complimentary
74 policies focused on mitigating climate change consumer costs including but not limited

75 to energy research & development, weatherization, conservation and energy efficiency
76 activities.

77
78 • A national program to reduce GHG emissions must also address adaptation issues.

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80 • Auctioning of allowances may be the most economically efficient mechanism for
81 achieving a GHG emissions reductions goal. However, the allocation of emissions
82 allowances at no cost can serve as an appropriate transition measure necessary to
83 ensure continued reliability, minimize economic dislocation resulting from the carbon
84 intensity of the existing infrastructure, and allow for development and deployment of
85 needed new technologies and measures to reduce emissions.

86
87 • Priority distribution of allowances at no cost should be to those entities in affected
88 sectors where existing regulatory structure provides the necessary oversight to ensure
89 that the value of such allowances is accounted for in establishing price rates for
90 consumers.

91
92 • The allocation of cap-and-trade allowances to states under a federal cap-and-trade
93 program should include language making decisions related to such allowances subject
94 to state legislative approval.

95
96 • The establishment of any new federal program should include provisions for
97 transparent reporting and accountability and incorporate the use of third party
98 verification to ensure reported outcomes are verifiable. ***(Language Incorporated***

99 *from the existing NCSL Principles for Development of Climate Change*

100 *Legislation policy)*

101

102 **Unintended Consequences**

103 Climate change is a far reaching topic that affects multiple issues of everyday life. As with

104 any topic that covers such a wide range of issues, it is important that unintended

105 consequences be considered, both for action and inaction. The National Conference of State

106 Legislatures (NCSL) believes that federal legislation regarding the reduction of greenhouse

107 gases should take into account the implications of actions and/or inactions on economic

108 development, energy security, and those most vulnerable citizens. Evaluation should include

109 the life cycle impacts of policy options including ancillary impacts.

110

111 NCSL believes that federal legislation should require continuing assessments of the potential

112 impacts to the United States of climate change, by state or region including effects on water

113 resources, agriculture, infrastructure, natural systems, environmental quality, public health,

114 biodiversity and the cultures of our native peoples. Such an assessment will support the

115 development of domestic and international adaptation-mitigation strategies. The

116 Environmental Protection Agency (EPA) should provide funding and assist states in

117 developing assessments and adaptation plans at the state and regional level.

118

119 NCSL also urges the federal government to fully consider how legislation will affect low-

120 income households that already struggle to balance needs and expenses. NCSL encourages

121 the federal government to expand and enhance long-term funding for the Department of

122 Energy's Weatherization Assistance Program and to ensure that any new federal program

123 does not undermine existing federal, state and private sector energy assistance and outreach

124 programs that assist our most vulnerable citizens. (*Language Incorporated from the*
125 *existing NCSL Climate Change Legislation and Unintended Consequences policy*)

126

127 Research and Development

128 The National Conference of State Legislatures NCSL believes that the United States remains
129 the premier country in the world for innovation, and that the ingenuity of the citizens of this
130 nation will lead to the reduction of greenhouse gases while fueling our economy. Accordingly,
131 NCSL strongly urges the federal government to authorize and appropriate funding and
132 provide other incentives to spur expanded research and development (R&D), as well as
133 advance the demonstration and deployment of new and existing technologies to improve
134 energy efficiency, advance mitigation strategies and reduce greenhouse gas emissions.
135 Federal support could include, but should not be limited to tax incentives, grants, and loan
136 guarantees. It is imperative that legislation not limit the diversity of technologies supported, as
137 future advancements cannot be predicted.

138

139 NCSL further urges the federal government to take into account state and regional
140 differences, and while not limiting the diversity of technologies an also not limit or specify the
141 technologies used in each state. States best understand the needs and the capacity of local
142 and state economies and ecosystems, and federal programs should provide sufficient
143 flexibility for each State to determine how to best achieve nationally-set goals.

144

145 Developing countries offer a unique opportunity for the deployment of technologies that will
146 improve the way of life of the people and the environment through lessons learned by
147 developed countries. The federal government should encourage the development of such
148 technologies, and work with developing countries to implement policies to grow their

149 economies without releasing damaging emissions into the air. Such actions will benefit the
150 people of those countries as well as the citizens of the United States by increasing trade and
151 improving air quality on a global level.

152
153 To advance these efforts, NCSL also urges the federal government to promote current and
154 future innovations and expand the use of such technology through R&D transfer agreements
155 with other countries.

156
157 **NCSL urges the federal government:**

- 158 • **To ensure that legislation not limit the diversity of technologies supported, as**
159 **future advancements cannot be predicted.**
- 160 • **To take into account state and regional differences, and not limit or specify the**
161 **technologies used in each state and ensure sufficient flexibility for each State to**
162 **determine how to best achieve nationally-set goals.**
- 163 • **To promote current and future innovations and expand the use of such**
164 **technology through R&D transfer agreements with other countries.**

165
166 **(Language Incorporated from the existing NCSL policy on The Importance of Research**
167 **and Development for Greenhouse Gas Emissions Reductions)**

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