

SENATE No. 2080

The Commonwealth of Massachusetts

PRESENTED BY:

Michael J. Barrett

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to expand carbon pricing in the commonwealth.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
<i>Michael J. Barrett</i>	<i>Third Middlesex</i>	
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>1/31/2023</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	<i>2/3/2023</i>
<i>Joanne M. Comerford</i>	<i>Hampshire, Franklin and Worcester</i>	<i>3/3/2023</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>3/6/2023</i>

SENATE No. 2080

By Mr. Barrett, a petition (accompanied by bill, Senate, No. 2080) of Michael J. Barrett, Lindsay N. Sabadosa, Jason M. Lewis, Joanne M. Comerford and others for legislation to expand carbon pricing in the commonwealth. Telecommunications, Utilities and Energy.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act to expand carbon pricing in the commonwealth.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 21N of the General Laws is hereby amended by striking out section
2 7 in its entirety and inserting in place thereof the following section:-

3 Section 7. (a) Not later than January 1, 2026, the secretary and the department shall adopt
4 market-based compliance mechanisms for, or other fees and exactions on, the heating and
5 cooling of commercial, institutional, and industrial buildings, which mechanisms shall further the
6 achievement of the statewide greenhouse gas emissions limits and sublimits adopted pursuant to
7 this chapter related to commercial and industrial heating and cooling.

8 (b) Not later than January 1, 2027, the secretary and the department shall adopt market-
9 based compliance mechanisms for, or other fees and exactions on, industrial processes, which
10 mechanisms shall further the achievement of the statewide greenhouse gas emissions limits and
11 sublimits adopted pursuant to this chapter related to industrial processes.

12 (c) Not later than January 1, 2028, the secretary and the department shall adopt market-
13 based compliance mechanisms for, or other fees and exactions on, the transportation sector,
14 which mechanisms shall further the achievement of the statewide greenhouse gas emissions
15 limits and sublimits adopted pursuant to this chapter related to transportation.

16 (d) Not later than January 1, 2029, the secretary and the department shall adopt market-
17 based compliance mechanisms for, or other fees and exactions on, residential heating and
18 cooling, which mechanisms shall further the achievement of the statewide greenhouse gas
19 emissions limits and sublimits adopted pursuant to this chapter related to residential heating and
20 cooling.

21 (e) The executive office and the department may work with participating regional
22 greenhouse gas initiative states and other interested states and Canadian Provinces to develop or
23 expand market-based compliance mechanisms or other fees and exactions to sources and sectors
24 necessary or useful to achieving the greenhouse gas emissions limits and sublimits of the
25 commonwealth.

26 (f) The executive office and the department shall monitor compliance with any rule,
27 regulation, order, emissions limit, emissions reduction measure, market-based compliance
28 mechanism or other fees and exactions adopted by the secretary or the department pursuant to
29 this chapter. The department may impose an administrative penalty pursuant to section 16 of
30 chapter 21A for a violation of any rule, regulation, order, emissions limit, emissions reduction
31 measure or other measure adopted by the secretary or department pursuant to this chapter.

32 (g) Market-based compliance mechanisms or other fees and exactions adopted pursuant
33 to this section shall be designed to: (i) maximize the ability of the commonwealth to achieve the

34 statewide greenhouse gas emissions limits and sublimits established pursuant to this chapter;
35 provided, that any charges, exactions, allowances, or permits shall be set, imposed, allocated,
36 auctioned, sold or authorized so as to maximize the likelihood that, beginning in the first year of
37 implementation, said charges, exactions, allowances or permits shall result in a cost of emissions
38 per metric ton of carbon dioxide equivalent of not less than 50 dollars; provided, further, that
39 said charges, exactions, allowances, or permits shall be set, imposed, allocated, auctioned, sold
40 or authorized so as to maximize the likelihood that the cost of emissions per metric ton of carbon
41 dioxide equivalent will increase by ten dollars each year, up to a ceiling of 200 dollars per metric
42 ton of carbon dioxide equivalent; (ii) ensure that the commonwealth achieves said limits and
43 sublimits equitably and in a manner that protects and, where feasible, improves, the health and
44 economic condition of low-income and moderate-income persons and communities; (iii) prevent
45 increases in emissions of toxic air contaminants and criteria air pollutants, including, but not
46 limited to, emissions of nitrous oxide, sulfur dioxide and mercury; (iv) identify manufacturing
47 sectors, economic sectors, economic subsectors or individual employers at risk of significant
48 adverse impacts due to emissions limits and sublimits, and mitigate such impacts; (v) take into
49 account and address the distinctive vulnerabilities of rural, suburban and urban communities; and
50 (vi) maximize environmental and economic benefits to the commonwealth.

51 (h) Proceeds realized by the adoption of market-based compliance mechanisms or other
52 fees and exactions related to transportation shall be treated or disbursed in any proportion as
53 follows: (i) as rebates or refunds to residents and employers of the commonwealth in proportion
54 to the monies collected, respectively, from residents and employers; and (ii) as monies credited
55 to the Commonwealth Transportation Fund established under section 2ZZZ of chapter 29,
56 provided that such monies shall be used to further the achievement of the limits and sublimits

57 adopted pursuant to this chapter related to transportation; provided further, that the secretary may
58 allocate a reasonable amount of proceeds to reimburse the commonwealth for any direct costs
59 incurred in the administration of activities authorized by this section; and provided, further, that
60 there shall also be credited to the fund any appropriations made by the legislature and any
61 investment income earned on assets of the fund. Amounts remaining in the fund at the end of the
62 fiscal year shall not revert to the General Fund and shall be available for expenditure in
63 succeeding fiscal years.

64 (i) Proceeds realized by the adoption of market-based compliance mechanisms or other
65 fees and exactions related to industrial processes and the heating and cooling of commercial,
66 institutional, industrial and residential buildings shall be treated or disbursed in any proportion as
67 follows: (i) as rebates or refunds to persons in proportion to the monies collected, respectively,
68 from such persons; and (ii) as monies credited to the trust funds established in sections
69 2MMMMM, 2NNNNN, and 2OOOOO of chapter 29 of the General Laws, which monies shall
70 be expended pursuant to said sections; provided, that the secretary may allocate a reasonable
71 amount of proceeds to reimburse the commonwealth for any direct costs incurred in the
72 administration of activities authorized by these sections of chapter 29.

73 (j) Annually, the secretary of administration and finance, in consultation with the
74 secretary of energy and environmental affairs, shall file a report with the chairs of the senate
75 committee on ways and means, the house committee on ways and means, and the joint
76 committee on telecommunications, utilities and energy. The report shall include, but not be
77 limited to, an analysis of the effectiveness of the market-based compliance mechanisms or other
78 fees and exactions adopted or imposed pursuant to this chapter or maintained in connection with
79 the initiative known as the regional greenhouse gas initiative. Said analysis shall include

80 calculations of the contributions of each compliance mechanism, fee or exaction, expressed in
81 tons of carbon dioxide equivalent, to meeting the statewide greenhouse gas emissions limits and
82 sublimits established pursuant to this chapter.

83 (k) The secretary and the department may promulgate regulations governing market-
84 based compliance mechanisms or other fees and exactions adopted or imposed to achieve
85 greenhouse gas emissions from sources or categories of sources in order to achieve the statewide
86 greenhouse gas emissions limits and sublimits required by this chapter.

87 SECTION 2. Chapter 29 of the General Laws, as so appearing, is hereby amended by
88 adding the following 3 sections:-

89 Section 2MMMMM. There shall be established and set up on the books of the
90 commonwealth a separate fund, to be known as the Green Commercial Building Fund, to be
91 operated by the Massachusetts Clean Energy Center. Monies generated by the adoption of
92 market-based compliance mechanisms or other fees and exactions related to commercial and
93 industrial heating and cooling shall be distributed to said Fund in an amount or proportion
94 determined by the secretary of energy and environmental affairs and used to further the
95 achievement of the limits and sublimits adopted pursuant to Chapter 21N of the General Laws
96 related to commercial and industrial heating and cooling. There shall also be credited to the fund
97 any appropriations made by the legislature and any investment income earned on assets of the
98 fund. Amounts remaining in the fund at the end of the fiscal year shall not revert to the General
99 Fund and shall be available for expenditure in succeeding fiscal years.

100 Section 2NNNNN. There shall be established and set up on the books of the
101 commonwealth a separate fund, to be known as the Green Industrial Fund, to be operated by the

102 Massachusetts Clean Energy Center. Monies generated by the adoption of market-based
103 compliance mechanisms or other fees and exactions related to industrial processes shall be
104 distributed to said Fund in an amount or proportion determined by the secretary of energy and
105 environmental affairs and used to further the achievement of the limits and sublimits adopted
106 pursuant to Chapter 21N of the General Laws related to industrial processes. There shall also be
107 credited to the fund any appropriations made by the legislature and any investment income
108 earned on assets of the fund. Amounts remaining in the fund at the end of the fiscal year shall not
109 revert to the General Fund and shall be available for expenditure in succeeding fiscal years.

110 Section 200000. There shall be established and set up on the books of the
111 commonwealth a separate fund, to be known as the Green Residential Building Fund, to be
112 operated by the Massachusetts Clean Energy Center. Monies generated by the adoption of
113 market-based compliance mechanisms or other fees and exactions related to residential buildings
114 shall be distributed to said Fund in an amount or proportion determined by the secretary of
115 energy and environmental affairs and used to further the achievement of the limits and sublimits
116 adopted pursuant to Chapter 21N of the General Laws related to residential heating and cooling.
117 There shall also be credited to the fund any appropriations made by the legislature and any
118 investment income earned on assets of the fund. Amounts remaining in the fund at the end of the
119 fiscal year shall not revert to the General Fund and shall be available for expenditure in
120 succeeding fiscal years.