

Last week, New York Gov. Kathy Hochul [signed](#) major climate legislation. Press coverage focused on one small piece of the legislation: a partial ban on natural gas use in new buildings. That's controversial and easily grasped by the public. But a much bigger part of the new law went almost unnoticed: the legislature's endorsement of an economy-wide "cap and invest" law, a variant of cap and trade. Basically, the state will auction allowances and use a third of the proceeds for consumer rebates and the rest for emission reduction projects.

Notably, as in California's much earlier cap-and-trade law, the legislature was happy to leave the design of the system to administrators rather than trying to work out all the details itself. This is much more practical than having the legislature attend to all the complex details. It's hard to imagine Congress having that much faith in an administrative agency. Still, the New York legislature did make the basic policy decisions, having earlier set deadlines for achieving carbon system and opting for auctioning allowances as the basic method for getting there. That might not be enough specificity to satisfy conservatives who hyperventilate at the thought of agencies making important decisions. It did mean, however, that the most crucial policy decisions were made through the legislative process.

Interestingly, one of Gov. Hochul's [goals](#) was to "further catalyze a nationwide movement towards carbon pricing." There does seem to be something of a trend in that direction. A year ago, Oregon's governor [signed](#) cap and trade legislation, overcoming scorched earth resistance from Republican lawmakers. Early this year, Washington State [launched](#) its own cap and trade system. Pennsylvania is moving toward [joining](#) RGGI, an existing regional cap and trade system. In the meantime, Congress enacted what amounts to an emissions tax on methane from the oil and gas industry in the Inflation Reduction Act.

It's significant that some form of cap and trade gained traction in very progressive states, because progressives have been resistant to this form of climate policy. Over time, supporters of cap and trade have learned how to accommodate the equity concerns of those progressives. Apparently, that resistance is now in abeyance sufficiently to allow Democratic legislatures and governors to embrace the policy. That could open the door to passage of similar legislation in other states where the Democrats have control.

In the earlier part of this century, cap and trade seemed like *the* way to go in climate policy. For about a decade, it seemed to have lost its appeal for states considering new policies. Perhaps that phase is over, and it will be more widely adopted by other states seeking to attain ambitious climate targets.