On the weekend weekend, Governor Jay Inslee signed a major transportation bill. The most dramatic feature of the bill is that it will mostly ban new gas cars in Washington as of 2030. That puts Washington ahead of California, Massachusetts and New York, as well as Canada and Japan. Washington's deadline is tied with Israel, the Netherlands, and with only Norway out ahead of the pack. The new deadline is part of a comprehensive transportation bill, which has some important lessons about the state of climate policy in the U.S.

The first lesson derives from the ambitious target. California remains unique in the breadth of its climate policies and the state's body of experience and expertise. It is clearly no longer unique among US states, however, in the ambitions and seriousness of its climate commitments. That's an unambiguously positive development.

The second lesson relates to the Washington State transportation bill as a whole. It provides funding for new hybrid-electric ferries, electric vehicle charging stations, 25 transit electrification projects, and free fares for young people on public transportation. What is most significant is the funding source: the carbon auction system that the state adopted recently. Like California, Washington is finding that a market-based mechanism can be a powerful engine for funding clean energy. From an economist's perspective, putting a price on carbon may be the most important feature of such programs, but the funding potential may be equally important.

Finally, this legislation reminds us of the upside of federalism. States in the U.S. have tremendous flexibility to jump out ahead of the federal government in addressing problems. In a national political system that remains riven by polarization, that could turn out to be a saving grace of our system of government.