

CITY OF SEBASTOPOL
CITY COUNCIL
AGENDA ITEM

Meeting Date: December 3, 2019
To: Honorable Mayor and City Councilmembers
From: Vice Mayor Slayter
Subject: Approval of Resolution Endorsing HR 763, Energy Innovation and Carbon Dividend Act
Recommandation: That the City Council discuss and consider adoption of the resolution
Funding: Currently Budgeted: Yes No N/A
Net General Fund Amount: N/A

INTRODUCTION:

This report presents for City Council consideration, a resolution in support of H.R. 763 - Energy Innovation and Carbon Dividend Act of 2019 (Exhibit 1).

BACKGROUND:

The City Council has undertaken policies and programs to reduce greenhouse gas (GHG) emissions and save energy.

City of Sebastopol sent a letter to Congressmen Huffman and Thompson on November 8, 2017 supporting national carbon fee and dividend legislation. The following is an except from the staff report of 2017.”

“Citizens’ Climate Lobby is a non-profit, non-partisan, grassroots advocacy organization focused on national policies to address climate change.

Their non-partisan approach to climate education is designed to create a broad, sustainable foundation for climate action across all geographic regions and political inclinations. By building upon shared values rather than partisan divides, and empowering supporters to work in keeping with the concerns of their local communities, they work towards the adoption of fair, effective, and sustainable climate change solutions.

The proposal would be as follows: Fossil fuel companies would be required to pay a fee on the carbon content of the fuels they extract. The policy, known as a Carbon Fee and Dividend system, would start with a fee of \$15 per ton of CO₂ and would increase \$10 per ton a year. The money would go directly to taxpayers through monthly dividend checks.

Per the Press Democrat, “ Economists who have examined the plan estimate that a typical family of four would receive a check for about \$20 a month by the fifth year of the plan rising to \$397 per month within 15 years. This would help the families cover the additional energy costs that no doubt would be passed down to them by fossil fuel companies. But economists project that roughly two-thirds of U.S. households would have money left over. Those who wouldn’t would be the wealthiest of individuals who already have large carbon footprints due to owning large houses, regularly traveling by air, etc.”

Not only will this help our economy, but it will lead to cleaner air. Economists and environmentalists project that a Carbon Fee and Dividend system would cut the nation's carbon emissions 52 percent below 1990 levels within 21 years.

As leaders of this community, we are struggling with more complex ways of confronting climate change, this legislation is a step in working towards the solution."

A copy of the letter is attached for reference. The item tonight is a follow-up to that legislation.

DISCUSSION:

H.R. 763 (Exhibit 2) is a bill introduced in the United States House of Representatives on Jan. 24, 2019 by Representative Ted Deutch (D-Florida).

This bill imposes a fee on the carbon content of fuels, including crude oil, natural gas, coal, or any other product derived from those fuels that will be used so as to emit greenhouse gases into the atmosphere. The fee is imposed on the producers or importers of the fuels and is equal to the greenhouse gas content of the fuel multiplied by the carbon fee rate. The rate begins at \$15 in 2019, increases by \$10 each year, and is subject to further adjustments based on the progress in meeting specified emissions reduction targets. The bill also imposes a specified fee on fluorinated greenhouse gases.

The bill includes:

- exemptions for fuels used for agricultural or non-emitting purposes;
- exemptions for fuels used by the Armed Forces;
- rebates for facilities that capture and sequester carbon dioxide; and,
- border adjustment provisions that require certain fees or refunds for carbon-intensive products that are exported or imported.

The fees must be deposited into a Carbon Dividend Trust Fund and used for administrative expenses and dividend payments to U.S. citizens or lawful residents. The fees must be decommissioned when emissions levels and monthly dividend payments fall below specified levels.

The bill also suspends certain regulations that limit greenhouse gas emissions. The suspensions expire if the emissions targets established by this bill are not reached after a specified time period.

The fees are proposed to be levied as far upstream in the supply chain as possible, or at the port of entry into the United States. The fees are proposed to remain in effect until emissions of greenhouse gases from covered fuels is reduced to 90% below 2016 levels. The bill's proposed timetable for emissions reductions calls for this target to be achieved by 2050.

Proceeds collected from the fees would be distributed equally through a monthly carbon dividend payment to eligible U.S. citizens or lawful residents. Program administrative fees would also be paid from fees collected.

Fiscal Analysis

There is no direct fiscal impact associated with the recommended action.

Public Notice:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to scheduled meeting date.

RECOMMENDATION:

The City Council adopt a resolution in support of H.R. 763, and distribute to the appropriate state and federal representatives for their consideration.

ATTACHMENT(S):

1. Resolution
2. 2017 Letter to Congressmen Huffman/Thompson

RESOLUTION NO. _____-2019

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL
SUPPORTING H.R. 763 - ENERGY INNOVATION AND CARBON
DIVIDEND ACT OF 2019

WHEREAS, the City of Sebastopol supports measures which lead to a national energy policy; and

WHEREAS, the City of Sebastopol supports legislation that provides financial incentives for renewable energy; and

WHEREAS, the City of Sebastopol acknowledge that sustainability is based on achieving a long-term balance among social, economic and environmental factors; and

WHEREAS, the City of Sebastopol promotes an ethic of conservation of non-renewable resources, including efforts to reduce the use of energy and greenhouse gas emissions; and

WHEREAS, H.R. 763 - Energy Innovation and Carbon Dividend Act of 2019 proposes to establish a national carbon fee and dividend as a market-based incentive to encourage the development and use of renewable energy resources and reduced greenhouse gas emissions.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sebastopol, California, that the City of Sebastopol supports and urges the United States Congress to pass H.R. 763 - Energy Innovation and Carbon Dividend Act of 2019; and

BE IT FURTHER RESOVLED, that a certified copy of this Resolution will be sent to the appropriate State and Federal representatives.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the City Council of the City of Sebastopol on the 3rd day of December 2019 by the following vote.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the City of Sebastopol City Council by the following vote:

APPROVED: _____
Mayor, City of Sebastopol

VOTE:

AYES:

NOES:

ABSENT:

ABTAIN:

ATTEST: _____

Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: _____
Larry McLaughlin, City Attorney

City Council

Mayor Una Glass
Vice Mayor Patrick Slayter
Michael Carnacchi
Sarah Glade Gurney
Neysa Hinton



City Manager

Larry McLaughlin
lmclaughlin@cityofsebastopol.org
Assistant City Manager/City Clerk, MMC
Mary Gourley
mgourley@cityofsebastopol.org

City of Sebastopol

November 8, 2017

Honorable Congressman Jared Huffman
Washington DC Office
1406 Longworth House Office Building
Washington, DC 20515

Honorable Congressman Mike Thompson
Washington, DC Office
231 Cannon Office Building
Washington, DC 20515

RE: Federal Revenue-Neutral Carbon Fee and Dividend Program by the United States Congress

Dear Congressmen Huffman and Thompson:

The City of Sebastopol is encouraging the United States Congress to enact without delay a fee on carbon based fossil fuels and hereby endorses the Carbon Fee and Dividend legislation proposed by the Citizens' Climate Lobby and encourages members of Congress to support Carbon fee and Dividend as a key element in reducing the risks of climate change.

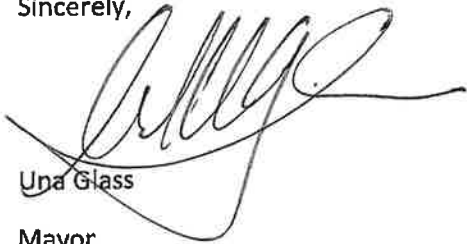
Presently, the environmental, health, and social costs of GHG emissions are not included in prices paid for fossil fuels, but are externalized and borne directly and indirectly by all citizens. The United States Congress can enact a revenue-neutral carbon fee, which would impose a fee on fossil fuels based upon the amount of carbon dioxide they emit when burned. It is the City's understanding that per a non-partisan study conducted by Regional Economic Modeling, Inc., this program would significantly reduce GHG emissions, increase national employment, and expand investment in renewable energy supplies.

Border adjustments, which are carbon content-based tariffs on products imported from countries without comparable carbon pricing, and refunds to exporters of carbon fees paid, can maintain the competitiveness of U.S. businesses in global markets. A revenue-neutral carbon fee could potentially improve the United States' renewable energy technology, expand its renewable energy supply, and contribute to the achievement of Federal, State, and local GHG reduction objectives.

The City of Sebastopol is recommending that the fee rate should start low and increase steadily and predictably, to achieve the goal of reducing U.S. GHG emissions and that all fee revenue after administration costs should be returned to residents to protect low- and middle-income Americans from the impact of rising prices due to the fee.

For these reasons, the City of Sebastopol strongly encourages the United States Congress to enact without delay a fee on carbon based fossil fuels.

Sincerely,

A handwritten signature in black ink, appearing to read 'Una Glass', written over a horizontal line.

Una Glass

Mayor

City of Sebastopol