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## POLLUTION TAX FORUM

### Introduction

The Center for Environmental Legal Studies of the Pace University School of Law hosted a Pollution Tax Forum on Saturday, November 13, 1993. The focus of the forum was to evaluate the best methods for bringing state pollution taxes to serious public consideration. Eight of the panelists — Roger C. Dower of the World Resources Institute; Dawn Erlandson of Friends of the Earth; Nathaniel Greene, then of NRDC; Charles Komanoff of Komanoff Energy Associates; Henry Lee, Executive Director, Natural Resources Program, Kennedy School of Government; Joe Loper of the Alliance to Save Energy; Frank Muller of The Center for Global Change; and Richard L. Ottinger, then Director, Center for Environmental Legal Studies — have provided the Pace Environmental Law Review with articles based on their remarks at the forum.

Frank Muller and his co-author J. Andrew Hoerner, also of The Center for Global Change, submitted *Greening State Energy Taxes: Carbon Taxes for Revenue and the Environment*. This article proposes the granting of tax credits targeted to efficiency improvements, preferably based on tons of pollution saved or on a percentage of sales. The authors find this system particularly promising because the factors are environmentally related, promote economic efficiency, can

be implemented at low or no cost, and may offset competitive disadvantages.

Joe Loper's paper, *Evaluating Existing State and Local Tax Codes from an "Environmental Tax" Perspective: The Case of Energy-Related Taxes*, focuses on enhanced environmental protection and increased government revenues as two potential major benefits from the imposition of true environmental taxes related to energy. The author emphasizes the need for state and local governments to reassess their existing tax codes prior to instituting such taxes. States must first identify situations in which they under- or over-tax pollution-related activities as compared to other activities, and thereafter incorporate a comprehensive energy policy into their taxing strategies.

Henry Lee's paper, *The Political Economy of Energy Taxes: An Assessment of the Opportunities and Obstacles*, states that although the Clinton Btu tax proposal did not survive the 1993 Congressional budget sessions, the issue of federal energy taxes will reemerge during the next three to five years. The political environment, however, must change significantly before federal or state governments will be willing to seriously consider and adopt energy-related tax policies. The author suggests that environmentalists and other supporters of energy taxes must develop strong arguments and constituencies in order to "proactively set the terms" of the next round of the national tax debate.

Nathaniel Greene and co-author Vanessa Ward of NRDC submitted *Getting the Sticker Price Right: Incentives for Cleaner, More Efficient Vehicles*. This paper discusses the need for approaches complementary to energy taxes which would also address the environmental and economic impacts of American automobile usage. The authors outline the merits of the "Demand Based Reduction in Vehicle Emissions Plus" (Drive+) and the "Dealer Scrappage" programs, which use direct financial incentives to encourage the purchase of cleaner and more efficient passenger vehicles.

Richard L. Ottinger, currently Dean of Pace University School of Law, and co-author William B. Moore, from the University of Illinois School of Law, have submitted *The Case for*

*State Pollution Taxes*, which provides an overview of the political and environmental attractiveness of pollution taxes. The authors explore the ways in which such taxes will provide incentives to reduce pollution, including placing financial burdens on activities that society wishes to discourage. The paper addresses a number of concerns which have historically been raised regarding pollution taxes, and promotes their adoption as an effective means of creating revenues, as well as assuring that the true costs of pollution will be borne by the polluters' products.

Charles Komanoff's paper, *Pollution Taxes for Roadway Transportation*, examines the hidden social and environmental costs associated with motor vehicle use in the United States. This study presents seven complementary transportation pricing measures which could help to recoup over \$300 billion of these costs annually. The author suggests that gradual adoption of these measures would help to reduce some of the negative societal effects of high motor vehicle usage, and to lower transportation costs for individuals and the environment.

In their paper *Green Fees and the Need for Fiscal Restructuring: Opportunities and Challenges*, Roger C. Dower with Robert Repetto of the World Resources Institute assert that properly implemented environmental taxes can help to achieve pollution control goals at low economic cost. They also suggest that such "green fees" are an effective means of raising general government revenue. The authors address the unrealized promise of and difficulties inherent in implementing environmental tax-based policies at the state and federal levels.

Dawn Erlandson's article, *The Btu Tax Experience: What Happened and Why It Happened*, gives a thorough analysis of the birth and death of the President's 1993 Btu tax. She suggests that the failure of the tax to garner sufficient support to pass was more a question of its political viability in Washington, rather than an overall negative verdict on energy taxes. Although the tax's advocates were vocal enough to initiate the discussion on a national level, they did not have the political backing or resources to carry the day.