

Sponsors: Knox/Potrzuski

POSSIBLE MOTION

I MOVE TO approve Resolution 2018-04 on
first and final reading.



Citizens' Climate Lobby

What is Carbon Fee and Dividend?

Carbon Fee and Dividend is the policy proposal created by Citizens' Climate Lobby (CCL) to put a federal price on carbon-based fuels so that their consumer cost reflects their true costs to society.

It's the policy that both climate scientists and economists say is the best first-step to reduce the likelihood of catastrophic climate change from global warming.

Why Carbon Fee and Dividend?

Currently, the price of fossil fuels does not reflect their true costs—including their impact on global climate. Correcting this market failure will require that their price account for the true social costs.

As long as fossil fuels remain artificially inexpensive, their use will rise. Correcting this market failure requires a federal price on carbon that accounts for their true costs.

What Will Carbon Fee and Dividend Do?

Carbon Fee and Dividend will do four things:

1. Account for the cost of burning fossil fuels in the price consumers pay.
2. Cut emissions enough to stay below the 2C threshold for "dangerous" warming.
3. Grow jobs and GDP without growing government one bit.
4. Recruit global participation.

The Basics of Carbon Fee and Dividend

1. Place a steadily rising fee on fossil fuels (coal, oil and gas). [More](#)
2. Give 100% of the net fees back to households each month. [More](#)
3. Use a border adjustment to stop business relocation. [More](#)
4. It's good for the economy AND even better for the climate. [More](#)

The Text of the Carbon Fee and Dividend Proposal:

Therefore the following legislation is hereby enacted:

- 1. Collection of Carbon Fees/Carbon Fee Trust Fund:** Upon enactment, impose a carbon fee on all fossil fuels and other greenhouse gases at the point where they first enter the economy. The fee shall be collected by the Treasury Department. The fee on that date shall be \$15 per ton of CO₂ equivalent emissions and result in equal charges for each ton of CO₂ equivalent emissions potential in each type of fuel or greenhouse gas. The Department of Energy shall propose and promulgate regulations setting forth CO₂ equivalent fees for other greenhouse gases including at a minimum methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons (HFCs), perfluorocarbons, and nitrogen trifluoride. The Treasury shall also collect the fees imposed upon the other greenhouse gases. 100% of the net revenues are to be placed in the Carbon Fees Trust Fund and be rebated to American households as outlined below.
- 2. Methane Leakage:** Methane is a much more potent greenhouse gas than CO₂ with both direct and indirect effects contributing to warming. It is therefore important to place a fee on methane that leaks to the atmosphere. Some of this leakage will occur after the fee has been assessed on methane under the assumption that it will be burned to yield the less potent CO₂. To ensure the integrity of the program and that markets receive accurate information with regard to the climate forcings caused by various fossil fuels, the carbon fee shall be assessed on such leaked methane at a rate commensurate with the global warming potential ("GWP") of methane including both its direct and indirect effects. Given the importance of tipping points in the climate system, the 20-year GWP of methane shall be used to assess the fee, and not the 100-year GWP. As proper accounting for such leakage is necessary for honest assessment of progress towards program goals, reasonable steps to assess the rate of methane leakage shall be implemented, and leaked methane shall be priced accordingly. The entity responsible for the leaked methane shall be responsible for paying the fee.
- 3. Emissions Reduction Targets:** To align US emissions with the physical constraints identified by the Intergovernmental Panel on Climate Change (IPCC) to avoid irreversible climate change, the yearly increase in carbon fees including other greenhouse gases, shall be at least \$10 per ton of CO₂ equivalent each year. Annually, the Department of Energy shall determine whether an increase larger than \$10 per ton per year is needed to achieve program goals. Yearly price increases of at least \$10 per year shall continue until total U.S. CO₂-equivalent emissions have been reduced to 10% of U.S. CO₂-equivalent emissions in 1990.
- 4. Equal Per-Person Monthly Dividend Payments:** Equal monthly per-person dividend payments shall be made to all American households ($\frac{1}{2}$ payment per child under 18 years old, with a limit of 2 children per family) each month. The total value of all monthly dividend payments shall represent 100% of the total carbon fees collected per month less administrative costs.
- 5. Border Adjustments:** In order to ensure that U.S.-made goods can remain competitive at home and abroad and to provide an additional incentive for international adoptions of carbon fees, Carbon-Fee-Equivalent Tariffs shall be charged for goods entering the U.S. from countries without comparable Carbon Fees/Carbon Pricing. Carbon-Fee-Equivalent Rebates shall be used to reduce the price of exports to such countries and to ensure that U.S. goods can remain competitive in those countries. The Department of Commerce will determine rebate amounts and exemptions if any.

More at citizensclimatelobby.org and citizensclimatelobby.org/remi-report

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2018-04

A RESOLUTION BY THE CITY AND BOROUGH OF SITKA
SUPPORTING A NATIONAL CARBON FEE AND DIVIDEND POLICY

WHEREAS, the City and Borough of Sitka is the governing body with the full power and authority as recognized by the citizens of Sitka, to act for its members, and has the responsibility to provide government for the good health and welfare of its citizens; and

WHEREAS, progress toward the development of a local climate action plan for Sitka began early in 2008 following a series of presentations on ocean acidification and climate action planning sponsored by fishing and environmental organizations; and

WHEREAS, the citizens of Sitka are reliant on our oceans and forests and the wildlife and resources contained within them, in our economies including fisheries and tourism, our way of life including subsistence food gathering, cultural and historical importance; and

WHEREAS, The City and Borough of Sitka supports all cultural, traditional and subsistence activities historically and continually practiced by Native and non-Native peoples in the State of Alaska and these practices can be irreparably harmed by major changes in our climate; and

WHEREAS, the citizens of Sitka recognize that global climate change includes the general warming of the climate, arctic melting, ocean acidification, and increase in severe weather events, from severe winter snows to massive precipitation events like the one experienced on August 18, 2015; and

WHEREAS, reductions of CO2 emissions are warranted to prevent further global warming, particularly in Northern latitudes where temperatures are climbing at a more rapid rate than the rest of the globe; and

WHEREAS, the City and its residents bear much of the economic burden for severe weather events and fisheries impacts, but local emission reductions alone are insufficient to prevent the progression of climate change, national action is necessary to urgently lower CO2 in the atmosphere and oceans; and

WHEREAS, an annually increasing Carbon Fee levied at the extraction point of fossil fuels or point of entry into the United States will begin to account for the external costs of fossil fuel use and unleash market forces to find the most cost-effective ways to reduce emissions; and

WHEREAS, all money collected in fees returned to households as a dividend would protect or minimize the economic effects on households while also encouraging

51 investments in increased energy efficiency and alternate sources of energy by
52 both industry and consumers.

53
54 **NOW, THEREFORE, BE IT RESOLVED** that by the Assembly of the City and Borough of Sitka
55 to strongly urge the U.S. Congress to enact legislation that:

- 56
57 A. Levies an annually increasing fee on carbon dioxide and greenhouse gas equivalent
58 emissions produced by fossil fuels at the point of production and importation;
59 B. Returns to Americans on an equitable basis all of the net revenues generated from the
60 fee; and
61 C. Encourages carbon pricing action by other nations trading with the United States, by
62 suitable carbon-content-based fees for imports, and rebates for exports, to nations that
63 do not have equivalent carbon pricing to that of the United States.

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65 **NOW, THEREFORE, BE IT FURTHER RESOLVED** that the City and Borough of Sitka
66 Municipal Clerk will forward a copy of this resolution to the delegation in the U.S. Congress
67 representing Sitka and Alaska within 30 days of enactment.

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69 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,
70 Alaska this 27th day of February, 2018.

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75 Matthew Hunter, Mayor

76 ATTEST:

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79 Sara Peterson, MMC
80 Municipal Clerk

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82 1st and final reading 2/27/18