

**In the Matter of Adopting the Recommendations of
Benton County's Board of Commissioners urging
the United States Congress to Enact the Energy
Innovation and Carbon Dividend Act of 2019**

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, 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 CO₂ 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 CO2 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 CO2 emissions without the need for complex international agreements, and

NOW, THEREFORE, BE IT HEREBY RESOLVED that the County of Benton urges the United States Congress to enact without delay the Energy Innovation and Carbon Dividend Act of 2019, H.R. 763, and

BE IT FURTHER RESOLVED that the County Administrator or County Clerk no later than 30 days after passage of this Resolution, shall transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Majority Leader of the Senate, to each U.S. Senator and Representative from the State of Oregon in the Congress of the United States, and to nearby city and county governments urging that they pass similar resolutions.

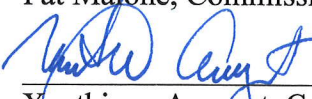
Adopted this 15th day of October, 2019.

Signed this 15th day of October, 2019.

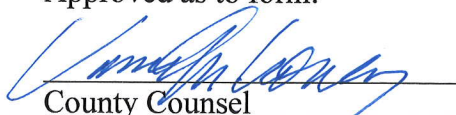
BOARD OF COMMISSIONERS


Annabelle Jaramillo, Chair


Pat Malone, Commissioner


Xanthippe Augerot, Commissioner

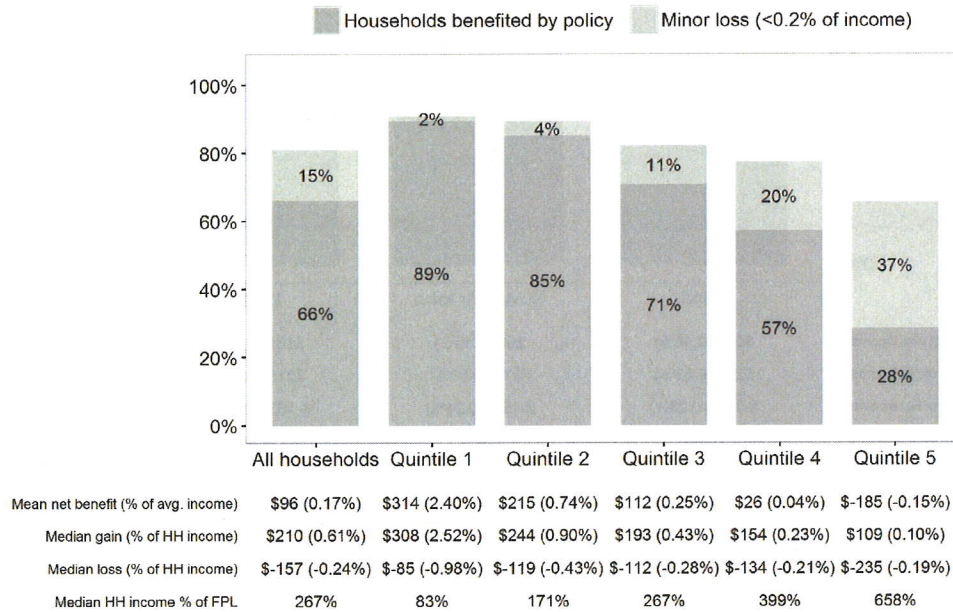
Approved as to form:


County Counsel

H.R. 763, the Energy Innovation and Carbon Dividend Act

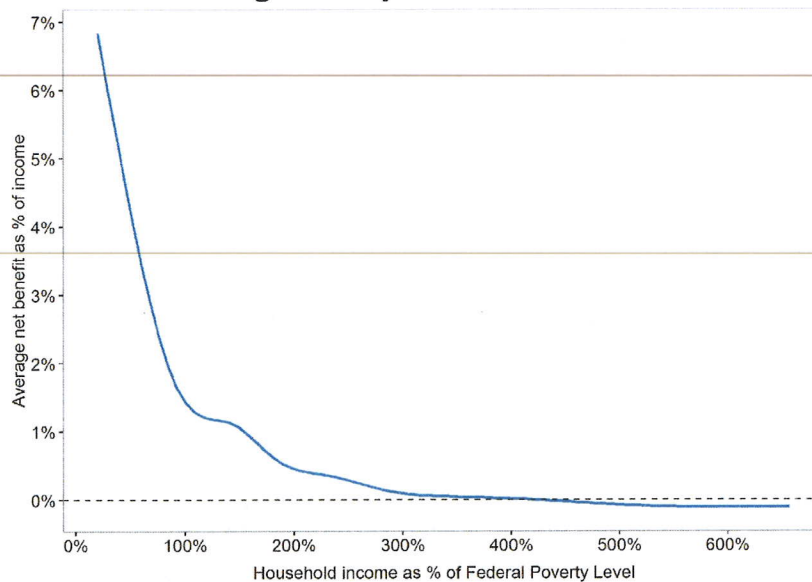
Household impacts of dividends, Congressional District OR-04

Net household dividend by income quintile

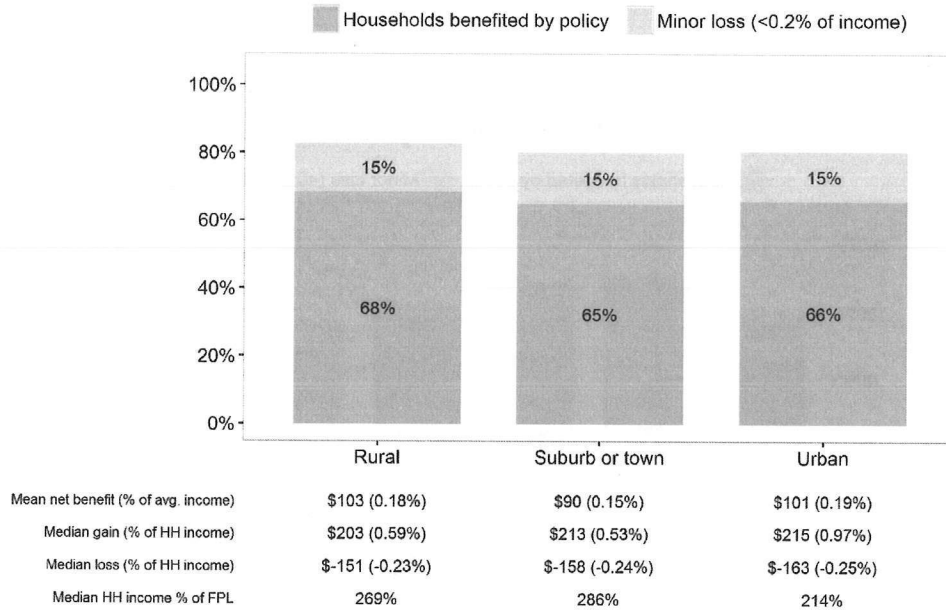


*FPL = federal poverty level

Progressivity of net dividend



Net dividend to rural, suburban, and urban households



All graphs show estimates of Year 1 results and are based on data from "Impact of CCL's Proposed Carbon Fee and Dividend Policy: A High-resolution Analysis of the Financial Effect on U.S. Households," Kevin Ummel, International Institute for Applied Systems Analysis, 2016.

H.R. 763, the Energy Innovation and Carbon Dividend Act Impact of Driving and Income on Net Benefit

How much does driving mileage affect a household's net benefit?

The following table shows the annual net benefit for three representative households during the first year under H.R. 763. All three households are in rural western Oregon and have an annual income of \$30,000. The only difference is the number of miles driven per day: 15, 45, or 120.

Even the household that drives 120 miles per day receives a net benefit from the dividend.

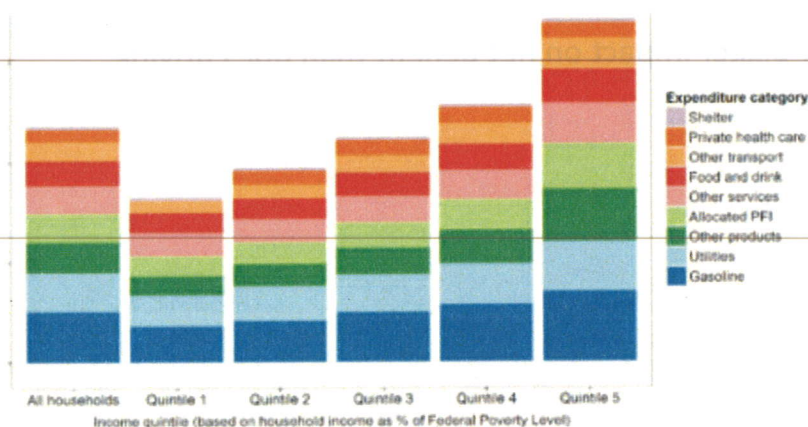
Annual increased costs and net benefit due to a \$15/ton carbon fee and dividend

Miles driven (per day)	Current gasoline expenditure (at \$3.50/gal)	Increased gasoline expenditure due to carbon fee (at \$3.65/gal)	Total increased costs due to carbon fee	After-tax dividend	Net benefit from carbon dividend
	----- (per year) -----				
15	\$1,260	\$54	\$504	\$1,020	\$516
45	\$3,780	\$162	\$648	\$1,020	\$372
120	\$10,080	\$432	\$996	\$1,020	\$24

Dividends are calculated using the Citizens' Climate Lobby carbon dividend calculator (<https://citizensclimatelobby.org/calculator/>¹). Examples are based on two adults, two children, a stand-alone house, two vehicles, an annual household income of \$30,000. All households are in rural western Oregon. Gas mileage is assumed to be 15 mpg, with a starting gas price of \$3.50/gal. The gasoline price increase due to a \$15/ton carbon fee is estimated at \$0.15/gallon. The carbon fee will increase by \$10/ton/year, and dividends are expected to increase for at least the first 10 years.

Why can I drive so much and still receive a net benefit from the dividend?

Driving represents a small portion of carbon consumption (dark blue in the graph below). Far more of our carbon footprint comes from utility costs and from production and delivery of other goods and services.



Energy expenditures by category for Oregon District 4. Source:
"Financial impact on households of carbon fee and dividend"
(<https://citizensclimatelobby.org/household-impact-study/>)

¹The calculator was developed by CCL before the text of H.R. 763 was finalized. It will be updated to accurately reflect the bill's exact provisions as well as newly available data on U.S. energy consumption. Thus, the estimates presented in this paper may change.

What is the greatest determinant of net benefit from the dividend?

Income has the greatest impact on net benefit. The number of miles driven pales in comparison.

The impact of income on net benefit results from two factors: (1) higher-income households have a larger carbon footprint and thus will see a greater cost increase from the carbon fee, and (2) the dividend is taxable, and higher-income households have higher tax rates.

The following table shows the annual net benefit for two representative households during the first year under H.R. 763. The first household is in rural western Oregon, has an annual income of \$30,000, and drives 45 miles per day. The second household is in Corvallis, OR, has an annual income of \$150,000, and drives 15 miles per day.

Although the rural, low-income household drives three times as much as the urban, high-income household, it still receives a greater net benefit.

Impact of household income and driving on annual costs and net benefit of a \$15/ton carbon fee

Household income (per year)	Miles driven (per day)	Total increased costs due to carbon fee	After-tax dividend (per year)	Net benefit from carbon dividend
\$30,000	45	\$648	\$1,020	\$372
\$150,000	15	\$732	\$852	\$120

Dividends are calculated using the Citizens' Climate Lobby carbon dividend calculator (<https://citizensclimatelobby.org/calculator/>). The lower-income household is in rural western Oregon, and the higher-income household is in Corvallis, OR. Gas mileage is assumed to be 15 mpg, with a starting gas price of \$3.50/gal. The gasoline price increase due to a \$15/ton carbon fee is estimated at \$0.15/gallon. The carbon fee will increase by \$10/ton/year, and dividends are expected to increase for at least the first 10 years.

Bottom line

Household income has a far bigger impact on net benefit than does driving.