IMPLEMENTING CARBON PRICING AT THE MUNICIPAL LEVEL

CLIMATE XCHANGE

In the face of rapidly-worsening climate change and a federal administration that abhorrently denies its existence, activists have fervently campaigned for carbon pricing at the state level. The effects of this movement have been widespread; carbon pricing legislation has been introduced in more than 15 US states, with campaigns beginning to mobilize in more than 25. Climate advocates must continue to push for a carbon price in any possible avenue. While Climate XChange is most focused on doing so at the state level, opportunities for pricing pollution also exist in towns and cities. The following training materials should be utilized in the advocacy for carbon pricing at the municipal level.

I. WHY PUSHING FOR MUNICIPAL CARBON PRICING IS WORTHWHILE

Climate XChange is primarily focused on providing support for state-level carbon pricing campaigns. In dozens of states, significant political opportunity exists and legislative campaign is mounting. Our State Carbon Pricing Network provides research support, media coverage, and advocacy assistance to states where momentum for carbon pricing is building, including Massachusetts, Maryland, New Mexico, Maine, New Hampshire, New Jersey, and Connecticut, among others.

However, often overlooked in the carbon pricing conversation are municipalities. Many cities, towns, and counties have the political potential to enact strong climate legislation and impose an economy-wide fee on pollution, but little has been done to promote and support these efforts.

It's undeniable that instituting a statewide carbon fee in a high-emitting, populated state like Texas would have a monumentally bigger impact than passing a carbon price that applies solely to, say, a small Nebraskan town. But this fact is not a sweeping indication that state-level carbon pricing is always consequential, and municipal-level is not. Chicago, for example, is responsible for 33 million tons of annual carbon emissions, most of it coming from the building and transportation sectors. This emission level is higher than that of more than 10 states, so establishing a carbon price in a city like Chicago would be impactful.

Below are three reasons why you should consider mobilizing a carbon pricing campaign in your locality.

Boulder, Colorado's Climate Action Plan (CAP) tax became the America's first voter-approved climate mitigation tax in 2006. *Photo: Pedro Szekely*

In 2008, the Bay Area Air Quality Management District, which spans nine counties, passed a 4.4 cent per carbon ton fee that applies to 500 businesses.
Photo: josh Haynam

1 | CITIES TEND TO BE MORE PROGRESSIVE THAN STATES

The political opportunity to pass strong climate action tends to be higher in cities than states because urban areas are typically much more left-leaning than rural areas. Additionally, in states across the country, rural communities have opposed carbon pricing much more than their urban counterparts. Though conservative cities certainly exist, there are dozens of conservative states that house many liberal enclaves.

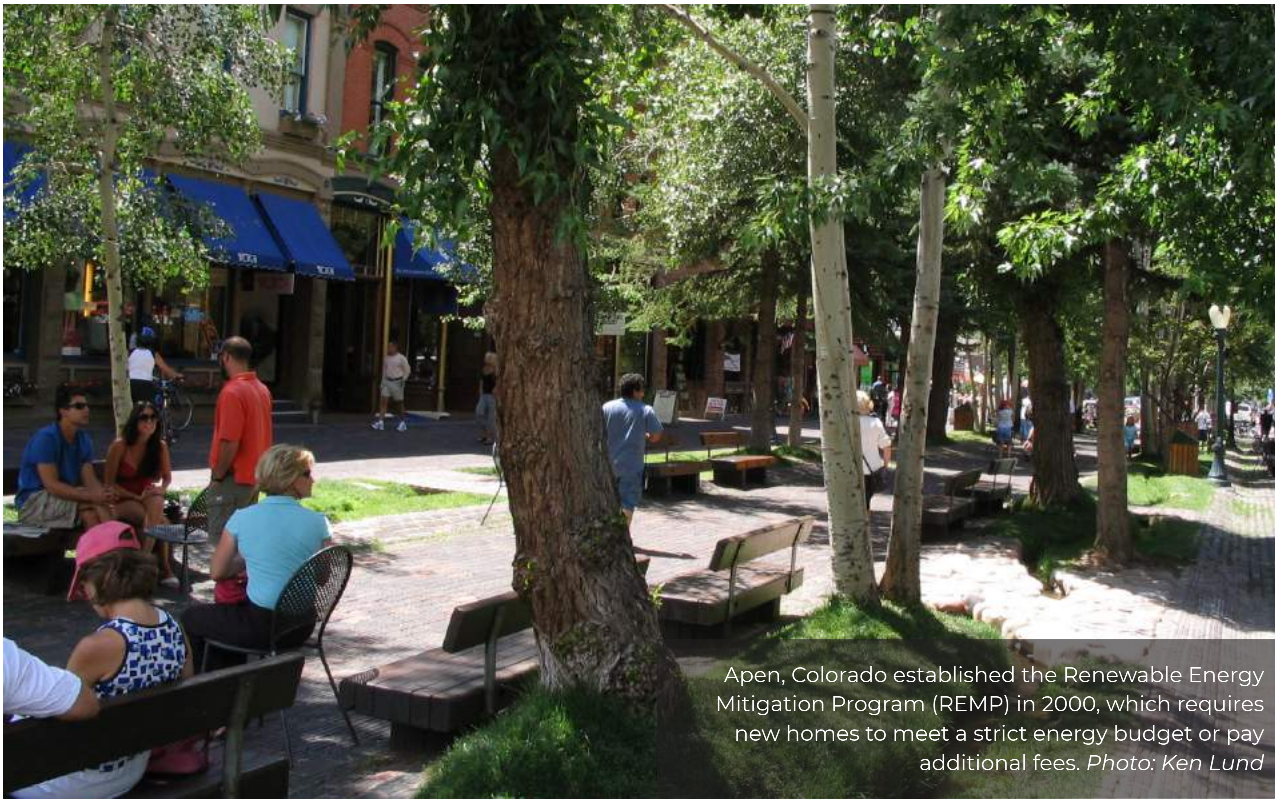
Texas is a perfect example of this phenomenon. The state is generally conservative — Republicans hold significant majorities in both the state Senate (19-12) and House (83-27), and Texans consistently vote red in presidential elections. Furthermore, Governor Greg Abbott (R) is a known climate denier. It's undeniable that strong climate action faces significant hurdles in the current political climate. (That doesn't mean carbon pricing campaigns haven't begun in the Lone Star state, however! Check out Texas's state page). At the same time, Texas is home to several liberal cities, such as Austin and Dallas. Pass carbon pricing in one of these municipalities is a lot more feasible than doing so statewide.

Liberal cities in conservative states are ubiquitous in the US, and should be seen as significant opportunities to enact carbon pricing legislation and establish a precedent for states — and ultimately the federal government — to follow.

2 | CITIES ARE LABORATORIES OF INNOVATION

In the 1930s, Supreme Court Justice Louis Brandeis popularized the phrase that states were the "laboratories of democracy." Almost a century later, this notion still rings true. After all, legislation legalizing same-sex marriage and reforming health care was enacted at the state level prior to being adopted by the federal government. Today, the legalization of recreational marijuana is a textbook case of this phenomenon; since Colorado legalized the drug in 2013, nine states have done the same, but the federal government continues to refrain from action on the matter.

In recent years, cities have followed states' lead and also emerged as laboratories of democracy where new, innovative policies can be experimented with



Apen, Colorado established the Renewable Energy Mitigation Program (REMP) in 2000, which requires new homes to meet a strict energy budget or pay additional fees. *Photo: Ken Lund*

before spreading across the nation. One example of such political innovation is the recent proliferation of city-wide plastic bag bans. Plastic bags are terrible for the environment — wasting natural resources, increasing emissions, and damaging ecosystems — but each year in the US, 100 billion bags are nevertheless thrown away. Despite a myriad of viable alternatives, most states and the federal government have been reluctant to prohibit plastic bags (only Hawaii and California have enacted statewide legislation).

But, since San Francisco became the first American city to outlaw plastic bags back in 2007, hundreds of other cities have followed suit. Today, Washington D.C., Seattle (WA), Providence (RI), Boston (MA) and Portland (OR) headline a long list of cities that have taken critical action to reduce plastic consumption.

The proliferation of the plastic bag ban illustrates cities' far-reaching ability to lead on critical climate issues. There's no reason why local carbon pricing campaigns should idly stand by while other climate-oriented campaigns plow forward.

3 | MUNICIPALITIES HAVE PRICED POLLUTION BEFORE

One of the supposed challenges of levying a statewide fee on carbon is that it's hasn't yet been accomplished in the US, and being the first state to achieve anything consequential is inherently challenging. However, several localities have imposed some sort of fee on emissions. While none levy a sufficiently-high, multi-sector fee, the following pollution-taxing programs establish precedence for future municipal carbon pricing initiatives.

BOULDER, COLORADO The Climate Action Plan (CAP) tax became the America's first voter-approved climate mitigation tax in 2006. Under CAP, the city's only electric utility, Xcel Energy, charges residents and businesses a fee via their monthly utility bills. The CAP tax is not a traditional carbon tax because it is imposed based off electric usage (in kWh), not carbon content. But because there is only one electric provider, and because CAP exempts renewable energy consumers, it has the same effect of a carbon tax. It effectively imposes a $8.62 per carbon ton fee for residents and a $1.52 per ton fee for businesses. Tax revenue is used to fund weatherization efforts, sustainability projects, and solar rebates. The program was renewed in 2012.

BAY AREA, CALIFORNIA In 2008, the Bay Area Air Quality Management District, which

Martha's Vineyard in Massachusetts has implemented Aspen's Renewable Energy Mitigation Program (REMP) model. *Photo: Michele Schaffer*

spans nine counties, passed a 4.4 cent per carbon ton fee that applies to 500 businesses. This established a much lower price on carbon pollution than is needed to truly incentivize a transition to clean energy, but was nevertheless the time a locale in the US approved carbon pricing. The tax was approved by air pollution regulators 15-1. It generates $1.1 million per year in revenue.

ASPEN AND PIKE COUNTY, COLORADO The Renewable Energy Mitigation Program (REMP) requires new homes to meet a strict energy budget or pay additional fees. Homeowners who go over their established budget, and consume extra energy, must either install a renewable energy system or pay an emissions tax. Revenue from this tax, established in 2000, is subsequently invested in energy efficiency measures. While this is not a straight carbon tax, it effectively incentivizes renewable energy usage. The REMP model has been applied to a number of other locales in Colorado, including Snowmass Village, Carbondale, and Eagle County. It has also been implemented in Martha's Vineyard, Massachusetts.

These programs vary in their strength and scope, but all serve as indicators that municipalities can make concerted efforts to put a price on pollution. Even in smaller municipalities, where population and pollution levels cannot rival states', carbon pricing would provide an incentive for local businesses to invest in renewable energy, while setting a precedent for larger cities and states to pass similar legislation.

II. KICKING OFF A MUNICIPAL CARBON PRICING CAMPAIGN

Now that we've established the value of initiating a municipal-level carbon pricing campaign, it's important to understand what steps should be taken. Listed below, these three key steps serve as a framework for early action.

1 | UNDERSTANDING THE LEGISLATIVE PROCESS

The legislative process varies from city to city, and understanding its intricacies is an important component of launching a carbon pricing campaign. Most city websites provide some sort of summary/outline for how public policy is put forward at the municipal level- check out your municipality's website and reach out to local officials if a clear guide does not exist. In Boston, for example, City Councilors establish and put in place laws and review and approve the city's budget. The Mayor has the right to veto legislation, so ensuring mayoral support is a crucial measure. This process ranges slightly from city to city, so be sure to become well-acquainted with the rulemaking procedure in your jurisdiction.

2 | ASSESSING POLITICAL OPPORTUNITY

Since the vast majority of American cities are liberal, even in predominantly red state, chances are there is at least some political opportunity for climate action in your city. To better evaluate the feasibility of carbon pricing in your city, there are several questions you should ask. These include:

WHERE DOES YOUR MAYOR STAND? The political opportunity for carbon pricing is greatly enhanced if your city's mayor has demonstrated a commitment to strong climate action. One potential indicator of of a mayoral commitment to climate policy is if their membership in Climate Mayors, a bipartisan network of mayors collaborating to lead on climate change. The network, which represents 379 cities and nearly 20% of the US population, calls for significant reductions in greenhouse gas emissions.

HAS YOUR CITY SET EMISSION REDUCTION TARGETS? Setting ambitious and specific emission reduction goals indicates a commitment to passing legislation that will allow such reductions to be achieved. Some of the country's largest cities, including Atlanta, Chicago, New York, and 34 others, have set emission reduction goals of 80% by 2050. A 2015 report by Local Governments for Sustainability serves a good resource on different city's climate commitments. If your city has not yet set emission reduction targets, this might be a necessary first step prior to pushing for carbon pricing.

WILL YOUR CITY BE AFFECTED BY CLIMATE CHANGE? Cities more vulnerable to the impacts of climate change may be more likely to take a leadership role in the fight. Coastal communities, like Miami (FL) and Sarasota (FL) will suffer from rising sea levels, while Charleston (SC) and Virginia Beach (VA) are most susceptible to severe hurricanes and typhoons in the future. This 2018 report assesses the hazards different citizens and counties will face in the wake of climate change.

There are many other key questions to consider, but it's worth exploring political opportunity prior to taking further action.

3 | MOBILIZE A COALITION OF DIVERSE INTERESTS

Once you have a grasp of the legislative process and political opportunity in your jurisdiction, your focus should shift to establishing a diverse and inclusive grassroots coalition. Check out Climate XChange's Coalition Building guide for more information on how to assemble an effective coalition of carbon pricing advocates.