



CONSENT CALENDAR
December 14th, 2021

To: Honorable Mayor and Members of the City Council

From: Councilmember Terry Taplin

Subject: Reaffirming the City Council's Endorsement of a Carbon Fee and Dividend

RECOMMENDATION

Readopt Resolution No. 67,595–N.S urging the United States Congress to enact a national revenue-neutral carbon tax and send a copy of the resolution to Representative Barbara Lee, Senator Dianne Feinstein and Senator Alex Padilla urging them to take action.

BACKGROUND AND RATIONALE FOR RECOMMENDATION

In June of 2016, the City Council adopted a resolution calling on the United States Congress to enact a revenue-neutral tax on carbon-based fossil fuels.¹ This year, the Democratic Party took control of both chambers of Congress for the first time since 2011, making the passage of legislation on carbon fees and dividends possible for the first time since the City Council passed its resolution more than five years ago.

As proposed by the Citizens' Climate Lobby, carbon fees are "fees collected for the cost of burning fossil fuels; the dividends are the fees collected (minus administrative costs) and returned to Americans to spend as they see fit."² Under the status quo, the financial costs incurred for burning fossil fuels is incredibly low compared to the costs climate change will incur on the entire world. This policy is a financial mechanism to make it so that the economic costs of burning fossil fuels more closely reflect the true cost of each metric ton of carbon emissions for our planet and species. While not a fix-all for climate change, a carbon fee and dividend would function as one mechanism among the many that must be pursued to bring fossil fuel emissions to zero as soon as possible.

With President Biden in the White House and slim Democratic majorities in the House and Senate, the window for ambitious climate legislation may be closing after the 2022 midterms. While not impossible, Democrats in Congress cannot rely on retaining both chambers through President Biden's term and must pass climate change legislation like a carbon fee and dividend as soon as possible.

¹https://www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_Commissions/Commission_for_Energy/EC%202016-05-25_Item%209b_Carbon%20Tax%20Reso.pdf

² <https://citizensclimatelobby.org/basics-carbon-fee-dividend/>

ENVIRONMENTAL SUSTAINABILITY

The goals of a national carbon tax is to accelerate the reduction of carbon emissions and transition to a green economy are consistent with the goals of Berkeley's Climate Action Plan.

FISCAL IMPACTS

None.

CONTACT

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ATTACHMENTS

1. Resolution No. 67,595–N.S

RESOLUTION NO. 67,595-N.S.

RESOLUTION URGING THE UNITED STATES CONGRESS TO ENACT A REVENUE
NEUTRAL CARBON TAX

WHEREAS, the average surface temperature on Earth has been increasing steadily, with the ten warmest years ever recorded all occurring since 1998; and

WHEREAS, climate scientists overwhelmingly agree that an increase in greenhouse gases in the atmosphere—carbon dioxide (CO₂) in particular—is causing the increase in global temperature; and

WHEREAS, humans burning carbon-based fossil fuels— coal, oil, and natural gas—is the primary cause of the substantial and continuing increase of CO₂ in the atmosphere; and

WHEREAS, in May, 2013, the global atmospheric concentration of CO₂ reached 400 parts per million—the highest level in the last 800,000 years; and

WHEREAS, it's predicted that by 2100 average global temperature will be 2°F to 11.5°F higher than now depending on the level of future greenhouse gas emissions; and

WHEREAS, climate change caused by global warming-related greenhouse gas emissions including CO₂ already is leading to large-scale problems including ocean acidification and rising sea levels; more frequent, extreme, and damaging weather events such as heat waves, storms, heavy rainfall and flooding, and droughts; more frequent and intense wildfires; disrupted ecosystems affecting biodiversity and food production; and an increase in heat-related deaths; and

WHEREAS, we are approaching a dangerous threshold whereby, if it is crossed, humans will no longer be able to influence the course of future global warming, as tropical forests, peat bogs, permafrost and the oceans switch from absorbing carbon to releasing it; and

WHEREAS, the relentless increase in global atmospheric CO₂ concentration shows that broader, more powerful policies are needed to supplement local and regional efforts to reduce emissions; and

WHEREAS, burning fossil fuels also has embedded human health costs from releasing pollutants that cause lung disease, respiratory illnesses, and cancer; and

WHEREAS, presently the environmental, health, and social costs of CO₂ 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, the United States Congress can enact a national carbon tax on fossil fuels, based on the amount of CO₂ the fuel will emit when burned; and

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

WHEREAS, a national carbon tax starting at a relatively low rate and increasing steadily over future years is a market-based solution that designed to minimally disrupt the economy while sending a clear and predictable price signal to businesses to develop and use non-carbon-based energy resources; and

WHEREAS, a national carbon tax would incentivize manufacturers, businesses, and consumers throughout the economy to produce and use less fossil fuel, and would spur investment in and deployment of clean energy resources and energy efficient processes, without favoring any particular technology, and would thereby reduce CO₂ emissions to the atmosphere; and

WHEREAS, job creation from development of clean energy and energy efficiency businesses would expected to exceed job creation from further development of fossil fuel businesses; and

WHEREAS, according to Citizen's Climate Lobby if 100% of carbon tax revenue is returned to households in equal shares, approximately two-thirds of Americans will break even or come out ahead, as their dividends match or exceed direct and indirect price increases due to the tax, protecting lower and middle income households; and

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

WHEREAS, a national carbon tax may be implemented quickly and efficiently, and 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 tax, and already collects taxes from fossil fuel producers and importers; and

WHEREAS, a national carbon tax could make the United States a leader in mitigating climate change and in the clean energy technologies of the 21st Century, and would incentivize other countries to enact similar carbon taxes, reducing global CO₂ emissions without the need for complex international agreements; and

WHEREAS, the goals of a national carbon tax to reduce CO₂ emissions and transition to a green economy are consistent with state and local programs designed to mitigate climate change, such as California's AB32 and Berkeley's Climate Action Plan and

WHEREAS, the market incentive provided by a steadily rising national carbon tax implemented in 2015 may result in significant and increasing near-term reductions in overall U.S. CO2 emissions, and thereby helping Berkeley to meet or exceed its own goals; and

WHEREAS, continued widespread use of fossil fuels and global climate change pose a present and growing risk to the health and welfare of Berkeley residents and to its economy, and a U.S. national, revenue-neutral carbon tax will significantly mitigate those risks and promote health and prosperity in our City, our region, and the world.

NOW THEREFORE, BE IT RESOLVED that the Berkeley City Council urges the United States Congress to enact without delay a revenue-neutral tax on carbon-based fossil fuels.

BE IT FURTHER RESOLVED that the tax should be collected once, as far upstream in the economy as practical, or at the port of entry into the United States; and, be it

BE IT FURTHER RESOLVED that the tax rate should start low and increase steadily and predictably, to achieve the goal of reducing U.S. CO2 emissions to 10% of 1990 levels by 2050; and, be it

BE IT FURTHER RESOLVED, that all tax revenue should be returned to households to protect low and middle income Americans from the impact of rising prices due to the tax; and, be it

BE IT FURTHER RESOLVED, that the international competitiveness of U.S. businesses should be protected by using border tariffs and tax refunds.