

Dear Colleagues,

In the wake of Hurricane Katrina, a mounting energy crisis, and the failure of the federal government to develop a long-term, comprehensive energy policy, it is imperative that we now take steps towards our energy security. Our energy markets are under mounting pressure and states must play a fundamental role in addressing energy use and the adoption of energy efficiency measures at the regional and local level. In short, the trends presented through increasing energy prices strike at the heart of our economic security both for individual consumers and as a country. As Bill Prindle of the American Council for an Energy-Efficient Economy puts it, **"This is not just about gasoline prices. Our energy markets are linked, so we need to use all our energy sources more wisely. There is no silver bullet to solve our current energy problems: we need to use conservation and efficiency as first-responders while we rebuild our supply systems. If each of us does our bit to save energy, it will avoid a lot of pain for everyone. We are all in this together."**

As a first step towards ensuring the commonwealth's energy and economic security, I invite you to join me in support of two of my bills before the Joint Committee on Revenue next **Tuesday, September 20th at 11:00am in room B-1**. H2436, ***An Act to Establish a Green Building Income and Excise Tax Credit*** will establish a green building tax credit to encourage developers, owners and tenants to create more energy efficient buildings. This bill allows a tax credit, either through the personal income tax or the corporate excise tax, for the building or renovation of "green" buildings. The credit, calculated based on costs a taxpayer incurs to meet energy efficiency, air quality, and building material standards, creates an incentive for the development of buildings better suited to reduce energy demands and protect the commonwealth's environment and the health of its citizens.

Similarly, H2438, ***An Act to Promote a Clean Car Initiative*** will establish financial incentives to promote the purchase of low greenhouse gas producing vehicles and reduce our dependence on oil by creating a sliding scale sales tax for all new vehicles based on their tailpipe emissions within size class. It further requires the commonwealth to acquire and use vehicles with low carbon dioxide emissions. Purchasers of vehicles with the least CO2 emissions will pay 0% sales tax, while purchasers of vehicles with the most CO2 emissions will pay 10%. The concept behind this bill is simple: if you want to buy a car that excessively pollutes the air and contributes to our dependency on oil, you should pay for some of the social cost. People who pollute less will pay less for protecting our collective health and the environment while being rewarded for contributing to our energy security. It creates an incentive for achieving a desired outcome (less air pollution and dependence on oil) and a way to make it easier for people to buy a less polluting vehicle.

Green building, clean cars and investments in renewable energy generation can help ease the impact of rising natural gas and oil prices and assist states in meeting clean air objectives. **Tax incentives are one effective way to influence consumer behavior and I strongly believe that those incentives should be tied to outcomes (like tailpipe emissions and energy efficient buildings) and not particular technologies (like hybrids and regenerative braking systems)**. We must take into consideration that there will be a larger demand for energy, especially within the context of increasing demand from developing nation's economies and our reliance on foreign imports. It is therefore essential that we meet these new demands with alternatives, renewables and concentrate on efficiency.

I have included articles published in last February and April's *State Legislatures*, as well as summaries of both bills. If you have any questions, or would like more information, please contact my aide Michaella C. Morzuch ([Michaella.Morzuch@hou.state.ma.us](mailto:Michaella.Morzuch@hou.state.ma.us)) at 617-722-2430.

Best,

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