

Climate Superfund Provides Innovative Budget Solutions

States across the country already facing budget shortfalls are now also anticipating severe cuts to federal funding. In addition, states are bearing the cost of climate impacts in our communities and planning for more climate disasters to come — disasters that cost Americans billions of dollars each year in damages, repairs, and adaptation measures. These costs currently fall primarily on taxpayers and local governments. And it's not a matter of if they are coming, but when. From the Galveston flood in Texas to the Los Angeles wildfires to Hurricane Helene in North Carolina, communities in every state are experiencing unnatural disasters, and state leaders are faced with how to pay.

There is a solution. State-based Climate Superfund proposals represent a pivotal shift in climate policy, aiming to make polluters pay for the climate damages they have caused. These initiatives, modeled after federal environmental laws, are gaining traction across multiple states, signaling a new era of corporate accountability for climate change.

Climate superfunds raise innovative funding to support climate resiliency, adaptation and infrastructure. Collected fees go into state-managed funds dedicated to climate resilience projects, welcome as states are facing additional cuts due to the dismantling of federal agencies and climate disaster relief programs. Superfunds could provide billions of dollars for a wide range of critical adaptation and mitigation initiatives, such as:

- Installing solar panels and energy storage in low-income communities to reduce costs and increase resilience,
- Upgrading storm water systems to prevent flooding in vulnerable neighborhoods,
- Implementing wildfire protection measures, and
- Funding job training programs to support workers transitioning from fossil fuel jobs to clean energy sectors.

Economists agree that costs won't fall back on consumers. Payments from some of the worst polluting global companies would reflect past contributions to greenhouse gas emissions and oil companies would have to treat their payment as one-time fixed costs. In addition, oil companies would not be able to retaliate against consumers by raising retail gas prices due to the interconnectedness of national and global energy markets and existing antitrust laws.

The Institute for Policy Integrity at NYU conducted research for New York State and Nobel Laureate Professor Joseph Stiglitz shared this perspective in a [letter](#) to Gov. Kathy Hochul and a [video](#) explainer. California [economists believe](#) a Climate Superfund will not affect retail gasoline prices for consumers, would account for a small portion of polluters' revenue and profits, and will provide significant benefits to the state and communities.

Two essential points explain why Climate Superfunds won't increase consumer prices:

1. Global markets set oil and gas prices, not individual companies. Global prices do not reflect fixed fees based on the past behavior of the big oil companies. In addition, because there are many providers of gasoline, no single company can raise prices without losing customers to competitors.
2. Consumers are already paying 100% of climate damage costs through taxes, insurance premiums, and disaster recovery. The Climate Superfund shifts these existing costs from taxpayers to the wealthy oil companies responsible for past emissions that helped supercharge the climate crisis and extreme weather events. It doesn't increase the costs of producing and selling gasoline.

Taxpayers are already paying 100% of climate adaptation costs, including:

- Local and state taxes for disaster recovery
- Higher insurance premiums in vulnerable areas
- Infrastructure repair and replacement costs after climate disasters
- Emergency response expenses

The Climate Superfund doesn't create new costs that could be passed along in higher energy prices, it simply shifts existing climate disaster costs from taxpayers to the companies responsible for creating them.

Industry Capacity to Pay: Record Profits

The fossil fuel industry's claims about needing to pass costs to consumers become particularly hollow when examining their financial statements. Consider these facts:

- In 2024, the top five major oil companies made staggering profits of \$102 billion, and oil company CEOs received substantial compensation packages:
 - ExxonMobil's CEO, Darren Woods, received \$44.1 million
 - Chevron's CEO, Mike Wirth, received \$32.7 million
 - Shell's CEO, Wael Sawan, received \$11 million

To put this in perspective:

- Annual Climate Superfund payments would represent less than 1% of these companies' profits
- Companies spend more on stock buybacks than their projected Climate Superfund obligations
- Executive compensation alone could cover significant portions of assessment payments

Historical Precedent: Learning from CERCLA

The original Superfund law provides a clear historical example. When Congress passed CERCLA in 1980, industry groups claimed that making companies pay to clean up toxic waste sites would devastate the economy and drive up consumer prices. These predictions proved entirely false — companies have paid billions for cleanup without raising consumer prices because market competition prevents them from doing so. The same economic principles apply to climate damage payments.

Messaging Guidance

When discussing consumer price impacts, consider these frameworks:

- Emphasize that we're already paying for climate damage through taxes, disaster recovery, and infrastructure repairs as well as people's health
- Point out that companies regularly absorb other fixed costs and penalties without raising consumer prices
- Draw parallels to existing environmental cleanup requirements that haven't led to price increases
- Highlight the industry's massive profits, share buybacks, and CEO compensation

Additional economic benefits framework:

- Highlight how superfund investments in climate resilience will save money long-term
- Emphasize how investments will protect property values and quality of life in vulnerable areas
- Point out reduced insurance costs when climate risks are mitigated
- Focus on preserving local services by having polluters, not taxpayers, pay for damage

Addressing Common Questions

Q: “WON'T COMPANIES JUST RAISE PRICES TO COVER THESE COSTS?”

A: Actually, they can't without losing customers to competitors. These payments are a fixed assessment based on past pollution. They do not affect ongoing production costs. Even if one company tried to raise prices, they would lose business to other companies. That's why economists across the political spectrum agree these costs can't be passed on to consumers.

Q: “COULD THIS BANKRUPT OIL COMPANIES OR DISRUPT SUPPLY?”

A: Far from it. These companies are recording the highest profits in their history. When ExxonMobil can spend \$20 billion on stock buybacks, they can afford to pay for the damage they've caused without disrupting their operations.

Q: “HOW WILL THIS LEGISLATION MAKE THINGS MORE AFFORDABLE FOR FAMILIES?”

A: Climate Superfund legislation helps families in several ways:

- Local tax increases are not required to pay for climate damage
- It protects home values by funding community resilience
- It reduces the devastating financial impact of climate disasters on families and local governments

Q: “WHAT'S THE RETURN ON INVESTMENT FOR COMMUNITIES?”

A: Every dollar spent on climate resilience saves communities in future disaster costs. By making polluters pay their fair share now, we're investing in:

- Protected property values
- Stable insurance markets
- Resilient infrastructure
- Preserved local services
- Reduced disaster recovery costs

Q: “HOW WILL FUNDS BE USED TO PREVENT FUTURE CLIMATE COSTS?”

A: The funds will support projects and programs specifically designed to mitigate and respond to climate damages. All funded programs must include strategies to increase employment opportunities while addressing climate impacts. The program ensures coordinated action through regular consultation with key state agencies to implement the most effective solutions.