

**SENATE . . . . . No. 2133**

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**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>Joanne M. Comerford</i>	<i>Hampshire, Franklin and Worcester</i>	<i>2/22/2021</i>
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>2/22/2021</i>
<i>Diana DiZoglio</i>	<i>First Essex</i>	<i>2/23/2021</i>
<i>Michelle L. Ciccolo</i>	<i>15th Middlesex</i>	<i>2/23/2021</i>
<i>Maria Duaine Robinson</i>	<i>6th Middlesex</i>	<i>2/23/2021</i>
<i>Rebecca L. Rausch</i>	<i>Norfolk, Bristol and Middlesex</i>	<i>2/23/2021</i>
<i>Kenneth I. Gordon</i>	<i>21st Middlesex</i>	<i>2/25/2021</i>
<i>David Paul Linsky</i>	<i>5th Middlesex</i>	<i>2/25/2021</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>2/26/2021</i>
<i>James Arciero</i>	<i>2nd Middlesex</i>	<i>2/26/2021</i>
<i>Carmine Lawrence Gentile</i>	<i>13th Middlesex</i>	<i>2/26/2021</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>	<i>2/26/2021</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	<i>3/1/2021</i>
<i>Kay Khan</i>	<i>11th Middlesex</i>	<i>3/1/2021</i>
<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>	<i>3/3/2021</i>
<i>Brendan P. Crighton</i>	<i>Third Essex</i>	<i>3/6/2021</i>
<i>Danillo A. Sena</i>	<i>37th Middlesex</i>	<i>3/8/2021</i>

<i>Susannah M. Whipps</i>	<i>2nd Franklin</i>	<i>3/30/2021</i>
<i>Russell E. Holmes</i>	<i>6th Suffolk</i>	<i>3/30/2021</i>
<i>Paul A. Schmid, III</i>	<i>8th Bristol</i>	<i>3/31/2021</i>
<i>Steven Ultrino</i>	<i>33rd Middlesex</i>	<i>4/8/2021</i>

**SENATE . . . . . No. 2133**

By Mr. Barrett, a petition (accompanied by bill, Senate, No. 2133) of Michael J. Barrett, Joanne M. Comerford, Lindsay N. Sabadosa, Diana DiZoglio and other members of the General Court for legislation to expand carbon pricing in the commonwealth. Telecommunications, Utilities and Energy.

**The Commonwealth of Massachusetts**

**In the One Hundred and Ninety-Second General Court  
(2021-2022)**

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. Not later than January 1, 2023, the secretary shall, pursuant to section 7 of  
2 chapter 21N of the General Laws, adopt market-based compliance mechanisms for the  
3 transportation sector, which mechanisms shall further the achievement of the statewide  
4 greenhouse gas emissions limits and sublimits adopted pursuant to Chapter 21N of the General  
5 Laws related to transportation.

6 SECTION 2. Not later than January 1, 2024, the secretary shall, pursuant to section 7 of  
7 chapter 21N of the General Laws, adopt market-based compliance mechanisms for the heating  
8 and cooling of commercial, institutional, and industrial buildings, which mechanisms shall  
9 further the achievement of the statewide greenhouse gas emissions limits and sublimits adopted  
10 pursuant to Chapter 21N of the General Laws related to commercial and industrial heating and  
11 cooling.

12 SECTION 3. Not later than January 1, 2025, the secretary shall, pursuant to section 7 of  
13 chapter 21N of the General Laws, adopt market-based compliance mechanisms for industrial  
14 processes, which mechanisms shall further the achievement of the statewide greenhouse gas  
15 emissions limits and sublimits adopted pursuant to Chapter 21N of the General Laws related to  
16 industrial processes.

17 SECTION 4. Not later than January 1, 2028, the secretary shall, pursuant to section 7 of  
18 chapter 21N of the General Laws, adopt market-based compliance mechanisms for residential  
19 heating and cooling, which mechanisms shall further the achievement of the statewide  
20 greenhouse gas emissions limits and sublimits adopted pursuant to Chapter 21N of the General  
21 Laws related to residential heating and cooling.

22 SECTION 5. Market-based compliance mechanisms adopted pursuant to this act shall be  
23 designed to: (i) maximize the ability of the commonwealth to achieve the statewide greenhouse  
24 gas emissions limits and sublimits established pursuant to chapter 21N of the General Laws;  
25 provided, that any charges, exactions, allowances, or permits shall be set, imposed, allocated,  
26 auctioned, sold or authorized so as to maximize the likelihood that, beginning in the first year of  
27 implementation, said charges, exactions, allowances or permits shall result in a cost of emissions  
28 per metric ton of carbon dioxide equivalent of not less than 15 dollars; provided, further, that  
29 said charges, exactions, allowances, or permits shall be set, imposed, allocated, auctioned, sold  
30 or authorized so as to maximize the likelihood that the cost of emissions per metric ton of carbon  
31 dioxide equivalent will increase by five dollars each year, up to a ceiling of 60 dollars per metric  
32 ton of carbon dioxide equivalent; (ii) ensure that the commonwealth achieves said limits and  
33 sublimits equitably and in a manner that protects and, where feasible, improves, the condition of  
34 low-income and moderate-income persons and environmental justice populations; (iii) prevent

35 increases in emissions of toxic air contaminants and criteria air pollutants, including, but not  
36 limited to, emissions of nitrous oxide, sulfur dioxide and mercury; (iv) identify manufacturing  
37 sectors, economic sectors, economic subsectors or individual employers at risk of significant  
38 adverse impacts due to emissions limits and sublimits, and mitigate such impacts; (v) take into  
39 account and address the distinctive vulnerabilities of rural, suburban and urban communities and  
40 environmental justice populations; and (vi) maximize environmental and economic benefit to the  
41 commonwealth.

42 SECTION 6. Proceeds realized by the adoption of market-based compliance mechanisms  
43 related to transportation shall be treated or disbursed in any proportion as follows: (i) as rebates  
44 or refunds to residents and employers of the commonwealth in proportion to the monies  
45 collected, respectively, from residents and employers; and (ii) as monies credited to the  
46 Commonwealth Transportation Fund established under section 2ZZZ of chapter 29, provided  
47 that such monies shall be used to further the achievement of the limits and sublimits adopted  
48 pursuant to Chapter 21N of the General Laws related to transportation; provided further, that the  
49 secretary may allocate a reasonable amount of proceeds to reimburse the commonwealth for any  
50 direct costs incurred in the administration of activities authorized by this section; and provided,  
51 further, that there shall also be credited to the fund any appropriations made by the legislature  
52 and any investment income earned on assets of the fund. Amounts remaining in the fund at the  
53 end of the fiscal year shall not revert to the General Fund and shall be available for expenditure  
54 in succeeding fiscal years.

55 SECTION 7. Proceeds realized by the adoption of market-based compliance mechanisms  
56 established pursuant to sections 2, 3, and 4 of this act shall be treated or disbursed in any  
57 proportion as follows: (i) as rebates or refunds to residents and employers of the commonwealth

58 in proportion to the monies collected, respectively, from residents and employers; and (ii) as  
59 monies credited to the trust funds established in sections 2MMMMM, 2NNNNN, and 2OOOOO  
60 of chapter 29 of the General Laws, as amended by this act, which monies shall be expended  
61 pursuant to said sections; provided, that the secretary may allocate a reasonable amount of  
62 proceeds to reimburse the commonwealth for any direct costs incurred in the administration of  
63 activities authorized by this section.

64 SECTION 8. Annually, the secretary of administration and finance, in consultation with  
65 the secretary of energy and environmental affairs, shall file a report with the chairs of the senate  
66 committee on ways and means, the house committee on ways and means, and the joint  
67 committee on telecommunications, utilities and energy. The report shall contain, but not be  
68 limited to, an analysis of the effectiveness of the market-based compliance mechanisms  
69 established pursuant to this act or maintained in connection with the initiatives known as the  
70 regional greenhouse gas initiative and the transportation and climate initiative. Said analysis  
71 shall include calculations of the contributions of each compliance mechanism, expressed in tons  
72 of carbon dioxide equivalent, to meeting the statewide greenhouse gas emissions limits and  
73 sublimits established pursuant to chapter 21N of the General Laws.

74 SECTION 9. Chapter 29 of the General Laws, as so appearing, is hereby amended by  
75 adding the following 3 sections:-

76 Section 2MMMMM. There shall be established and set up on the books of the  
77 commonwealth a separate fund, to be known as the Green Commercial Building Fund, to be  
78 operated by the Massachusetts Clean Energy Center. Monies generated by the adoption of  
79 market-based compliance mechanisms related to commercial and industrial heating and cooling

80 shall be distributed to said Fund and used to further the achievement of the limits and sublimits  
81 adopted pursuant to Chapter 21N of the General Laws related to commercial and industrial  
82 heating and cooling. There shall also be credited to the fund any appropriations made by the  
83 legislature and any investment income earned on assets of the fund. Amounts remaining in the  
84 fund at the end of the fiscal year shall not revert to the General Fund and shall be available for  
85 expenditure in succeeding fiscal years.

86 Section 2NNNNN. There shall be established and set up on the books of the  
87 commonwealth a separate fund, to be known as the Green Industrial and Manufacturing Fund, to  
88 be operated by the Massachusetts Clean Energy Center. Monies generated by the adoption of  
89 market-based compliance mechanisms related to industrial processes shall be distributed to said  
90 Fund and used to further the achievement of the limits and sublimits adopted pursuant to Chapter  
91 21N of the General Laws related to industrial processes. There shall also be credited to the fund  
92 any appropriations made by the legislature and any investment income earned on assets of the  
93 fund. Amounts remaining in the fund at the end of the fiscal year shall not revert to the General  
94 Fund and shall be available for expenditure in succeeding fiscal years.

95 Section 2Ooooo. There shall be established and set up on the books of the  
96 commonwealth a separate fund, to be known as the Green Residential Building Fund, to be  
97 operated by the Massachusetts Clean Energy Center. Monies generated by the adoption of  
98 market-based compliance mechanisms related to residential buildings shall be distributed to said  
99 Fund and used to further the achievement of the limits and sublimits adopted pursuant to Chapter  
100 21N of the General Laws related to residential heating and cooling. There shall also be credited  
101 to the fund any appropriations made by the legislature and any investment income earned on

102 assets of the fund. Amounts remaining in the fund at the end of the fiscal year shall not revert to  
103 the General Fund and shall be available for expenditure in succeeding fiscal years.