

## **An Open Letter in Opposition to Initiative 2117 Which Would Repeal Washington State's Cap-and-Invest Program**

The undersigned are economists writing in opposition to Initiative 2117, which would repeal Washington's Cap-and-Invest Program. On November 5<sup>th</sup>, Washington voters will decide the future of Washington's Cap-and-Invest Program through Ballot Initiative No. 2117<sup>1</sup> which would prohibit the state from implementing a carbon price and repeal certain provisions of the Climate Commitment Act, the underlying law that moves Washington forward in addressing the climate crisis. We ask Washingtonians to vote "No on I-2117" and thereby support the continuation of Washington's Cap-and-Invest Program.

Importantly, even if the Cap-and-Invest program is repealed by Initiative No. 2117, Washington would still need to meet its statewide climate target of reducing overall greenhouse (GHG) emissions 95% by 2050 below 2005 levels. However, without the Cap-and-Invest program, Washington will only be able to meet its climate goals by relying on more costly policies such as direct regulation, fuel economy standards<sup>2</sup>, zero emissions vehicle programs, and subsidies for electric vehicles.<sup>3</sup> Repealing the Cap-and-Invest Program increases, rather than decreases, the economic costs of achieving the state's climate targets. Retaining the program by voting "No on I-2117" means Washington can continue to use carbon pricing as a critical cost-reducing element that complements Washington's overall climate policy mix.

In the 1970s, economists showed that putting a price on emissions to be the most cost-effective approach to reducing emissions.<sup>4</sup> Today, nearly one-quarter of the world's GHG emissions are subject to a carbon price through 75 unique carbon prices<sup>5</sup>, with two of the more effective examples having been operating in California and the Northeast United States for over a decade.<sup>6</sup> Many of the undersigned have contributed to designing these carbon prices. As such, many of us have been asked to tailor carbon pricing to local economies and economic circumstances. In that context, we appreciate that revenues from Washington's Cap-and-Invest Program have already been used to launch an electric vehicle program for low-income households and to provide a rebate on the electricity bills of low- and moderate-income households.

Ultimately, from an economic perspective, the question boils down to whether Washingtonians wish to achieve their state's climate targets at the lowest economic cost. The undersigned environmental economists ask Washingtonians to uphold the state's commitment to economically reducing GHG emissions by voting "No on I- 2117".

Sincerely,

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<sup>1</sup> [Washington Initiative 2117, Prohibit Carbon Tax Credit Trading and Repeal Carbon Cap-and-Invest Program Measure \(2024\) - Ballotpedia](#).

<sup>2</sup> Gillingham, K. and J. H. Stock. 2018. "The Cost of Reducing Greenhouse Gas Emissions". *Journal of Economic Perspectives* 32(4): 53-72. Available here: [The Cost of Reducing Greenhouse Gas Emissions - American Economic Association](#).

<sup>3</sup> Xing, J., Leard, B., and S. Li. 2021. "What Does An Electric Vehicle Replace?". *Journal of Environmental Economics* 107: 102432. Available here: [What does an electric vehicle replace? - ScienceDirect](#).

<sup>4</sup> For example, see David Montgomery. 1972. "Markets in Licenses and Efficient Pollution Control Programs." *Journal of Economic Theory* (5)3: 395-418. [Markets in licenses and efficient pollution control programs - ScienceDirect](#)

<sup>5</sup> The World Bank Group. 2024. State and Trends of Carbon Pricing Dashboard. Available here: [Instrument Detail | Carbon Pricing Dashboard \(worldbank.org\)](#).

<sup>6</sup> Dobbeling-Hildebrandt et al. 2024. "Systematic Review and Meta-Analysis of Ex-Post Evaluations on the Effectiveness of Carbon Pricing". *Nature Communications*. Available here: [Systematic review and meta-analysis of ex-post evaluations on the effectiveness of carbon pricing | Nature Communications](#).

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