


# REPORT OF THE CHIEF LEGISLATIVE ANALYST

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DATE: February 28, 2019

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso  Council File No: 19-0002-S31  
Chief Legislative Analyst Assignment No.: 19-02-0183

SUBJECT: Resolution (Buscaino – Blumenfield) to SUPPORT H.R. 763 (Deutch) relative to the creation of a Carbon Dividend Trust Fund

CLA RECOMMENDATION: Adopt Resolution (Buscaino – Blumenfield) to include in the City's 2019-2020 Federal Legislative Program SUPPORT for H.R. 763 (Deutch) which seeks to create a Carbon Dividend Trust Fund in order to encourage market-driven innovation of clean energy technologies, and market efficiencies, to effectively reduce harmful pollution derived from carbon and greenhouse gas emissions.

SUMMARY:

Resolution (Buscaino – Blumenfield), introduced on February 13, 2019, states that the United Nation's Intergovernmental Panel on Climate Change warned that without near and immediate drastic action to curtail the rise of carbon and greenhouse gas emissions, life on the planet faces a dire future. Failing to curtail this threat would result in severe weather patterns, worsening droughts, flooding and rising sea levels.

The Resolution states that H.R. 763 (Deutch), introduced January 24, 2019, seeks to create a Carbon Dividend Trust Fund in order to encourage market-driven innovation of clean energy technologies to reduce carbon and greenhouse gas emissions in order to provide a healthier, more stable, and prosperous Nation.

The Resolution notes that H.R. 763 would place a fee on fossil fuels like coal, oil, and gas. The fee would start low and grow over time, driving down greenhouse gas emissions as the business sector and consumers move toward cleaner options. The funds collected from the carbon fee would be allocated in equal shares to the public, helping low and middle income people.

The Resolution concludes that H.R. 763 would make markets more efficient, create jobs, innovation, and address the Nation's environmental challenges. Therefore, the Resolution requests that the City support H.R. 763.

BACKGROUND:

Sponsors of the H.R. 763 indicate that the measure would help reduce carbon pollution in the United States by up to 45% by 2030, with an over 90% reduction by 2050. They maintain that this would be achieved by pricing carbon at \$15 per metric ton; and increasing the price by \$10 every year. The sponsors believe that the increasing carbon tax rate would serve to spur energy sector innovation. The innovation would ultimately transition the energy sector away from carbon sources into cleaner renewable sources.

The City has a long history of supporting carbon and greenhouse gas emission reduction efforts and programs. During the last two decades, the City's Department of Water and Power (DWP) has been aggressively transitioning its energy production from carbon-based resources to renewable resources such as wind, solar, geothermal, biomass, and small hydroelectric power.

In 2016, the DWP achieved a 29% clean energy/renewable portfolio standard (RPS), surpassing the State legislated requirement of 25% renewable energy. Currently, the DWP is on track to exceed the next state legislated milestone of 33% by 2020. The DWP plans to obtain 50% RPS by 2025; and 55% RPS by 2030.

In 2017, the City launched the 100% Renewable Energy Study to determine what investments should be made to achieve a 100% RPS. The study is being developed with input from the 100% Renewable Energy Advisory Group consisting of technical experts, research universities, commercial/residential customers, government officials and community interest groups.

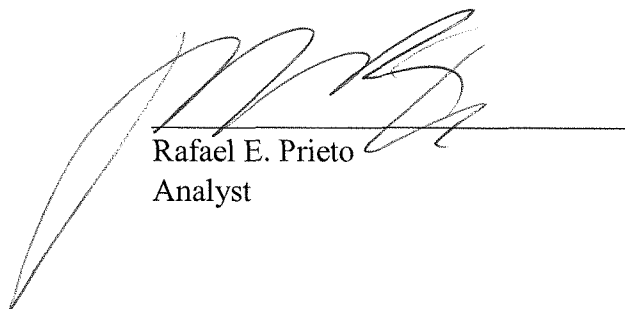
DEPARTMENTS NOTIFIED:

Department of Water and Power

BILL STATUS:

1/24/19

Referred to the House Committee on Ways and Means



Rafael E. Prieto  
Analyst

Attachment(s): 1. Resolution (Buscaino – Blumenfield)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the United Nation's Intergovernmental Panel on Climate Change warned that without near and immediate drastic action to curtail the rise of carbon and greenhouse gases in the atmosphere, life on the planet faces a dire future; and

WHEREAS, failing to curtail carbon and greenhouse gases would result in severe weather patterns, worsening droughts, flooding and rising sea levels; and

WHEREAS, H.R. 763 (Deutch), introduced January 24, 2019, seeks to create a Carbon Dividend Trust Fund in order to encourage market-driven innovation of clean energy technologies and market efficiencies to reduce harmful pollution and provide a healthier, more stable, and prosperous Nation; and

WHEREAS, the measure seeks to place a fee on fossil fuels like coal, oil, and gas; the fee starts low and grows over time, driving down carbon pollution as energy firms, industries, and consumers move toward cleaner options; and

WHEREAS, the funds collected from the carbon fee will be allocated in equal shares to the public, helping low and middle income people; and

WHEREAS, H.R. 763 will make markets more efficient, create jobs, stimulate competition, innovation, and address our Nation's environmental challenges:

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 Federal Legislative Program SUPPORT for H.R. 763 (Deutch) which seeks to create a Carbon Dividend Trust Fund in order to encourage market-driven innovation of clean energy technologies and market efficiencies to effectively reduce harmful pollution derived from carbon and greenhouse gases.

PRESENTED BY: Joe Buscaino  
JOE BUSCAINO  
Councilmember, 15<sup>th</sup> District

SECONDED BY: [Signature]

ORIGINAL

FEB 13 2019

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