

**Testimony in Support of H7325**  
**House Committee on Environment and Natural Resources**  
**Submitted by Douglas Hall, Ph.D.**  
**March 10, 2016**

Chairman Handy, Vice-Chair Bennett, Members of the House Committee on Environment and Natural Resources, thank you for considering **H7325, “An Act Relating To Health And Safety -- Energize Rhode Island: Clean Energy Investment And Carbon Pricing Act Of 2016 “** a bill that the Economic Progress Institute supports.

There is little doubt that the issues this legislation addresses are among the most pressing that we face today, not just here in Rhode Island, but around the globe. There is so much that needs to be done, and so little time to turn the tide.

While issues of climate-change pose huge threats to all of us, it’s clear that lower-income families have been paying the highest price to date for an economy so heavily reliant on carbon-based energy sources. We see this from higher incidences of childhood asthma in our inner cities to the poisoning of ground-water resulting from the devastation associated with surface-mining in the mountains of Appalachia.

This bill does a few things that we at the **Economic Progress Institute** think are important. The Center on Budget and Policy Priorities (CBPP) describes the main impact:

“Putting a price on carbon” through market-based policies like cap and trade or a carbon tax is the most cost-effective way to reduce greenhouse gas pollution. By raising the price of fossil-fuel energy products — from home energy and gasoline to food and other goods and services with significant energy inputs — these policies would encourage energy conservation, investments in energy efficiency, and the use of clean energy sources.”<sup>1</sup>

We share with our friends at CBPP a concern about what the impact of a carbon tax would be on low-income families. A portion of the carbon tax will be passed onto consumers, including lower-income families, in the form of higher prices. The *Energize Rhode Island Act* addresses this concern, by providing rebates to Rhode Island families and businesses, ensuring they come out ahead, (especially if they do their part to reduce their own carbon emissions).

The interaction of the additional costs passed onto consumers resulting from payment of carbon taxes, and the rebates also provided by this legislation, can be seen in Figure 1, below.

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<sup>1</sup> Center on Budget and Policy Priorities, “Policy Basics: Climate-Change Legislation and Low-Income Consumers”, December 21, 2015.

<http://www.cbpp.org/research/policy-basics-climate-change-legislation-and-low-income-consumers>

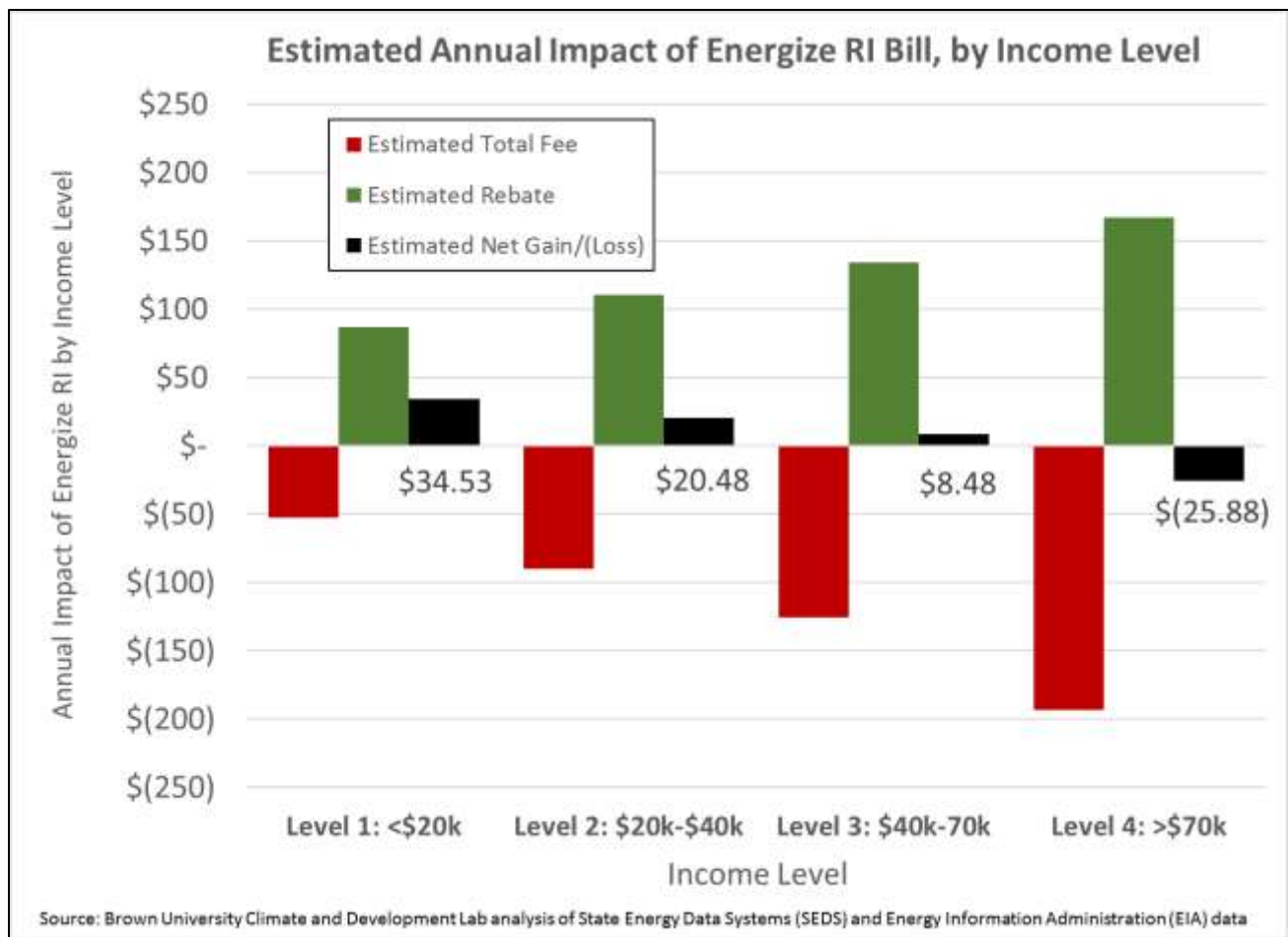


Figure 1

Analysis of State Energy Data Systems and Energy Information Administration data by the Brown University Climate and Development Lab shows that for the lowest income earners – those earning \$20,000 a year or less – the net impact of additional fees plus rebates would be \$34.53 a year. Earners between \$20,000 and \$40,000 would gain \$20.48 a year, while those between \$40,000-\$70,000 would see net savings of \$8.48. Those with earnings exceeding \$70,000 would see a modest overall increase in costs of \$25.88 on average, after factoring in the legislated rebate.

The fact that the *Energize Rhode Island Act* will help to catalyze innovative jobs in a critical employment sector is the final important piece of this legislation. A cleaner environment, reduced carbon emissions, offsetting credits for lower income earners, and a stronger, more innovative economy. This bill represents a classic “win-win” for Rhode Island.