
Pajaro Flood

POLLUTERS PAY CLIMATE SUPERFUND **MYTHBUSTER**

MYTH: These companies will just pass the costs down to us, and we'll end up paying more for gas.

FACT: Numerous California economists support the bill, finding it "will have negligible, if any, effect on retail gasoline prices for California consumers."[1] The price of oil is set by the global market, *not* by California policy.[2] Only the world's largest fossil fuel companies will be assessed a compensatory fee; they will have to compete with those not assessed under the program, which will hold the market steady. Economists across the political spectrum define such fees as *fixed costs*, which should not be passed down to consumers.[3] California recently formed the Department of Petroleum Market Oversight, which oversees prices and enforces against collusion and price gouging. The truth is, the climate crisis is *already* costing Californians billions every year; without this bill, Californians will continue to bear the full burden of these costs. This bill helps to relieve working families by seeking accountability from fossil fuel polluters responsible for this mess.

CALIFORNIANS HAVE PAID ENOUGH.

MYTH: This will kill jobs.

FACT: The climate crisis is the real job killer.[4] This bill is a job creator, prioritizing good jobs and enabling California and local and tribal governments to invest in programs that will protect and create thousands of jobs. The bill would spur economic development, and help small businesses and communities recover and protect against climate harms. The bill applies to a relatively small number of companies, which made enormous profits—*more than $2 trillion since 1990*[5]—while passing their pollution costs to all Californians. They can afford to pay a reasonable fee without affecting industry jobs. The superfund would be a substantial, meaningful investment in the state's economic vitality and future with a shockingly small percentage of these polluters' profits. They can and should pay to remedy the climate and economic harms they've caused.

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[1] Brown, Davidson, Hale, Jacoby, Norgaard, Reich, Sekera, Economists' letter of support to the Senate Environmental Quality Committee (2024), referencing Franta (2021), Weaponizing economics: Big Oil, economic consultants, and climate policy delay. *Environmental Politics, 31*(4), 555–575, and Howard & Xu, Enacting the Polluter Pays Principle (2022).

[2] See, for example, Howard and Xu, Enacting the Polluters Pay Principle (2022), and Nobel prize winning economist Joseph Stiglitz, The Economic Case for Climate Superfund Laws (2025).

[3] Id.

[4] See, for example, How the climate crisis is impacting jobs and workers, World Economic Forum (2023).

[5] See, for example, Padding Big Oil's Profits: Companies Bank Trillions, Taxpayers Get the Bill, Taxpayers for Common Sense (2020).

MYTH: This is an unconstitutional retroactive tax. It's not legal to look back in time to assess fees. Fossil fuels were and are a legal product, providing a benefit to society. This is something we've never done before; it won't hold up in court.

FACT: California *has* done something like this before. The bill is modeled on the federal hazardous waste cleanup law and California's Childhood Lead Poisoning Prevention Act. Since the 1990s, California has implemented a law assessing compensatory fees against lead paint and leaded gas producers to fund programs to screen and treat lead poisoning in children. That law withstood judicial challenge and remains the law today. Similarly, the Climate Superfund bill seeks recompense from those whose products caused harm to the state and its residents. The federal hazardous waste Superfund law—CERCLA (Comprehensive Environmental Response, Compensation, & Liability Act)—has been *repeatedly* upheld by federal courts, *holding pollution cleanup is a legitimate legislative purpose*, governments *can* impose liability for such cleanup costs on those who created and profited from their polluting products or actions.[6]

MYTH: It's not fair to the fossil fuel companies; this is double-dipping, as they already pay through cap-and-trade.

FACT: Cap-and-trade is a market-based program *to incentivize future emissions reductions* from a wide variety of industries**. Funds paid into the cap-and-trade system *are not recompense for damage caused by their past emissions***. Instead, polluters fund other entities who do the work to meet state emissions-reduction requirements, so they don't have to. Until now, these companies have evaded responsibility to remedy the harm caused by their past emissions. Cap-and-trade proceeds fluctuate and are *designed to decline over time, even as climate-related costs rise*. Even the combined potential proceeds of the cap-and-trade and Superfund programs will not come close to covering all of the loss and damage, mitigation, and adaptation costs necessary to address the climate crisis. It's time that we center California taxpayers and provide them relief. If not, working families will continue to have to pay for harms caused by multibillion-dollar fossil fuel corporations.

MYTH: This program will be too expensive.

FACT: The longer we wait, the worse the financial burden on Californians will be. The faster we act, the more we can save. The polluters will be assessed to pay to cover administrative costs (capped at 10%) in addition to the compensatory fee to address past harms. Failing to act now sacrifices lives and tosses away California's opportunities for a better and more affordable future. The World Meteorological Association estimates the cost of inaction at $1.3 trillion.[7] Climate change threatens to wipe away $1.5 trillion in home values.[8] California's Fourth Climate Assessment estimated that by 2050, the direct economic impacts of climate change will be at least $113 billion *every year*.[9] That projection does *not* include loss of human life or property due to wildfires or ecological impacts due to wildfire, floods, or drought.[10] *Inaction is not an option* for Californians. The state must invest in planning and building infrastructure for the worsening climate conditions fossil fuels created. Extreme weather disasters will get worse and cost us more until we invest in climate mitigation, resilience, clean energy infrastructure, and our first responders, frontline workers and communities.

The Polluters Pay Climate Superfund is an opportunity to protect Californians and to relieve taxpayers from the escalating burden of climate costs to our beautiful state. We can build a cleaner, safer, just, and sustainable future.

Contact for questions:
Christina Scaringe, Center for Biological Diversity Climate Law Institute, cscaringe@biologicaldiversity.org
Amy Costa, Campaign for a Safe and Healthy California, amy@fullmoonstrategies.com
Fatima Iqbal-Zubair, California Environmental Voters, fatima@envirovoters.org

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[6] See, for example, Legal Memorandum and letter (Frank, Kysar, Livermore, Rothschild, Sivas) submitted to the California Legislature (Apr. 10, 2024).

[7] See, for example, IISD, Climate Inaction is More Expensive Than Climate Action: WMO Report (March 28, 2024).

[8] Properties in Peril, First Street (2025).

[9] See California's Fourth Climate Assessment, Statewide Summary Report, Table 6, "Order of Magnitude Estimation of Direct Economic Impacts from Climate Change by 2050."

[10] Id.