



Office of the City Clerk

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Legislation Text

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Resolution Calling for Support of National Carbon Fee and: Dividend Legislation:

WHEREAS, the costs of climate change-including destabilized weather and extreme weather events, rising sea levels, and health impacts-now pose a substantial threat to the health, prosperity, and security of Chicagoans and all Americans; and

WHEREAS, the City of Chicago recognizes that rising carbon emissions are exposing and will continue to expose Chicagoans to the risks of increasingly extreme heat in the summers, heavier rainstorms, more frequent and severe flooding, and stresses on the public health and economy; and

WHEREAS, presently, the environmental, health and social costs of carbon emissions are not included in the price of fossil fuels, but rather these externalized-costs are borne by all Chicagoans, Americans, and the world's citizens; and

WHEREAS, Chicago and cities across the country have pledged to uphold the Paris Agreement committing to aid in limiting the increase in global temperature to below 2 degrees Celsius above pre-industrial levels; and

WHEREAS, economists overwhelmingly support a "carbon tax" or "carbon fee" as the most effective, most efficient way to reduce emissions, and sound economic policy in its own right.

WHEREAS, Carbon Fee & Dividend will place a fee on fossil fuels at the source (the well, mine or port of entry), beginning at \$15 per metric ton of CO₂ equivalent emissions, and steadily increase annually at the rate of \$10 per metric ton; and

WHEREAS, all revenues so collected will be returned to American households on a per capita basis as a monthly dividend, more than offsetting any increased costs of carbon-based products in most American households; and

WHEREAS, a border adjustment will assess a fee or rebate on goods traded with foreign countries which do not establish a comparable price on carbon emissions, thus protecting American businesses from foreign businesses who do not incur the costs of carbon pricing measures; and

WHEREAS, Carbon Fee & Dividend legislation would create jobs, grow the economy, save lives, and reduce greenhouse gas emissions; and

WHEREAS, Carbon Fee & Dividend is consistent with and in several instances facilitates the realization of the goals of the Sustainable Chicago Action Agenda; and

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

WHEREAS, a national carbon tax, levied at the point of extraction (well, mine, or port of entry), need only be collected once and is transparent and simple by design; and

WHEREAS, a national carbon tax would 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 carbon emissions without the need for complex international agreements; now, therefore

BE IT RESOLVED, that the City Council of the City of Chicago, assembled this eighth day of October, 2017, do hereby call upon the United States Congress to pass legislation creating a national Carbon Fee & Dividend system to cut carbon emissions and mitigate climate change, and urges the United States Congress to adopt Carbon Fee & Dividend as a sound and effective policy. j

APPENDIX A

To the City of Chicago Resolution in Favor of National Carbon Fee & Dividend Legislation Findings:

1. Causation: there is a consensus among climate scientists^{1,2}, domestic and international science bodies such as the National Academy of Sciences, the International Panel on Climate Change, the American Meteorological Society, The Geological Society of America, the American Chemical Society, the American Physical Society, and several other scientific bodies, that greenhouse gas emissions from human activities such as burning fossil fuels are driving the current rise in global temperatures and the associated climatic change³,
2. Mitigation: the weight of the scientific evidence indicates that business-as-usual will not lead to reductions in greenhouse gas emissions^{4,5}, and scientists and economists have reached an agreement that an "upstream" tax or fee on carbon pollution is desirable to reduce emissions⁶⁻⁹,
3. *Endangerment: further Increases in global temperatures pose substantial dangers to human health¹⁰, the natural environment¹¹, the economy¹²⁻¹⁵, national security, and an unacceptable risk of medium and long-term future harm¹⁷,*
 - a. Climate change caused by global-warming-related greenhouse gas emissions including CO₂ is already leading to large-scale problems including 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 deaths¹⁸; and
 - b. We are potentially approaching or are currently passing several climate tipping points, including, unstoppable ice melt leading to irreversible sea level rise^{19,20}, methane release and runaway, warming from melting permafrost²¹ and ocean-hydrate emancipation²², rainforest dieback, etc.²³; and
4. Local effects: of climate change: Overall, the effects of climate change on the Chicago area are expected to be negative²⁴. The following effects of climate change are likely to occur in the absence of major action to reduce greenhouse gas emissions:

- a. Mortality similar to the 1995 Chicago heat wave is expected to be the new norm for annual heat wave-related deaths in Chicago²⁵,
- b. Surface ozone levels in Chicago are expected to increase^{26,27}, worsening air quality and exacerbating breathing problems like emphysema, bronchitis, and asthma, especially in children,
- c. Greater variability in Chicago area water quality²⁸,
- d. An increased frequency of heavy rainfall and flooding with the potential to damage buildings, roads, bridges, and rail systems²⁴,

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- e. Coastline erosion leading to property damage and loss²⁴,
 - f. Species loss and increased susceptibility to invasive species like the gypsy moth and kudzu²⁹,
 - g. Increased exposure to allergens like Ragweed³⁰ which exacerbate costly medical conditions such as rhinitis and asthma, common in the Chicago area.
5. The present costs of fossil fuels are externalized: presently the environmental, health, and social costs of CO₂ emissions are not included in prices of fossil fuels, but rather these externalized costs are borne directly and indirectly by all Americans and global citizens; and
 6. Co-benefits: the measures proposed in this legislation will benefit the economy, human health, the environment, and national security, even before consideration of global temperatures, by correcting market distortionSi reducing non-greenhouse gas pollutants, reducing the outflow; of dollars to oil-producing countries, and Improving energy security for the United States³¹,
 7. Benefits of Carbon Fees: phased-in carbon fees on greenhouse gas emissions are (1) the most efficient, transparent, and enforceable mechanism to drive an effective and fair transition to a domestic energy economy, (2) will stimulate investment in alternative-energy technologies, and (3) will give all businesses powerful incentives, to increase their energy efficiency and reduce their carbon footprints in order to remain competitive³¹;
 8. Equal: monthly per-person dividend- monthly dividends from carbon fees paid equally to every American household will cushion the poor and middle class against rising costs^{17,31"33A} stimulate the American economy^{31,34}, and help ensure that families and individuals can afford greenhouse-gas-free energy,

Therefore the National Carbon Fee & Dividend Act contains the following elements:

1. Collection of Carbon Fees / Carbon Fee/Trust Fund: The Act would impose a carbon fee on all fossil fuels and other greenhouse gases at the point where they first enter the economy. The fee shall be collected by the Treasury Department. The fee on that date shall be \$15/ton CO₂-equivalent emissions and result in equal charges for each ton of CO₂-equivalent emissions potential in each type of fuel or greenhouse gas. The Department of Energy shall propose and promulgate regulations setting forth CO₂-equivalent fees for other greenhouse gases including at a minimum methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons, (HFCs), perfluorocarbons, and nitrogen trifluoride. The Treasury shall also collect the fees imposed upon the other greenhouse gases. Net fees are to be placed in the Carbon Fees Trust Fund and can be rebated 100% to American households as outlined below.
2. Emissions Reductions-Targets: To align U.S. emissions with the physical constraints identified by the Intergovernmental Panel on Climate Change (IPCC) to avoid irreversible climate change, the yearly increase in carbon fees including other greenhouse gases shall be at least \$10 per ton of CO₂-equivalent each year. Annually, the Department of Energy shall determine whether an increase larger than \$10 per ton per year is needed to

achieve program goals. Yearly price increases of at least \$10 per

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ton per year shall continue until total U.S. CO₂-equivalent emissions have been reduced to 10% of U.S. CO₂-equivalents in 1990.

3. Equal Per-Person Monthly Dividend Payments: Equal monthly per-person dividend payments shall be made to all American households (1/2 payment per child under 18 years old, with a limit of 2 children per family) each month. The total value of all monthly dividend payments shall represent 100% of the total carbon fees collected each month.
4. Border Adjustment: In order to ensure that U.S.-made goods can remain competitive at home and abroad and to provide an additional incentive for international adoptions of carbon fees, Carbon-Fee-Equivalent Tariffs shall be charged for goods entering the U.S. from countries without a comparable Carbon Fees/Carbon Pricing. Carbon-Fee-Equivalent Rebates shall be used to reduce the price of exports to such countries and to ensure that U.S. goods can remain competitive in those countries. The Department of Commerce will determine rebate amounts and exemptions, if any.

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R2017-915

Subject-^{u,s}- National Carbon Fee & Dividend System

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