

I am honored to submit this testimony in support of HB 3250 on behalf of Oregon Climate.

Oregon Climate is a statewide campaign for fair and effective climate policy. We are financed almost entirely by one time donations smaller than \$100, with no out-of-state support whatsoever. Over the past two years we have grown from a small group of friends in Southern Oregon to a network of volunteers across the state, and we owe all our success to the tens of thousands of hours they have given to an idea. Our idea is a solution to climate change endorsed by Bill McKibbin, Robert Reich, James Hanson, Hank Paulson and George Shultz. This solution could make it to the Governor's desk with a simple majority vote in both chambers for HB3250, and it would require no constitutional amendment to become law.

Buckminster Fuller once said that *a problem adequately stated is very nearly a problem solved*. Climate change is not a problem of insufficient solar panels or excessive gas pipelines, this is about accountability. The titans of fossil fuels do not cover all of their own business expenses. The rest of us do when our tax dollars pay for superstorm recovery, when children in low-income neighborhoods suffer from asthma, and when food prices skyrocket because of drought. HB3250 would make the merchants of fossil fuels pay for the hidden costs of their business. The natural beneficiaries of these payments should be the victims of climate change: all of us.

The IEA warns that the world must reverse its trajectory of investments in fossil fuels no later than 2017 or it will not be possible to avoid a catastrophic 2°C rise in global surface temperatures. The United States has delayed action too long to pass the wrong climate policy. Optimistically, we'll have one shot at federal legislation before the end of the decade. If it doesn't secure our independence from fossil fuels, we won't have the luxury to win the battle again. The uncompromising physical realities of climate change demand that we get climate policy right the first time. And the best way to secure the right federal policy is by proving it works in a state.

Our country's most ambitious legislation follows the success of state models, from the Clean Air Act to the Affordable Care Act. HB 3250 is Oregon's opportunity to lead the way with a scientifically rigorous, politically robust and cost-effective solution.

It would prove that the climate crisis need not be solved upon the backs of low-income families, and discredit the myth that climate action is a partisan excuse to grow the size of government.

Independence from fossil fuels will not be possible without a market solution--either a cap or a tax--that can level the playing field for clean alternatives. Unfortunately, such a market mechanism would necessarily be regressive, as low-income families spend a relatively high fraction of their income on energy. As written, HB3250 would guarantee that 100% of the proceeds raised in auction of carbon allowances be evenly distributed to all Oregon families, and consequentially, the 2/3rds lowest-income Oregonians would get more money back than they would spend in higher energy prices.

It may be tempting to direct some of the proceeds to deserving programs, or to replace existing taxes. But it would be dangerous to create stakeholderism on revenue that

must, eventually, vanish. As the number of allowances sold at auction decreases, the going price for each allowance would rise. Eventually, however, the diminishing volume would outweigh raising allowance value, and the total proceeds would shrink. At that point, Oregon would have to choose between the trajectory of scientifically sound carbon abatement, or continued funding of the programs we love. The dividend is our best preparation against such an eventuality, and prepare we must before any new stakeholders are created.

Oregon imports 100% of its dirty energy, so our economy would fare relatively well in the transition to clean energy. It would be unreasonable to hope for another state, with the possible exception of Washington, to fall on its sword for the sake of a federal model. The sustainably-minded composition of our legislature and our base load of electricity generation demand that we take action now, and HB3250 is the best way to take it.

Thank you for your consideration.
Respectfully,
Camila Thorndike, Executive Director
Dan Golden, Policy Director
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