

# An Open Letter from Economists on New York Cap-and-Invest and the Climate Leadership and Community Protection Act

April 30, 2026

The undersigned economists write to urge Governor Hochul and the New York State Legislature to advance an economy-wide cap-and-invest program as soon as possible as a centerpiece of implementing Climate Leadership and Community Protection Act (CLCPA). Any amendments to the CLCPA coming out of ongoing budget negotiations should similarly ensure this outcome.

A cap-and-invest program establishes a declining limit on emissions while allowing the market to find the lowest-cost abatement opportunities. By pricing carbon, the program incentivizes businesses to innovate and invest in energy efficiency and clean energy technologies where it is most economical.

Economics research has demonstrated for decades that putting a price on emissions is the most cost-effective approach to reducing emissions. Today, 28% of the world's GHG emissions are subject to a carbon price through 80 unique carbon prices, with effective examples operating in California, Washington state and the Northeast Regional Greenhouse Gas Initiative.<sup>1</sup> Many of the undersigned have contributed to designing these carbon prices in a manner that is tailored to local economic needs and ensures affordability for consumers.

In addition to ensuring the state is achieving its emissions targets at lowest cost, one of the unique strengths of cap-and-invest is the opportunity to reinvest revenues raised by the program to ensure consumers realize net benefits, and to further accelerate the transition to clean energy solutions that will lower energy costs for consumers and businesses.

The state should establish a program to limit emissions for covered sources in line with near-term climate targets that are consistent with a path to net-zero and should have the capacity to link with other jurisdictions, so that New York can expand the market of tradeable allowances, further lowering the costs of emissions reductions.

**New York should initiate its cap-and-invest program as soon as possible, as delay increases the cost of achieving emissions targets in future years and creates uncertainty for businesses and investors.** As policymakers seek the most affordable path to making progress on emissions reductions and scaling clean energy, cap-and-invest is a proven and effective policy mechanism and should play a central role.

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<sup>1</sup> World Bank Group, State and Trends of Carbon Pricing 2025, <https://www.worldbank.org/en/publication/state-and-trends-of-carbon-pricing>

Signed,

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