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Lessons Learned from State-Level Climate Policies to Accelerate U.S. Climate Action

BACKGROUND

The 2020 election delivered unified Democratic control of Congress and the Presidency following a period of deep political retrenchment at the federal level. In an era of growing public urgency for climate action from legislative and executive leaders, many advocates and policymakers see an opportunity for transformative change in US climate policy.

The first two years of the Biden Administration delivered some historic gains—and some mixed results. The successes included first-of-its-kind emission reduction investment legislation in the [Inflation Reduction Act](#)¹ (IRA) and [Infrastructure Investment and Jobs Act](#)² (IIJA) as well as [steady but measured rulemaking progress](#)³ across environmental agencies, but a landmark [Supreme Court decision](#)⁴ limited federal regulatory authority to address climate change. And now that the 2022 election has returned a narrowly split U.S. Congress, further climate action is now firmly in the hands of the Executive Branch and the newly created investment programs.

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These federal developments—unprecedented investments and limited regulatory action—increase

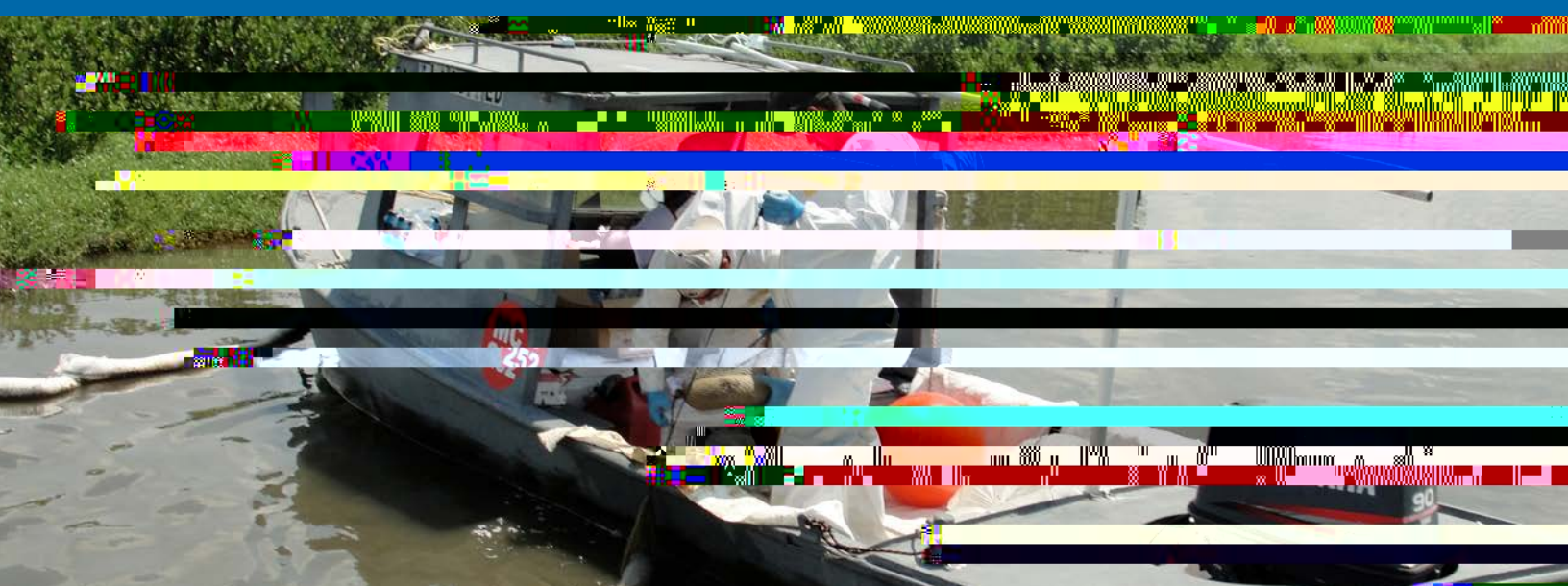


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In California, this approach begins with frameworks that identify and map communities with the greatest pollution and socioeconomic burdens. These tools include the state's [CalEnviroScreen](#)¹² platform, as well as [city](#)¹³ or [county](#)¹⁴ alternatives that are tailored to local factors. A growing number of state climate and environmental programs are specifically designed to reach these communities, once identified, including a [requirement](#)¹⁵ that 25 percent of the state's [cap-and-trade program proceeds](#)¹⁶ directly benefit residents who live in them.

The centerpiece of California's approach is the [Transformative Climate Communities](#)¹⁷ program, which invests cap-and-trade funds in community- and city-scale plans to reduce emissions and drive sustainable, resilient growth. The program relies on a collaborative stakeholder structure to implement the investments, which already have included over \$300 million distributed in ten cities—and even more local and private matching funds. The result is a key step in comprehensive climate policymaking by forging direct links between state climate programs, local emissions reduction and resilience, and public and private investment in economic development.

Louisiana: Leading with Resilience

Louisiana's Climate Initiatives Task Force issued the state's first-ever [Climate Action Plan](#)¹⁸ in 2022, setting an ambitious target of net-zero emissions by

2050, and accounting for the state's high share of emissions from its industrial and fossil fuel sectors within it. The plan also acknowledges Louisiana's unique human and economic vulnerability to climate impacts, including sea level rise and extreme storms. Louisiana's Climate Action Plan is designed to complement the state's [Coastal Master Plan](#),¹⁹ a protection and adaptation strategy instituted after Hurricane Katrina.

By directly linking climate efforts with longstanding resilience plans—including a core section on natural and working lands and wetlands—the Climate Action Plan has the potential to advance emissions reduction policies in a state where there is limited political support for more traditional clean energy activities. As leaders at state agencies and in local governments initiate climate action under the 2022 plan, they can lead with multi-benefit mitigation and resilience strategies that draw upon the Coastal Master Plan's unanimous legislative approval and strong voter support.

Washington: Pairing Market-Based and Environmental Justice Measures

In 2021, Washington enacted two companion market-based policies: the [Climate Commitment Act](#),²⁰ which created a state-level cap-and-trade program; and the [Clean Fuel Standard](#),²¹ a credit-based program for transportation fuel emissions



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federal funds, such as state and local “green bank” funds through the Greenhouse Gas Reduction Fund.

- **Equity and environmental justice require comprehensive approaches.** These pathways for action include data collection and mapping; stakeholder coalition-building; workforce development from forest management to building decarbonization; and place-based climate investment programs that focus on lower-income and underserved communities. Clear guidance from the federal government on implementing [Justice40](#)²⁴ will help states achieve this goal.
- **Flexibility, technical assistance, and clear baseline information in federal programs are key to meet states’ needs.** Since states are approaching climate investment from a range of policy and capacity starting points, new federal investment programs should provide technical resources and include flexible application criteria to ensure that diverse jurisdictions (and not just those that are farthest along the clean energy transition pathway) are able to use federal funds in locally appropriate ways. In addition, federal leaders should create and advertise [clear resources](#)²⁵ to help state legislators understand the opportunities (and eligibility, timelines, and more) under IRA and IIJA. These actions can also make the case for funding new state and local grant-seeking and implementation capacity.
- **Streamlining contracting, grant, and environmental review processes can accelerate deployment of funds.** California’s Natural Resources Agency has developed single-permit processes, obtained funds to increase partner agency staff, reduced contract review processes from weeks to days, and consolidated environmental review processes for wildfire resilience and forest management projects. These improvements came in response both to recent devastating wildfire seasons and state budget surpluses. Many of these updates were carried out through emergency authorities and helped reduce the severity of the state’s 2022 wildfire season. They could offer a model for similar projects at the federal level.
- **State-federal partnership is crucial for resilience investments.** Louisiana’s Coastal Master Plan has empowered state leaders to proactively plan coastal resilience and restoration investments. This change in state approach has enabled them to make use of federal funds as soon as they become available—providing vital capacity for projects

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that rely on federal support and cannot wait for the market to develop funding capacity.

- **Coordination with communities can avoid project silos.** California's Transformative Climate Communities program uses community-based planning and project development to fund local climate initiatives with cap-and-trade revenues. This approach ensures that large-scale state-supported investments advance local needs rather than prioritizing agency jurisdiction and existing program areas. Federal leaders should give preference to similar approaches when crafting new grant programs for IRA and IIJA funding.

ADDITIONAL RESOURCES




- The [California Climate Investments Annual Report](#)²⁶ offers an overview of the nation's most significant state climate investments. Federal leaders should give priority to the most significant state climate investments.


ENDNOTES

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