

# State Best Practices Guide

## for Decarbonizing the Industrial Sector

December 2022

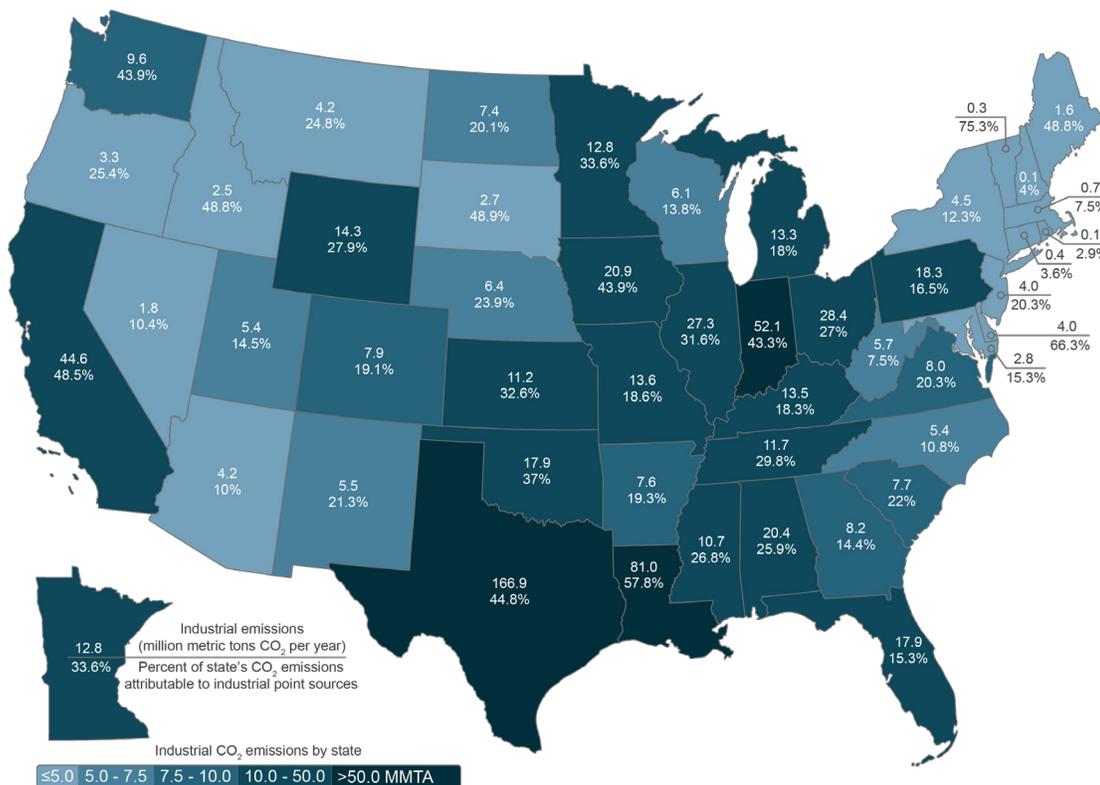


**Industrial Innovation Initiative**

States will play a critical role in reducing US industrial emissions. Supported by the recent influx of federal funding, states can create a regulatory and policy landscape that spurs local implementation, drives private investments, and complements federal incentives.

Industrial decarbonization is a challenge that will only be overcome should states support a full suite of policy solutions. The challenge is multifaceted. Facilities in different sectors and regions have unique needs when decarbonizing. Figure 1 shows the relative proportion of US industrial emissions on a state-by-state basis.

Figure 1. Industrial Emissions by State as a Percentage of Total State Emissions



While there is no one-size-fits-all solution, carbon management, clean hydrogen, low-carbon procurement, electrification, and efficiency policies cut across industrial sectors and can be mixed and matched to greatly reduce a state's industrial emissions. Regardless of the state's available resources or emissions profile, cross-cutting statewide planning and workforce development will also be critical considerations for equitable decarbonization.

\*MMTA = million metric tons per annum. Data sourced from US EPA GHGRP (2021). Industrial sectors include Refineries, Chemicals, Minerals, Metals, and Pulp and Paper.

*Note: Each state in the US has a unique emissions profile. While some states may have a larger share of emissions from the industrial sector, every state will need to consider these emissions when planning for statewide decarbonization.*



# Labor & Workforce Development

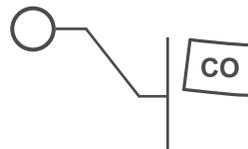


Investments in industrial decarbonization must be done in a way that benefits workers and prioritizes local communities. The recommendations in this section borrow generously from BlueGreen Alliance’s [State-Based Policies to Build a Cleaner, Safer, More Equitable Economy](#), which provides a more expansive review and set of definitions for state wage, labor, and workforce best practices.

## Regulatory policies and planning

States can craft policies that ensure industrial decarbonization goes hand in hand with the growth of good union jobs. In setting industrial decarbonization priorities, states can rely on various policy tools to grow the clean economy’s high-road workforce.

- Adopt project labor agreements (PLAs), which are collective bargaining agreements covering all craft workers on a construction project. When a state government plans a project, it can make PLAs a condition of being awarded a contract, requiring the contractor to sign the negotiated PLA with the relevant union organizations before being hired.
- Negotiate community workforce agreements (CWAs), which often include community organizations and reflect broader community interests.
- Use local hire provisions to mandate or incentivize the hiring of workers on a project from within the state or community where the project takes place.
- Utilize targeted hire provisions of state law or community workforce/community benefit agreements for a project to mandate or incentivize the hiring of workers from certain communities (e.g., Native nations, economically disadvantaged communities, and communities impacted by climate change, among others.)
- Rebalance the power dynamic between workers trying to organize a union and their employer with organizing rights provisions and negative determination. Negative determination disincentivizes hiring contractors who have previously violated labor, wage, or other regulations.



Enacted [SB 19-236](#), directing the Public Utilities Commission to evaluate new energy utility construction proposals based on project employment metrics.



In addition to the collective bargaining aspects of a PLA, CWAs frequently include local hire provisions, targeted hire of low-income or disadvantaged workers, and the creation of pre-apprenticeship pathways for careers on the project.



Enacted [SB 5116](#), establishing a 100 percent sales tax exemption for renewable energy projects if the project is developed under a community workforce agreement or project labor agreement.

# Labor & Workforce Development

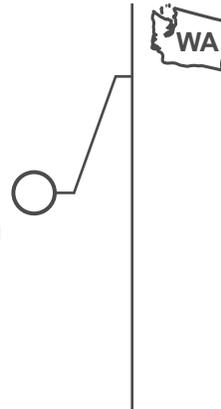


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## Financial mechanisms

Incentives or requirements for contractors to pay prevailing wage on a project can be coupled with worker benefits requirements to attract high-road contractors, ensure long-term economic benefits to a community, and create a level playing field for contractors.

- Establish a prevailing wage for public works projects, which sets a wage floor for each occupation that all contractors on a project must pay at or above. This policy is limited to workers employed in the construction industry.
- Create worker benefits requirements that set a minimum standard for health, retirement, and other benefits that must be given to workers on a project.

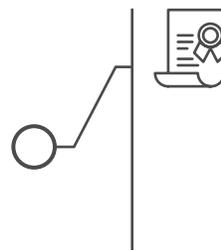


Enacted [SB 5116](#), establishing a 75 percent sales tax exemption for renewable energy projects compensating workers at prevailing wage rates determined by local collective bargaining as determined by the department of labor and industries.

## Training programs

Workforce training needs will vary based on the types of industrial facilities present in a state, making state governments effective implementors of and funders for such programs.

- Develop partnerships with universities, colleges, and training programs that focus on industrial electrification, energy efficiency, and low-carbon technologies.
- Identify and engage transitioning, affected, and disadvantaged communities, targeting programs with the potential for high workforce development.
- Partner with Industrial Assessment Centers to conduct energy audits at facilities.
- Utilize union apprenticeships and pre-apprenticeship programs as key avenues for training workers. Apprenticeship utilization standards require a certain percentage of a project's workforce to be enrolled in or have graduated from an apprenticeship program and typically favor union contractors.



The **Inflation Reduction Act of 2022** provides \$200 million in grants through 2031 for states to develop and implement energy efficiency workforce training.

