

**CITY OF ALBANY
MEMORANDUM**

DATE: April 20, 2016

TO: Sustainability Committee

FROM: Claire Griffing, Sustainability Coordinator

SUBJECT: Resolution Endorsing Federal Carbon Fee and Dividend

RECOMMENDATION

That the Committee make a recommendation that Council adopt Resolution 2016-26 endorsing a Federal Carbon Fee and Dividend.

BACKGROUND

The Sustainability Committee received a presentation on February 17, 2016 regarding the Federal Carbon Fee and Dividend proposed by the Citizen's Climate Lobby (CCL) and asked staff to bring back a resolution for a formal recommendation.

DISCUSSION

Established as a bipartisan lobbying organization in 2007, Citizen's Climate Lobby (CCL) has proposed a Federal Carbon Fee and Dividend as an effective tool for reducing CO₂ emissions. The Carbon Fee and Dividend proposes a fee on carbon at the source and provides rebates back to households, making the measure revenue-neutral. The goal is to equalize the true cost of fossil fuels and encourage the development of clean energy. CCL's proposal includes the following three elements:

1. Place a steadily rising fee on fossil fuels (coal, oil and gas).

Fees would be imposed upstream at the mine, well, or port of entry. The fee could increase annually. Accounting for the true cost of fossil fuel emissions creates a level-playing field for all sources of energy, and ultimately builds demand for low-carbon products at the consumer level.

2. Give all of the revenue from the carbon fee back to households.

The tax would be revenue neutral in that all of the proceeds would be collected by the Treasury Department and rebated 100% to American households as a monthly dividend. It is estimated that the vast majority of households will receive more than they will pay for increased energy costs.

3. Use a border adjustment to discourage business relocation.

The proposal also calls for a border adjustment on all imports and exports from countries that do not price carbon similarly would have imports to the US taxed upon entry. American companies exporting to countries without similar pricing would have the fee

rebated thus leveling the playing field on U.S. exports in compliance with the World Trade Organization. Imposing fees on products imported from countries without a carbon fee and providing rebates to US industries exporting to those countries will discourage businesses from relocating. The goal is to also motivate other countries to adopt similar carbon pricing policies.

A 2014 study by the non-partisan Regional Economic Models, Inc. found that a revenue-neutral carbon fee and dividend program would successfully lower CO₂ emissions. Similar resolutions have passed a number of other municipalities including San Francisco, Modesto, and San Luis Obispo.

Attachments

1. Resolution 2016-26