THE CITY OF ASHEVILLE

Staff Report

Council Meeting Date: February 11, 2020

Subject: Resolution supporting HR763 Energy Innovation and Carbon Dividend Act of 2019

Staff Resource(s): Amber Weaver, Sustainability Officer, Office of Sustainability

Action Requested: Adoption of Resolution Urging Congressional Passage of HR763 Energy Innovation and Carbon Dividend Act to Address Climate Change.

Background:

- City Council passed Resolution 18-92 Federal Congressional Action to Adopt Legislation for a Carbon Fee and Dividend Policy to Address Climate Change per Citizens Climate Lobby recommendation in April 2018.
- HR763 imposes a fee on the carbon content of fuels, including crude oil, natural gas, coal or any other product derived from those fuels that emit greenhouse gases into the atmosphere.
- HR763 includes exemptions for fuels used for agricultural or non-emitting purposes.
- HR763 exempts fuel used by the Armed Forces.
- HR763 includes rebates for facilities that capture and sequester carbon dioxide.
- HR763 includes border adjustment provisions that require certain fees or refunds for carbon-intensive products that are exported or imported.
- Support of this resolution and the recent Climate Emergency Resolution adopted on January 28, 2020, acknowledges that climate change is a critical and issuing a carbon fee and dividend would be an effective way to address carbon reduction.

Council Goal(s):

- Equitable and Diverse Community
- A Clean and Healthy Environment

Committee(s):

- Sustainability Advisory Committee on Energy and the Environment unanimously approved the resolution at their November 2019 meeting.

Pro(s):

- Supports Resolution 18-92 Federal Congressional Action to Adopt Legislation for a Carbon Fee and Dividend Policy to Address Climate Change

Con(s):

- None

Fiscal Impact:

- None

Suggested Motion:

- Motion to adopt a resolution urging congressional passage of HR763 Energy Innovation and Carbon Dividend Act to address climate change.

Attachment(s):

- Resolution

RESOLUTION NO. 20-___

RESOLUTION URGING CONGRESSIONAL PASSAGE OF H.R. 763 – ENERGY INNOVATION AND CARBON DIVIDEND ACT TO ADDRESS CLIMATE CHANGE

WHEREAS, an Intergovernmental Panel on Climate Change issued a special report on the impacts of global warming of 1.5 °C above pre-industrial levels in October 2018 warning that global warming is likely to reach 1.5°C between 2030 and 2052 if it continues to increase at the current rate; and

WHEREAS, the United Nations climate science body said in a monumental climate report that we have only 12 years left to make massive and unprecedented changes to global energy infrastructure to limit global warming to moderate levels; and

WHEREAS, the United States government released its Fourth Annual Climate Assessment in November 2018 reporting that the impacts of climate change are already being felt in communities across the country, and that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems, and social systems that provide essential benefits to communities; and

WHEREAS, conservative estimates by the world's climate scientists state that to achieve climate stabilization and avoid cataclysmic climate change, emissions of greenhouse gases (GHGs) must be brought to 80-95% below 1990 levels by 2050; and

WHEREAS, presently the environmental, health, and social costs of carbon emissions are not included in prices paid for fossil fuels, but rather these externalized costs are borne directly and indirectly by all Americans and global citizens; and

WHEREAS, to begin to correct this market failure, Congress can enact the Energy Innovation and Carbon Dividend Act to assess a national carbon fee on fossil fuels based on the amount of $C0_2$ the fuel will emit when burned and allocate the collected proceeds to all U.S. Households in equal shares in the form of a monthly dividend; and

WHEREAS, for efficient administration, the fossil fuels fee can be applied once, as far upstream in the economy as practical, or at the port of entry into the United States; and

WHEREAS, as stated in the Energy Innovation and Carbon Dividend Act of 2019, H.R. 763, a national, revenue-neutral carbon fee starting at a relatively low rate of $15 per ton of CO2 equivalent emissions and resulting in equal charges per ton of CO2 equivalent emissions potential in each type of fuel or greenhouse gas should be assessed to begin to lower what are now dangerously high CO2 emissions. The yearly increase in carbon fees including other greenhouse gases, shall be at least $10 per ton of CO2 equivalent each year, with the Department of Energy determining whether an increase larger than $10 per ton per year is needed to achieve program goals; and

WHEREAS, the Energy Innovation and Carbon Dividend Act of 2019, H.R. 763, specifies that, in order to protect low and middle income citizens from the economic impact of rising prices due to the carbon fee, equal monthly per-person dividend payments shall be made to all American households (½ payment per child under 19 years old) each month from the fossil fuel fees collected. The total value of all monthly dividend payments shall represent 100% of the net carbon fees collected per month; and

WHEREAS, the Energy Innovation and Carbon Dividend Act of 2019, H.R. 763, encourages market-driven innovation of clean energy technologies and market efficiencies which will reduce harmful pollution and leave a healthier, more stable, and more prosperous nation for future generations; and

WHEREAS, the Energy Innovation and Carbon Dividend Act of 2019, H.R. 763, will, after 12 years, lead to a decrease in America’s C02 emissions of 40 percent and an increase in national Employment of 2.1 million jobs; and

WHEREAS, border adjustments - carbon content-based tariffs on products imported from countries without comparable carbon pricing, and refunds to our exporters of carbon fees paid - can maintain the competitiveness of U.S. businesses in global markets; and

WHEREAS, a national carbon fee can be implemented quickly and efficiently, and will respond to the urgency of the climate crisis because the federal government already has in place mechanisms, such as the Internal Revenue Service, needed to implement and enforce the fee, and already collects fees from fossil fuel producers and importers; and

WHEREAS, A national revenue-neutral carbon fee would make the United States a leader in mitigating climate change and in the clean energy technologies of the 21st century and would provide incentive to other countries to enact similar carbon fees, reducing global C02 emissions without the need for complex international agreements, and

WHEREAS, On April 24, 2018, the City Council of the City of Asheville adopted Resolution 18-92, "Resolution in support of Federal Congressional action to adopt legislation for a carbon fee and dividend policy to address climate change";

NOW, THEREFORE, BE IT RESOLVED BY CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City of Asheville urges the United States Congress to pass H.R. 763 — Energy Innovation and Carbon Dividend Act of 2019.

Read, approved, and adopted this the 11th day of February, 2020.

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City Clerk Mayor

Approved as to form:

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City Attorney