



240 West 35th Street ■ Suite 302 ■ New York, New York 10001

Testimony on the Implementation of the Climate Action Council Final Scoping Plan

Submitted to the New York State Senate Standing Committees on Finance, Energy and
Telecommunications, and Environmental Conservation

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Stevan Marcus, Research Associate, Citizens Budget Commission

The Citizens Budget Commission (CBC), a nonprofit, nonpartisan think tank and watchdog dedicated to constructive change in the services, finances, and policies of the New York City and New York State governments, thanks you for the opportunity to submit testimony on the implementation of the Climate Action Council Final Scoping Plan.

New York aims to be a national leader on tackling climate change, with ambitious goals to reduce greenhouse gas (GHG) emissions 40 percent by 2030 and 85 percent by 2050, from 1990 levels. Meeting these targets will be challenging. It is important that elected officials, policy makers, and the public all recognize that reducing emissions and increasing resiliency will require hard choices and tradeoffs. New York's residents and businesses will bear costs that should not be ignored, and the level and distribution of these costs—and their secondary impacts—will vary depending on the strategies the State uses.

The recently approved Climate Action Council (CAC) Final Scoping Plan (FSP) offers an extensive menu of legislative and regulatory proposals to reach New York's climate goals. Unfortunately, the FSP lacks critical information policymakers need to weigh the benefits and costs of the various proposals and prioritize those that generate the greatest emissions reductions at the lowest cost and with the least disruptive effects.

CBC previously recommended the [Draft Scoping Plan's](#) analysis and strategies be enhanced to improve the FSP's usefulness as a guide for decision making. CBC recommended calculating the cost-effectiveness of each strategy, determining the probability of each strategy's success,

identifying the incidence of costs and benefits on stakeholder groups and geographies, and evaluating those costs' impacts. The FSP largely lacks this critical analysis, leaving legislators and State agencies without adequate information to evaluate and select the most cost-effective proposals that maximize equity and minimize negative impacts on the economy and the State's competitiveness. We urge you to identify, publicize, and consider the impacts of various strategies on:

- Residential and business utility rates, both directly and with rebates, disaggregated by economic circumstance, sector, and geography;
- State economic competitiveness, especially the additional costs and regulatory burdens of operating a business in New York State; and
- The State's operating and capital budgets.

CBC welcomes the inclusion of an economy-wide strategy like cap-and invest in the FSP, which we recommended in our 2019 report [Getting Greener](#) and Governor Kathy Hochul proposed in her State of the State address. However, many crucial details remain unknown. When designed appropriately, market-based approaches like cap-and-invest incentivize businesses to deploy the lowest cost solutions to reduce their emissions. However, if designed poorly, such a program could push businesses to leave the state and result in minimal emissions reductions. Furthermore, carbon pricing policies are most effective when applied at a greater geographic scale, and the State should consider regional approaches. The New York State Research and Development Authority (NYSERDA) and the Department of Environmental Conservation (DEC) have been tasked with designing a cap-and-invest program for New York. We look forward to reviewing and commenting on their proposal.

CBC also welcomes the FSP's inclusion of a vehicle miles travelled (VMT) fee, which we recommended in our 2019 report [Switching Gears](#). In addition to reducing emissions and congestion, a VMT fee would be a more reliable funding source than the gasoline tax to fund transportation infrastructure. In line with the FSP's goals, CBC also has recommended strategies to [increase housing density near public transit via transit-oriented development](#), and to reduce waste generation and improve waste collection through an extended producer responsibility program, a [volume-based waste fee](#), and [organic waste reduction](#).

New York has a long way to go to meet its ambitious climate goals. There will be significant risks and difficult choices along the way. CBC strongly encourages the Legislature and regulators to carefully consider the full range of economic impacts and distribution of costs of the many mitigation strategies included in the FSP and to prioritize those that generate the greatest emissions reduction at the lowest cost to New Yorkers.