

WRITTEN TESTIMONY OF  
GERNOT WAGNER, PH.D., ECONOMIST, COLUMBIA BUSINESS SCHOOL  
SUBMITTED TO THE  
ASSEMBLY ENVIRONMENT AND SOLID WASTE COMMITTEE  
CONCERNING  
A-3735 / S-2338  
THE POLLUTERS PAY TO MAKE NEW JERSEY MORE AFFORDABLE ACT  
June 4, 2026

Dear Chair and members of the Assembly Environment Committee:

My name is [Gernot Wagner](#) and I am a climate economist at Columbia Business School and the faculty director of its Climate Knowledge Initiative, which translates complex climate data into actionable insights for business leaders and policymakers. The focus of my research, writing, and teaching is on climate risks, technologies, and policy. I have written six books, including [Climate Shock](#) and, most recently, [Geoengineering: the Gamble](#). I am a frequent contributor to the *New York Times* and *Financial Times*. I hold a Ph.D. and M.A. in Political Economy and Government from Harvard, an M.A. in Economics from Stanford.

I am familiar with fossil fuel markets. For example, I have just published [globalscope.io](#), a fully transparent, publicly accessible model of the global oil market. I was invited to speak at the [7<sup>th</sup> Arab Fiscal Forum](#) with a dozen Arab nations' finance ministers and the IMF Managing Director. I have written for [OPEC Fund Magazine](#). My entire professional life is an open book: [gwagner.com](#).

Prior to writing this testimony, I reviewed numerous sources of research and information about the Polluters Pay to Make New Jersey More Affordable Act, including an amicus brief that nine economists filed in the United States District Court for the District of Vermont in support of Vermont's defense against lawsuits challenging the Climate Superfund Act.

These economists include a former Chief Economist of the World Bank and a Nobel Prize recipient. The brief addresses the principal economic argument advanced by opponents of climate superfund laws—that assessments on fossil fuel companies will increase energy prices, reduce production, and harm consumers—and concludes that this argument *is inconsistent with well-established principles of microeconomics*.

The Act imposes a fixed, retrospective cost based on past emissions between 1995 and 2024. In economics, fixed costs and marginal costs are categorically different. Prices and production decisions are driven by marginal costs: what it costs to produce the next barrel of oil. A one-time fee based on past conduct does not change the marginal cost of production. Consequently, the economists reasonably conclude the following:

- The Act will not affect prices or production levels through production costs
- The Act will not affect prices or production levels through demand
- The Act will not affect prices or production costs through changes to market structure
- The Act will not reduce firms' capital investments or diminish their global competitiveness

I also reviewed Momentum Strategy Partners' "Market Cost Impact Brief," which was well-researched and further explains aspects of the economic impacts on New Jersey residents and businesses from the Polluters Pay Act. I highly recommend that legislators and staff review this document.

After reviewing these and other documents, it is clear that the Polluters Pay to Make New Jersey More Affordable Act would shift a portion of climate-related costs from New Jersey households, taxpayers, ratepayers, and businesses to the estimated 82 fossil fuel extraction companies covered by the bill.

The Deepwater Horizon disaster provides a useful real-world example. BP ultimately absorbed more than \$65 billion in spill-related costs. Those costs were borne primarily through reduced profits, asset sales, and suspended shareholder dividends. There is no evidence demonstrating that BP recovered those liabilities through increases in gasoline prices.

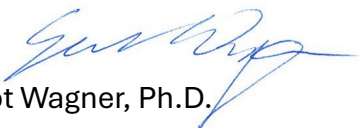
The proposed \$50 billion assessment under the Polluters Pay Act would be spread over 20 years and allocated across the estimated 82 fossil fuel extraction companies covered by the bill. These large fossil fuel companies have substantial revenues, profits, and balance sheets. Gasoline prices are driven primarily by global crude oil markets, regional refining conditions, distribution costs, and taxes—not by past environmental liabilities.

Thank you for the opportunity to provide my perspective on this legislation.

For the reasons discussed above, **I conclude that the principal economic arguments advanced against the Act are not supported by established economic theory and are not substantiated by the available empirical evidence.** In my opinion, the legislation represents a reasonable approach to allocating a portion of climate-related costs to the fossil fuel companies identified under the Act.

I appreciate the Committee's consideration of my testimony and remain available to respond to any questions.

Respectfully submitted,



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