

# Senate Energy and Natural Resources Committee

## *Griffin Roberge 271-2878*

**SB 123**, establishing a commission to study a carbon reduction investment program for New Hampshire.

**Hearing Date:** February 2, 2017.

**Time Opened:** 1:56 p.m.

**Time Closed:** 2:18 p.m.

**Members of the Committee Present:** Senators Avard, Bradley, Innis, Fuller Clark and Feltes.

**Members of the Committee Absent:** None.

**Bill Analysis:** This bill establishes a commission to study a carbon reduction investment program for New Hampshire.

**Sponsors:**

Sen. Fuller Clark

Sen. Watters

Rep. Shepardson

Rep. Backus

Rep. Lovejoy

Rep. Oxenham

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**Who supports the bill:** Senator Martha Fuller Clark (District 21), Senator David Watters (District 4), Joel Huberman (Peterborough), Michael Fleming (Lee).

**Who opposes the bill:** N/A.

**Who is neutral on the bill:** Michael Fitzgerald (NHDES).

**Summary of testimony presented in support:**

*Senator Martha Fuller Clark*

*Senate District 21*

- As prime sponsor, Senator Fuller Clark aims to establish a commission to study a carbon reduction investment program for New Hampshire.
- Senator Fuller Clark provided an article from the New York Times discussing the idea of a carbon tax.
- Acknowledging that a tax is not a readily welcomed idea, the notion of a carbon tax is gaining traction nationwide.
- If able to be implemented, this fee could help reduce business taxes for New Hampshire.
- Four surrounding New England states have examined the idea of a carbon tax and are submitting legislation in their states. New Hampshire needs to grapple with this innovative approach to lower carbon levels and examine different

methods to collect revenues.

- SB 123 would examine the many facets of a carbon charge:
  - What is the economic impact?
  - Where the charge ought to be leveled and implemented by?
  - How a charge could reduce current business taxes?
  - How much of the charge can be returned to businesses and individuals?
- The study commission can also examine where and how a carbon reduction charge could be implemented.
- At the federal level, the carbon tax takes aim at generators. However, there are very few generators in the state of New Hampshire. The study commission could examine how neighboring ways surrounding states would implement that charge.
- New Hampshire should not be left out of the discussion on this issue and how this policy can address energy issues in the state and throughout New England.

*Senator David Watters*

*Senate District 4*

- As a co-sponsor, Senator Watters views a carbon reduction tax as a part of economic planning and how New Hampshire can achieve market and environmental goals.
- Given his role in on the Senate Transportation Committee, there exists one broad based carbon tax: the road toll. This compels citizens to get more energy efficient vehicles.
- In the future, there will be challenges in how to address a carbon economy.
- SB 123 will allow New Hampshire to see how neighboring states address this issue.
- With a carbon reduction tax, the money can be returned to the citizens to achieve energy goals.

*Joel Huberman*

*Peterborough, NH*

- Provided written testimony.
- A co-leader of the Monadnock Chapter of Citizens' Climate Lobby.
- Mr. Huberman advocates for a revenue-neutral carbon reduction charge. It is an effective way to utilize the power of the market to reduce the burning of fossil fuels, reducing the rate of climate change.
- A carbon reduction charge would start at a low level and would be gradually increased on a yearly basis, letting businesses and individuals to plan ahead to change to carbon-free energy sources.
- Funds from this carbon reduction charge should not be used to grow government, but are rebated to citizens or businesses in the form of tax reductions or dividends.
- Mr. Huberman noted that many conservative economists and politicians agree that a revenue-neutral reduction charge on the carbon in fossil fuels is an effective way to utilize market forces to reduce the use of fossil fuels.
- Senator Innis clarified Mr. Huberman's comments, asking if the money is

simply given back to consumers. Mr. Huberman said that since most energy comes from the burning of fossil fuels, the aim is to increase the cost of that energy. The aim of a revenue neutral fee is not to give the proceeds to government, but to compensate citizens for shifting their energy commitments. The Legislature can determine the best way to allocate that money.

- Senator Innis sought clarification on the government keeping the money collected from the tax. Mr. Huberman said the government should not keep the money. The money should be given back to consumers to alter their methods for energy usage.
- Senator Fuller Clark stated that her understanding in putting a fee or levy in place is intended to provide a disincentive in using fossil fuels. The purpose is to shift energy sources to other renewable sources. The fee can be avoided if citizens shift their energy commitments.

*Michael Fleming*

*Lee, NH*

- Provided written testimony.
- Mr. Fleming claimed to be testifying as a resident of NH, not as volunteer chapter leader of the Citizens Climate Lobby.
- SB 123 is an opportunity for NH to lead and contribute to the national conversation on a carbon tax.
- Comments closely follow that of Mr. Huberman.
- New Hampshire is a purple state. What it says and does is important. The state serves as a leader.
- Mr. Fleming followed up on a concern of Senator Innis. There are ways to allocate out the money from the government. Mr. Fleming's group advocates sending checks every month to businesses or citizens.
- Many industries are affected by global warming: tourism, skiing, coastal. There are major costs to the state and national economy if the issue is ignored.
- New Hampshire does not have responsibilities over national security. Mr. Fleming warned that climate change can create drought, forcing people to move across boundaries and territories. In the future, America's military may, unfortunately, be used to control this issue.

**Summary of testimony presented in opposition: N/A.**

**Neutral Information Presented:**

*Michael Fitzgerald*

*Environmental Programs Administrator, Air Resources Division, NHDES*

- Provided written testimony.
- The NHDES takes no position on SB 123 – the Legislature has the right to study what it wants, but NHDES stands ready to support such a commission if convened.
- Such a carbon reduction investment program could remove a significant obstacle to the adoption of clean energy sources and energy efficiency measures

in the state.

- It could help assist the state with achieving the goals of the New Hampshire Climate Action Plan established in 2009.
- The Regional Greenhouse Gas Initiative (RGGI) is an example of a market-based carbon-reduction program that allows the market to set a carbon price for the electricity sector.
- A well-designed carbon reduction program could have a positive impact on public health, the quality of the natural environment, and the economic vitality of the state.

**Future Action:** Ought to Pass with Amendment

GJR

Date Hearing Report completed: February 2, 2017