

Can States Pick Up America's Climate Tab?

by Ann Leslie Davis · February 24, 2025 · 6 minute read



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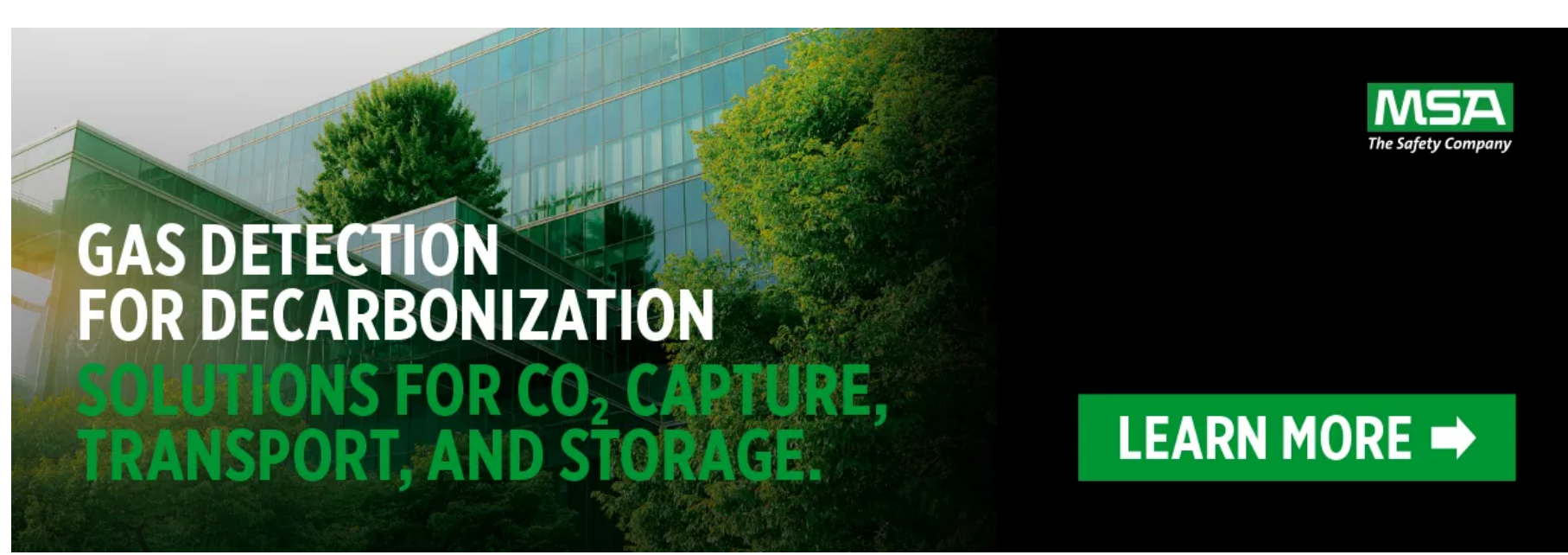
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When Donald Trump withdrew from the Paris Agreement shortly into his first term, concerned states got together and vowed to fight for climate action. These same states awoke last November to a version of Groundhog Day, facing the same President with the same – if not more virulent – climate antipathy. Once again, they swore to take up the gauntlet and charge forward with their own climate plans.

But can they? Between 2017 and today, the American climate landscape has fundamentally transformed. The two landmark Biden climate bills – the [Inflation Reduction Act](#) and the [Bipartisan Infrastructure Bill](#) – pumped nearly a trillion dollars into thousands of programs across the country to help states and cities begin moving towards a more sustainable future – DAC hubs, home electrification, battery plants, EV charging stations, smart agriculture. Hundreds of millions were earmarked for CDR technologies. It is estimated that about half of this money has actually reached states and local governments; the rest is tied up in legal wrangling. Can states really step in to this chaos of half-completed programs and funding fights and pick up the reins?

The [US Climate Alliance](#), a coalition of 24 governors formed after Trump first entered office in 2017, responds with an emphatic yes.



"While we've had a strong partnership with the federal government over the past four years, we're also well prepared for the moment we're in today," says Alliance Communications Director Evan Westrup. "Our governors will help fill the void."

[Climate Mayors](#), a bipartisan network of 350 mayors across 46 states, says they are also ready to take on the climate crisis in the absence of federal dollars. Mayors "remain steadfast in their commitment to advancing climate action," said Executive Director Kate Wright in an email.

Both organizations have made significant strides since their founding. They have advanced electrification of city buses; low-carbon building standards; methane mitigation from industrial sources; nature-based climate solutions for farms and working lands; climate finance systems; cap-and-invest programs (California and Washington); and, in the cases of Vermont and New York, "polluter pay" systems that force the state's fossil fuel companies to help pay into climate change funds. Actions by the Alliance have reduced greenhouse gases by 25 percent, according to their 2024 report.

States can take these actions because of powers granted to them in the 10th Amendment of the US Constitution, which gives states broad authority over education, transportation, the environment, public safety, and other issues. "This does not change with a shift in federal administration," Westrup says.

However, the federal government's aggressive action in tying up federal funding, declared illegal by several judges and legal experts, begs the question: Could "Trump 2.0" attempt to overturn states' rights regarding climate change?

Ken Alex, director of [Project Climate at UC Berkeley Law](#), sees potential threats to states' rights – a legal precept otherwise supported by the administration on issues like gun control and abortion – when it comes to climate.

Alex explained that the [Clean Air Act](#), passed in 1967, created a minimum federal standard for air quality. But the federal statute was preceded by California, which passed its own Clean Air Act in 1963. Because of this precedence, California was given specific authority to set its own, more stringent, standards, which other states could follow if they choose. There's a catch, however – the EPA must grant California a waiver each time it wants to do this.

California's "waiver right" has been argued back-and-forth in court for decades, but never finally settled, Alex said.

"We're going to see it adjudicated again," Alex predicted. "It's an important authority because it has to do with the state's ability to set emission standards for automobiles and all kinds of vehicles."

On the funding front, climate optimists hope that at least some of the frozen monies will be restored. They point out that climate legislation aligns with administration goals of energy independence and domestic growth. It also enjoys strong bipartisan support – not only for the IRA and BIL, but for the CDR Investment Act, which expands "technology-agnostic" tax credits to all forms of CDR. The bill, introduced last November, was co-sponsored by Alaska Republican Senator Lisa Murkowski.

Relevant: [Bipartisan Bill Looks To Incentivize Carbon Removal With New CDR Investment Act For \\$250/tCO2](#)

A recent [hearing](#) on the USE-IT Act to ease permit laws for states wanting to store CO2 underground also saw strong support from the Republican states of Wyoming and North Dakota, major sites for such facilities.

"Carbon removal has a track record of being able to bring together unlikely allies," said Giana Amador, Executive Director of the [Carbon Removal Alliance](#).

But for others, the prospects of a thaw are dim.

Joel Armin-Hoiland is founder and CEO of [Climate Finance Solutions](#) (CFS), a financial services company that secures support for climate technology companies. Over its five-year history, CFS has raised \$1.6 billion for its clients. The vast majority, \$1.2 billion, was in federal climate funding that is now frozen and hanging in limbo.

"There will be less funding for climate from the federal government. Full stop," Armin-Hoiland said. "And there will be less funding for CDR from the federal government. Full stop."

Despite bold promises, states cannot replace such large sums, he said. "Federal government has provided billions [in climate funding] and millions to CDR over the past three years. "There's no way that a state is going to create a \$3 billion program like DAC hubs."

Perhaps DAC hub funding is a stretch for states, but other fundraising opportunities do exist. California's cap-and-trade program generated an impressive \$28 billion in 2024, money used towards the state's climate programs. Polluter-pay programs also have the potential to generate substantial funds.

And opportunities do still exist under a Trump administration. California allocated a staggering \$50 billion to climate funding in 2022, about \$100-200 million of which was CDR-specific. Other states like New York, Washington, Colorado, and Massachusetts also have substantial funds. And companies don't need to target only climate-friendly states, Armin-Hoiland said. He suggested they seek "non-CDR explicit, even non-climate explicit grants" from state governments. As an example, he pointed to CFS clients who received grants from a Texas program focused on advanced manufacturing.

Yet adaptation is not the only alternative. In its business model and private talks with clients, CFS is promoting an altogether different strategy – moving overseas.

Sensing a change in political winds, CFS developed an "election mitigation strategy" in early 2024 that involved shifting much of its business to Europe. Working with pro-climate European governments in the months since, they have been able to move into advanced funding stages with multiple grants in the 10-100 million euro-range, Armin-Hoiland said.

For him, the shift in geography is full of irony. At the start of the Biden administration, CFS helped European climate companies desperate to come to the climate juggernaut of America. Now, he's helping them hurry back home, along with US startups hopeful of finding a warmer reception across the Atlantic.

Amador hopes that doesn't happen. She spends much of her time lobbying Congress in support of CDR and believes that companies and CDR advocates must raise their voices now to ensure that Congress and the Trump administration clearly understand the economic benefits of climate programs, as well as the long-term potential of the CDR industry.

"The US has a long history of developing technologies but not reaping their economic benefits," Amador said. "We saw that with renewable energy, where the United States was largely responsible for developing solar technology and driving down its cost. Then the vast majority of those benefits went to China for manufacturing and the European Union for deployment."

"We do not want to see that happen with carbon removal. If we are putting in the federal dollars and taxpayer money to develop these solutions, it's really important that we think about how to develop a homegrown carbon removal industry where we're actually building the supply chains and deployment in the United States."

Read more: [Opinion: A Rare Opportunity For Climate Progress Under Trump](#)

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