Oxford Climate Policy Blog

Initiating debates on international climate policy

How US Cities and States can lead on climate action under a second Trump Administration

by **Michael Franczak**, *Research Fellow in the Division of Peace, Climate, and Sustainable Development at the International Peace Institute*;

based on an idea by **Stephen Hammer**, *Executive Director and Chief Executive Officer, New York Climate Exchange* (see COP28: Call for a Climate Solidarity Alliance).

Election results from the US and Germany cast a long shadow over last month's climate talks (COP29) in Baku, Azerbaijan. While governments reached agreement on a new global goal for climate finance, it remains far short of developing countries' needs—nor is its fulfillment guaranteed, particularly in face of the announced withdrawal from the Paris Agreement by the incoming Trump Administration.

A growing movement is pushing for new taxes and levies to grow the pot. Also in Baku, the Global Solidarity Levies Task Force, co-chaired by France, Kenya, and Barbados, presented its initial recommendations for voluntary national levies on financial transactions, shipping and aviation, and extreme wealth. Drawing on the successful example of Unitaid, which is partly funded by France's small national air ticket solidarity tax, the Task Force is considering similar mechanisms to fill gaps in climate finance.

It is unlikely that the incoming Trump administration will embrace these efforts. American cities and states are no stranger to this scenario. When President Trump announced the withdrawal of the US from the Paris Agreement in 2017,[1] during his first term, many sub-national actors—States, cities, communities—announced "We are still in!". Yet, as was already recognised at the time, when "in" the Paris Agreement, one cannot ignore its finance provisions. In this case, American states and cities have the capacity to make substantial contributions to global climate finance in the form of local Climate Solidarity Levies (CSLs). These small fees, applied to carbon-emitting activities, could help fund loss and damage response efforts in the world's poorest and most vulnerable countries, particularly through the Fund for Responding to Loss and Damage.

Implementing such measures will not be easy or straightforward. Local laws and varying political interests complicate the process, making it clear that a one-size-fits-all approach will not work. Additionally, taxes are never popular, especially not excise taxes amid lingering inflation. What we need are legal and political roadmaps for how these measures might be implemented by American cities and states.

A recent Discussion Note from Oxford Climate Policy and the International Peace Institute offers potential legal pathways for CSLs on aviation and shipping in New York-New Jersey and Los Angeles. The proposed levies would generate revenue through modest, targeted charges on high-traffic activities at these major ports and airports, with the funds earmarked for loss and damage support in climate-vulnerable countries. While no direct precedent exists for a levy of this nature that earmarks funds for international purposes, similar domestic initiatives suggest that this model may be politically viable, provided there is adequate support from governors, city officials, and voters.

The paper proposes three types of CSLs targeting key transport hubs in New York and Los Angeles, each designed to align with existing practices while generating substantial revenue. The first is a $5 levy per trip for for-hire vehicles (FHVs) entering or leaving major airports such as JFK, LAX, and Newark. This builds on a familiar precedent, as many airports worldwide already impose fees on FHVs (like Lyft and Uber) to manage traffic and mitigate environmental impacts. Notably, the Port Authority of New York and New Jersey has existing fees for FHVs, demonstrating the practical viability of implementing such a levy.

The second proposed levy is a $10 charge on cruise ship passengers embarking or disembarking at ports like Manhattan or Long Beach. Similar Maritime Passenger Charges are already in use to address environmental and social pressures from tourism, particularly cruise traffic. Charging passengers directly aligns with these established practices. The third levy is a $10 fee per Twenty-Foot Equivalent Unit (TEU) of container cargo processed at major ports. Container fees are common tools for funding infrastructure and environmental programs; for example, the Clean Truck Fee at the Ports of Los Angeles and Long Beach demonstrates how targeted charges can support sustainability objectives.

If implemented, these three levies could collectively raise approximately $458 million annually, providing critical funds for global climate finance. However, success will depend on overcoming political and logistical challenges. State-level cooperation is essential, with governors of New York and California leveraging their reputations as climate leaders. Municipal leaders and port authorities must also align on the value of contributing to global climate justice. Perhaps most importantly, public support will hinge on transparent communication of the levies' modest costs and transformative potential to address climate impacts worldwide.

CSLs offer a promising pathway for U.S. port authorities to contribute to global climate finance. While their implementation would require navigating legal, political, and public opinion hurdles, the proposed model demonstrates a significant opportunity to mobilize much-needed resources for vulnerable countries. By drawing on existing precedents and leveraging strong state-level climate leadership, CSLs could set a transformative example of solidarity in climate action.

The potential revenue of nearly half a billion dollars annually underscores the importance of exploring this innovative financing mechanism. Could New York and Los Angeles lead the way?

1. United States withdrawal from the Paris Agreement, Wikipedia
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