

SENATE No. 2133**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>
<i>Adam G. Hinds</i>	<i>Berkshire, Hampshire, Franklin and Hampden</i>	<i>4/20/2021</i>
<i>Jack Patrick Lewis</i>	<i>7th Middlesex</i>	<i>5/26/2021</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.

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

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

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

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

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

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

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

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

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

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

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

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

Section 2OOOOO. There shall be established and set up on the books of the commonwealth a separate fund, to be known as the Green Residential Building Fund, to be operated by the Massachusetts Clean Energy Center. Monies generated by the adoption of market-based compliance mechanisms related to residential buildings shall be distributed to said Fund and used to further the achievement of the limits and sublimits adopted pursuant to Chapter 21N of the General Laws related to residential heating and cooling. There shall also be credited 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.