

Environment & Energy

New Climate Law Funds Buoy State Lawmakers' 2023 Priorities

By Zach Bright

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- Law funds building efficiency, emissions reduction
 - State climate plans recharged with money to hit goals
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State lawmakers pushing for climate action feel wind at their backs and fresh optimism from the new federal climate law as they look ahead to their legislative priorities in 2023.

The Inflation Reduction Act offers a federal shot-in-the-arm to building efficiency, emissions reduction plans, and equity efforts. The measure, signed by President Joe Biden on Aug. 16, is motivating state policymakers to consider how to seize on the once-unexpected congressional support on climate.

"For the first time in a long time, it feels like there's a partner," Maryland Delegate Lorig Charkoudian (D) said, adding that funds from the new law will help her state carry out an ambitious emissions reduction plan passed in April.

Federal solar credits for low-income communities, for example, could boost a state law Charkoudian sponsored to build resiliency hubs that use solar and battery power to prevent outages. And Maryland's offshore wind targets could increase, she said.

Washington Sen. Christine Rolfes (D) called the new climate law coupled with her state's existing actions a "perfect marriage."

The Evergreen state's cap-and-invest program will begin in 2023, setting an emissions limit and requiring businesses to buy allowances for them. Lawmakers will choose how to spend state revenue from the program and the federal funds for projects that help protect the climate.

The new law also puts equity first, said Minnesota Rep. Fue Lee of the Democratic-Farmer-Labor Party. Substantial investments will go to low- and middle-income communities, like those in his Minneapolis district.

'Suite of Tools'

"What's impressive about the package is the suite of tools that it gives to state leaders to kick-start work to decarbonize across sectors," said Casey Katims, executive director of the U.S. Climate Alliance, a bipartisan governors group. "It gives tools to states to adopt more stringent tailpipe emission standards. It gives tools to states to promote natural carbon sequestration on lands. It gives tools to states to deploy zero-emission technologies."

Rolfes called consumer incentives the best tool in the package. Those include two grant programs totaling \$8.6 billion for consumer rebates to electrify and retrofit residences for better energy efficiency. Another \$1 billion will go to building code upgrades.

Legislators also noted the benefits a \$5 billion Environmental Protection Agency grant program will bring for emissions reduction plans led by states, municipalities, tribes, and air pollution agencies. In addition, \$7 billion in grants will benefit low-income, disadvantaged communities to adopt and implement zero-emissions technologies.

In legislative sessions up until now, state governments seeking federal support for climate action had to get creative with the Infrastructure Investment and Jobs Act, a \$1.2 trillion package passed in November 2021.

States used some of those funds to reduce transportation emissions, clean up energy sectors, and promote electrification. Advocates called it a significant start, but not enough to reach US emissions reduction goals.

'Celebrating 99%'

Charkoudian said she plans to introduce a potentially bolder version of a bill boosting energy efficiency for low-income families that Maryland Gov. Larry Hogan (R) vetoed.

She's "celebrating 99% of the bill," but expressed concern over provisions that reinstate oil and gas leasing, a political compromise that federal lawmakers accepted to win crucial support from Sen. Joe Manchin (D-W.Va.).

"Even if the emissions are sort of netted out in the benefits of the bill," Charkoudian said, "human beings will suffer health and economic and personal consequences from that."

Rolfes said the carrots are "extremely helpful," but meeting greenhouse gas targets to minimize the worst effects of climate change can't be achieved without sticks.

"It's still disappointing that there isn't a national pollutions-related strategy that can get us to our goals faster," Rolfes said. Washington, California, and Oregon have cap-and-trade programs, but other states don't have regulations to limit greenhouse gases.

Lee, chairman of the Minnesota House Capital Investment Committee, said he hopes the climate-specific funding will be easier for legislators to disburse.

Minnesota lawmakers struggled to apportion infrastructure funds on climate priorities, partly because of split legislative control—Democrats control the House and Republicans the Senate.

While the infrastructure law left states to decide how to use infrastructure funding, which could go toward climate programs if they chose to, the climate law specifically sets aside funds for such programs.

"I think this bill is just a start," Katims from the U.S. Climate Alliance said. "And I think we all hope that this paves the way for even more ambitious action in the future."

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