

1 COMMITTEE: Environment  
2 POLICY: Climate Change  
3 TYPE OF POLICY: Draft Policy Resolution

4

5 NCSL urges the federal government to consult with state elected officials, their national  
6 representative organizations and existing interstate partnerships in developing a federal  
7 program. As Congress and the administration examine proposals for reducing greenhouse  
8 gas emissions, the National Conference of State Legislatures encourages the federal  
9 government to always take the following principles into account:

10

- 11 • Federal action should be flexible, allowing for a range of complementary strategies at  
12 the state and federal level maintaining a strong role for state, local and tribal  
13 government in any federal action.
- 14
- 15 • Federal legislation should provide states the authority and flexibility to work within a  
16 overall framework; to apply the law effectively to all sources of emissions and ensure  
17 achievement of climate change goals in the most cost effective, timely and efficient  
18 manner for each state.
- 19
- 20 • Federal legislation should not preempt state or local governments from enacting policy  
21 options that differ from federal choices or from enacting stricter or stronger measures  
22 within their jurisdiction.
- 23
- 24 • Federal legislation should afford states the flexibility to form regional cooperatives and  
25 implement innovative policies that advance federal efforts to reduce the effects of  
26 climate change.
- 27
- 28 • Congress must authorize and appropriate sufficient funds for federal, state and local  
29 governments to implement any federal legislation. These funds should be newly  
30 authorized appropriations, not reprogrammed resources.

31

- Federal legislation should ensure state legislative authority in any federal climate change legislation and affirm the active role played by state legislatures in both fiscal and substantive aspects of state policymaking.
- Federal legislation providing for the allocation of cap-and-trade allowances to states should include language making decisions related to such allowances subject to state legislative approval.

~~While there exists a diversity of opinion among the National Conference of State Legislatures (NCSL) membership regarding the need for national limitations on anthropogenic greenhouse gas (GHG) emissions, Congress and the Administration have indicated a clear intent on advancing comprehensive energy and climate legislation which includes a cap and trade program to reduce national emissions. The potential impact of such federal legislation on state, local and tribal government is immense. As Congress and the administration examine proposed initiatives and design components for a federal program, NCSL urges the federal government to take into account the following principles:~~

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

- Any national system must include short, medium and long-term goals and incorporate a rigorous oversight program that provide for ongoing study and analysis of the system to ensure it is achieving intended goals.
- A new national program should serve to address uncertainties that are hampering investment in generation, transmission and distribution and enhance the likelihood that appropriate technologies will be developed and other solutions implemented so as to achieve the desired reductions in GHG emissions in the most economical manner possible.
- ~~In the event that Congress chooses to implement a cap-and-trade program, any such federal~~ **Federal** legislation should be designed appropriately to balance competing

63 criteria, including, but not limited to, equity, economic efficiency and ease of  
64 administration.

65

66 • Revenue derived from a cap-and-trade program should be directed to complimentary  
67 policies focused on mitigating climate change consumer costs including but not limited  
68 to energy research & development, weatherization, conservation and energy efficiency  
69 activities.

70

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

72

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

79

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

84

85 • The allocation of cap-and-trade allowances to states under a federal cap-and-trade  
86 program should include language making decisions related to such allowances subject  
87 to state legislative approval.

88

89 • The establishment of any new federal program should include provisions for  
90 transparent reporting and accountability and incorporate the use of third party  
91 verification to ensure reported outcomes are verifiable. ***(Language Incorporated  
92 from the existing NCSL Principles for Development of Climate Change  
93 Legislation policy)***

94

95 **Unintended Consequences**

96 ~~Climate change is a far reaching topic that affects multiple issues of everyday life. As with~~  
97 ~~any topic that covers such a wide range of issues, it is important that unintended~~  
98 ~~consequences be considered, both for action and inaction. The National Conference of State~~  
99 ~~Legislatures (NCSL) believes that federal legislation regarding the reduction of greenhouse~~  
100 ~~gases should take into account the implications of actions and/or inactions on economic~~  
101 ~~development, energy security, and those most vulnerable citizens. Evaluation should include~~  
102 ~~the life cycle impacts of policy options including ancillary impacts.~~

103

104 NCSL believes that federal legislation should require continuing assessments of the potential  
105 impacts to the United States of climate change, by state or region including effects on water  
106 resources, agriculture, infrastructure, natural systems, environmental quality, public health,  
107 biodiversity and the cultures of our native peoples. Such an assessment will support the  
108 development of domestic and international adaptation-mitigation strategies. The  
109 Environmental Protection Agency (EPA) should provide funding and assist states in  
110 developing assessments and adaptation plans at the state and regional level.

111

112 NCSL also urges the federal government to fully consider how legislation will affect low-  
113 income households that already struggle to balance needs and expenses. NCSL encourages  
114 the federal government to expand and enhance long-term funding for the Department of  
115 Energy's Weatherization Assistance Program and to ensure that any new federal program  
116 does not undermine existing federal, state and private sector energy assistance and outreach  
117 programs that assist our most vulnerable citizens. ***(Language Incorporated from the***  
118 ***existing NCSL Climate Change Legislation and Unintended Consequences policy)***

119

120 **Research and Development**

121 ~~The National Conference of State Legislatures NCSL believes that the United States remains~~  
122 ~~the premier country in the world for innovation, and that the ingenuity of the citizens of this~~  
123 ~~nation will lead to the reduction of greenhouse gases while fueling our economy. Accordingly,~~  
124 NCSL strongly urges the federal government to authorize and appropriate funding and  
125 provide other incentives to spur expanded research and development (R&D), as well as  
126 advance the demonstration and deployment of new and existing technologies to improve

127 energy efficiency, advance mitigation strategies and reduce greenhouse gas emissions.  
128 ~~Federal support could include, but should not be limited to tax incentives, grants, and loan~~  
129 ~~guarantees. It is imperative that legislation not limit the diversity of technologies supported, as~~  
130 ~~future advancements cannot be predicted.~~

131

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

137

138 ~~Developing countries offer a unique opportunity for the deployment of technologies that will~~  
139 ~~improve the way of life of the people and the environment through lessons learned by~~  
140 ~~developed countries. The federal government should encourage the development of such~~  
141 ~~technologies, and work with developing countries to implement policies to grow their~~  
142 ~~economies without releasing damaging emissions into the air. Such actions will benefit the~~  
143 ~~people of those countries as well as the citizens of the United States by increasing trade and~~  
144 ~~improving air quality on a global level.~~

145

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

149

150 **NCSL urges the federal government:**

151

- 152 • **To ensure that legislation not limit the diversity of technologies supported, as**  
153 **future advancements cannot be predicted.**
- 154
- 155 • **To take into account state and regional differences, and not limit or specify the**  
156 **technologies used in each state and ensure sufficient flexibility for each State to**  
157 **determine how to best achieve nationally-set goals.**

158

- 159       • To promote current and future innovations and expand the use of such  
160       technology through R&D transfer agreements with other countries. (*Language*  
161       *Incorporated from the existing NCSL policy on The Importance of Research and*  
162       *Development for Greenhouse Gas Emissions Reductions*)