BEFORE THE BOARD OF COMMISSIONERS
FOR THE STATE OF OREGON, FOR THE COUNTY OF BENTON

In the Matter of Adopting the Recommendations of )
Benton County’s Board of Commissioners urging ) RESOLUTION No. R2019-027
the United States Congress to Enact the Energy )
Innovation and Carbon Dividend Act of 2019 )

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 catastrophic 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 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

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
Xanthishe 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

<table>
<thead>
<tr>
<th>Quintile</th>
<th>Households benefited by policy</th>
<th>Minor loss (&lt;0.2% of income)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All households</td>
<td>66% (2.40%)</td>
<td>34% (0.74%)</td>
</tr>
<tr>
<td>Quintile 1</td>
<td>15% (2.40%)</td>
<td>85% (0.74%)</td>
</tr>
<tr>
<td>Quintile 2</td>
<td>8% (2.40%)</td>
<td>92% (0.74%)</td>
</tr>
<tr>
<td>Quintile 3</td>
<td>4% (2.40%)</td>
<td>96% (0.74%)</td>
</tr>
<tr>
<td>Quintile 4</td>
<td>1% (2.40%)</td>
<td>99% (0.74%)</td>
</tr>
<tr>
<td>Quintile 5</td>
<td>0% (2.40%)</td>
<td>100% (0.74%)</td>
</tr>
</tbody>
</table>

Mean net benefit (% of avg. income)
- All households: $96 (0.17%)
- Quintile 1: $314 (2.40%)
- Quintile 2: $215 (0.74%)
- Quintile 3: $112 (0.23%)
- Quintile 4: $265 (0.04%)
- Quintile 5: $-185 (0.15%)

Median gain (% of HH income)
- All households: $210 (0.81%)
- Quintile 1: $308 (2.52%)
- Quintile 2: $244 (0.90%)
- Quintile 3: $193 (0.43%)
- Quintile 4: $154 (0.23%)
- Quintile 5: $109 (0.10%)

Median loss (% of HH income)
- All households: $-157 (-0.24%)
- Quintile 1: $-85 (-0.99%)
- Quintile 2: $-119 (-0.43%)
- Quintile 3: $-112 (-0.28%)
- Quintile 4: $-134 (-0.21%)
- Quintile 5: $-235 (-0.19%)

Median HH income % of FPL
- All households: 267%
- Quintile 1: 83%
- Quintile 2: 171%
- Quintile 3: 267%
- Quintile 4: 399%
- Quintile 5: 658%

*FPL = federal poverty level

Progressivity of net dividend

Average net benefit as % of income
Net dividend to rural, suburban, and urban households

<table>
<thead>
<tr>
<th>Category</th>
<th>Households benefited by policy</th>
<th>Minor loss (&lt;0.2% of income)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>15%</td>
<td>68%</td>
</tr>
<tr>
<td>Suburb or town</td>
<td>15%</td>
<td>65%</td>
</tr>
<tr>
<td>Urban</td>
<td>15%</td>
<td>65%</td>
</tr>
</tbody>
</table>

Mean net benefit (% of avg. income)
- Rural: $103 (0.18%)
- Suburb or town: $90 (0.15%)
- Urban: $101 (0.19%)

Median gain (% of HH income)
- Rural: $203 (0.59%)
- Suburb or town: $213 (0.53%)
- Urban: $215 (0.97%)

Median loss (% of HH income)
- Rural: $-151 (-0.23%)
- Suburb or town: $-156 (-0.24%)
- Urban: $-163 (-0.25%)

Median HH income % of FPL
- Rural: 269%
- Suburb or town: 266%
- Urban: 214%

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

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

Dividends are calculated using the Citizens’ Climate Lobby carbon dividend calculator (https://citizensclimatelobby.org/calculator1). 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.


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.

<table>
<thead>
<tr>
<th>Household income (per year)</th>
<th>Miles driven (per day)</th>
<th>Total increased costs due to carbon fee</th>
<th>After-tax dividend (per year)</th>
<th>Net benefit from carbon dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30,000</td>
<td>45</td>
<td>$648</td>
<td>$1,020</td>
<td>$372</td>
</tr>
<tr>
<td>$150,000</td>
<td>15</td>
<td>$732</td>
<td>$852</td>
<td>$120</td>
</tr>
</tbody>
</table>

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.