

- Distribute 100% of the proceeds (minus administrative costs) back to US households on a per-capita basis.
- Discourage businesses from relocating where they can emit more CO2 and motivate other countries to adopt similar carbon pricing policies through border adjustment and import fees or rebates.

The CF&D program is a fee, not a tax, and would not create more regulations or government agencies/staff. It is designed to be an efficient, transparent, and enforceable mechanism to transfer to domestic energy production, stimulate alternative energy growth, and give all businesses an incentive to become energy efficient. For these reasons, it is often seen as being able to gain bi-partisan support, especially in bodies such as the Climate Solutions Caucus in the US House of Representatives, consisting of 31 Democrats and 31 Republicans, of which Congressman Jimmy Panetta is a member. Some form of the CF&D program has already been supported by roughly 60 municipalities across the country, including the City of Monterey, the City of Marina, and the City of Santa Cruz.

Because the CF&D program will impact all US households by collecting fees on the purchase of fossil fuels and redistributing the proceeds on a per-capita basis, an analysis was conducted to gauge the net financial impacts on US households. A working paper published by the International Institute for Applied Systems Analysis (Attachment A) produced the following results:

- 53% of all US households and 58% of individuals receive a net financial benefit resulting from the CF&D program. Meaning, annually they receive more money in dividends than what they spent on fees.
- A net positive financial impact was concentrated among households considered to be “most vulnerable” (households with lower income, the youngest and oldest age groups, and minorities).
- Though households with higher incomes generally experience a net loss in this study, the negative impact would be minimal.

Additionally, a study specifically for the Monterey Bay region (Congressional District 20) was conducted (Attachment C) in conjunction with the US study. The District 20 study shows a net positive financial benefit for households of low to moderate income, as well as for minority groups. An independent study of the CF&D Program by Regional Economic Models, Inc. (REMI) concluded that in 30 years, the CF&D program could result a 50% reduction of carbon emissions below 1990 level throughout the US and the addition of 2.8 million jobs to the American economy.

Based on this information, staff is recommending the Alternative Energy and Environment Committee recommend staff to bring the attached resolution requesting the United States Congress pass legislation creating a Carbon Fee and Dividend Program to the Legislative Committee for consideration to go before the Board of Supervisors.

OTHER AGENCY INVOLVEMENT:

None

FINANCING:

The recommendation to receive this presentation will not result in additional general fund impacts.

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Attachments:

- A) Legislative proposal: Carbon Fee and Dividend
- B) US Financial Impact Analysis
- C) District 20 Financial Impact Analysis
- D) Draft Resolution