Passed 8-0

RESOLUTION 17-13

URGING THE UNITED STATES CONGRESS TO ENACT REVENUE-NEUTRAL CARBON FEE AND DIVIDEND LEGISLATION

WHEREAS, climate scientists widely accept that human activity is radically reshaping our global climate;[1] and

WHEREAS, the most marked of these anthropogenic changes is ever-increasing global temperatures; and

WHEREAS, according to the Intergovernmental Panel on Climate Change (IPCC), "it is *extremely likely* that human influence has been the dominant cause of the observed warming since the mid-20th century;"[2] and

WHEREAS, global average temperatures are now approximately one degree centigrade above values in the mid-20th century;[3] and

WHEREAS, as documented by NASA, most of the warming has occurred in the past 35 years, with 16 of the 17 warmest years occurring since 2001;[4] and

WHEREAS, 2016 was the warmest year on record;[5] and

WHEREAS, the fallout of warming temperatures is systemic: it has implications not only for weather, but also for ecosystem integrity, human health, and economic activity:

- Globally, oceans are becoming more acidic; sea levels are rising; weather events are becoming more frequent and more extreme; wildfires are becoming more frequent and extreme; ecosystems are disrupted, affecting biodiversity and food production; and, more of the globe's inhabitants -- especially those in poorer regions -- are dying of heat-related deaths; and
- In the Midwest, scientists predict that due to the rate of climate change:
  - the composition of regional forests will change as tree species are driven northward; and
  - the critical role of the region's forests as carbon sinks is at risk from disruptions to forest ecosystems; and
  - human health will be impaired due to increased heat wave intensity and frequency, increased humidity, degraded air quality, and degraded water quality; and
  - economic health will be impaired as the region experiences more crop failures and reduced yields. Additionally, the regional reliance on fisheries, recreation, and tourism tied to the Great Lakes and expansive forests all face pressure exacerbated by climate change;[6]

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[1] Hartmann, D.L., A.M.G. Klein Tank, M. Rusticucci, L.V. Alexander, S. Brönnimann, Y. Charabi, F.J. Dentener, E.J. Dlugokencky, D.R. Easterling, A. Kaplan, B.J. Soden, P.W. Thorne, M. Wild and P.M. Zhai, 2013: Observations: Atmosphere and Surface. In: *Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change* [Stocker, T.F., D. Qin, G.-K. Plattner, M. Tignor, S.K. Allen, J. Boschung, A. Nauels, Y. Xia, V. Bex and P.M. Midgley (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.

[2] IPCC, 2013: Summary for Policymakers. In: *Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*, p. 17 [Stocker, T.F., D. Qin, G.-K. Plattner, M. Tignor, S.K. Allen, J. Boschung, A. Nauels, Y. Xia, V. Bex and P.M. Midgley (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.

[3] *Global Temperature, Latest Annual Average: 2016.).* NASA Goddard Institute for Space Studies. Dataset accessed 15 February 2017 at http://climate.nasa.gov/vital-signs/global-temperature/.

[4] GISTEMP Team, 2017: *GISS Surface Temperature Analysis (GISTEMP).* NASA Goddard Institute for Space Studies. Dataset accessed 11 February 2017 at https://data.giss.nasa.gov/gistemp/.

[5] *Id.*

[6] National Climate Assessment, *Climate Change Impacts in the United States, 2014, Midwest (2014),* accessed 08 February 2017, http://nca2014.globalchange.gov/report/regions/midwest.

- In Indiana, the weather of extremes triggered by climate change have become ever-more prevalent in recent history:
    - In December 2004, the state experienced one of the worst snowfalls on record, when more than 20 inches fell across the southern part of the state, shutting down airports and interstates, stranding holiday travelers, killing 5 people, and resulting in a state of emergency for 50 counties;
    - In June 1990, Indiana experienced its largest tornado outbreak, when 37 tornados occurred;
    - In 2007, unusually warm March weather followed by a hard freeze in April devastated much of the state's fruit crops, resulting in an agricultural loss of $48 million;
    - In 2012, the state experienced one of the worst droughts on record, with 70% of the state in extreme drought, resulting in major damage to crops, particularly in the southern third of the state;
    - In the summer of 2015, Indiana experienced historic levels of rainfall followed by flooding that exceeded the flood carrying capacity of three reservoirs since they were built in the late 1960s;
    - Rapid increases in Lake Michigan have followed in short succession from historic lows;
    - Extreme heat, extreme precipitation, and the likelihood of extreme droughts (due to increased evaporation) are all projected to increase;[7]and

WHEREAS, climate scientists overwhelmingly agree that an increase in greenhouse gases in the atmosphere – carbon dioxide (CO_2) in particular – is causing the increase in global temperature; and

WHEREAS, the burning of carbon-based fossil-fuels – coal, oil, and natural gas – is the primary cause of the substantial and continuing increase of CO_2 in the atmosphere; and

WHEREAS, in May 2013, the global atmospheric concentration of CO_2 reached 400 parts per million – the highest level in the last 800,000 years;[8] and

WHEREAS, it is predicted that by 2100, the global temperature will be one to six degrees centigrade higher than present temperatures, depending on the level of future greenhouse gas emissions;[9] and

WHEREAS, conservative estimates by the IPCC state that to achieve climate stabilization and avoid cataclysmic climate change, global reductions in greenhouse gasses of 50-85% below 2000 levels are needed by 2050; [10] and

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[7] NOAA, State Summaries, *supra* note 2.

[8] World Meteorological Association, Greenhouse Gas Bulletin: The State of Greenhouse Gasses in the Atmosphere Based on Global Observations Through 2014, No. 11 (2015), accessed 08 February 2017, http://library.wmo.int/opac/index.php?lvl=notice_display&id=19011.

[9] IPCC, Working Group III Contribution of the *IPCC Fourth Assessment Report, Climate Change 2007: Mitigation of Climate Change, Summary for Policy Makers*, 2007.

[10] *Id.*

WHEREAS, the City of Bloomington has a strong and sustained commitment to protecting the health and integrity of our shared environment:

- In 1971, the City established the Environmental Commission;
- In 2006, the City indicated its support the Kyoto Protocol, the Mayor signed the *Mayor's Climate Protection Agreement*, and the Commission issued its *Greenhouse Gas Reduction Plan*;
- In 2009, the City passed the City's Green Building Ordinance, the Council's Peak Oil Task Force issued its *Redefining Prosperity* report, and the Commission issued its first Greenhouse Gas Inventory;
- And, this year the Commission published the *Bloomington Environmental Action Plan,* a plan for reducing local greenhouse gas emissions by 17% from 2014 levels by 2020; and

WHEREAS, while local efforts to reduce our carbon footprint are necessary, alone, they are not sufficient to address climate change; and

WHEREAS, the failure of the world's nations to ratify the Kyoto Protocol or any other meaningful climate regulations, paired with the escalating effects of climate change, calls for a swift and substantial shift away from fossil fuel consumption; and

WHEREAS, at present, the true environmental, health, and social costs of consuming fossil fuels is not reflected in the price of fuel – they are hidden and they are borne directly and indirectly by all U.S. and global citizens; and

WHEREAS, to correct for this market failure, Congress should make these costs explicit by attaching a fee to fossil fuels based on the amount of CO_2 the fuel will emit when burned; and

WHEREAS, fees associated with the consumption of fossil fuels should be returned to families in the form of dividends; and

WHEREAS, for efficient administration, fees on fossil fuels should be assessed once, as far upstream in the economy as practical (such as a well or a mine), or at the port of entry into the United States; and

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

WHEREAS, the fee would be levied on the same basis on all businesses; for that reason, the fee would be fair to all businesses and would be easier to administer than alternatives, such as cap and trade; and

WHEREAS, the fee would incentivize both individuals and the market to replace consumption of carbon-based energy with sustainable energy sources; and

WHEREAS, the fee would spur innovation not only in energy production, but in the other everyday areas in which energy is consumed, such as automobiles, mass transit, building design and construction, water heating, lighting, and air conditioning; and

WHEREAS, in 2014, Regional Economic Models, Inc. conducted a nation-wide macroeconomic study on the impact of a revenue-neutral fee and found that a fee of $10 per metric ton of CO_2 emissions or equivalents starting in 2016 and increasing at $10 per year would have the following benefits:

- a 33% decrease from baseline CO_2 emissions (assuming "business as usual") by 2025 and a 52% decrease from baseline in 2035;
- the creation of 2.1 million jobs by 2025 and 2.8 million jobs by 2035 (relative to a "business as usual" use of fossil fuels);

- increasing monthly dividend checks to all American households: in 2025, the dividend check for a family of four would be $288/month ($3,456/year); by 2035, a family of four would receive a dividend check of $396/month ($4,752/year);
- Gross Domestic Product would increase $70-$85 billion from 2020 on, with a cumulative increase of $1.375 trillion (relative to a "business as usual" use of fossil fuels);
- total revenue from the carbon fee would be up to $600 billion by the 2030s;
- the avoidance of 230,000 premature deaths by 2035 due to reduction in air pollutants that often accompany carbon emissions;[11] and

WHEREAS, if 100% of carbon fee revenue is returned to households in equal shares, approximately two-thirds of Americans will break even or come out ahead; and

WHEREAS, subsequent analyses of Indiana and Indiana's Ninth Congressional District document that Hoosier and Ninth District households in the lowest income quintiles stand to benefit the most from a carbon dividend;[12] 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 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, the Paris Agreement expresses as its goal to hold the increase in global average temperature to well below two degrees centigrade above pre-industrial levels, a goal that requires sharp reductions in greenhouse gas emissions by all signatories, including the United States; and

WHEREAS, continued widespread use of fossil fuels and global climate change pose a present and growing risk to the health, welfare, and safety of Bloomington residents and a national revenue-neutral carbon fee will significantly mitigate those risks and promote health and welfare in our City, our region, and the world.

NOW, THEREFORE BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. The City of Bloomington urges the United States Congress to enact without delay a fee on carbon-based fossil fuels.

SECTION 2. The fee should be collected once, as far upstream in the economy as practical, or at the port of entry into the United States.

SECTION 3. The fee should start low and progressively and predictably increase to achieve the goal of reducing U.S. CO_2 emissions and equivalents to 10% of 1990 levels.

SECTION 4. All fee revenue should be returned to households to protect low and middle income Americans from the impact of rising prices due to the fee.

SECTION 5. The international competitiveness of U. S. businesses should be protected by using border tariffs and tax refunds.

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[11] Nystrom, Scott and Patrick Luckow, *The Economic, Climate, Fiscal, Power, and Demographic Impact of a National Fee-and-Dividend Carbon Tax*, Regional Economic Models (REMI) and Synapse Energy Economics (Synapse), 09 June 2014.

[12] Ummel, Kevin, "Impact of CCL's Proposed Carbon Fee and Dividend Policy: A High-Resolution Analysis of the Financial effect on U.S. Households," International Institute for Applied Systems Analysis Working Paper, 01 April 2016.

SECTION 6. The Bloomington City Council directs the Clerk to send a copy of this resolution to our U.S. Congressional Delegation and to the U.S. President.

PASSED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 1 day of March, 2017.

SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 2 day of March, 2017.

NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 2d day of March, 2017.

JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This resolution is sponsored by Councilmembers Mayer and Rollo and calls for federal legislation establishing a carbon fee and dividend system as a means of revealing the otherwise hidden costs associated with the burning and use of fossil fuels. The resolution documents rising global temperatures and the systemic social, economic, and environmental effects of climate change on both the local and global levels. The document holds that a carbon fee should be assessed as far upstream as possible and that such fee should start low and progressively increase to achieve the goal of reducing U.S. CO_2 emissions and equivalents to 10% of 1990 levels. The resolution also holds that all fee revenue should be returned to households in the interest of protecting low- and middle-income residents from the impact of rising prices. The resolution directs the City Clerk to send a copy of the resolution to our Congressional Delegation and to the U.S. President.

Distributed to: Mayor, Clerk, Council Administrator, Legal, U.S. Congressional Delegation, U.S. President