

## **Attachment 3**

### **Fee and Consumer Dividend Legislation**

If SB 965 (Cap and Taxpayer Dividend Bill) cannot be amended to a Cap and Consumer Dividend Bill and enacted during this session, an improved form of it and a Fee and Consumer Dividend bill should be developed and submitted for consideration by the 2016 Legislature.

HB 3176 (Fee and Taxpayer Dividend) was introduced early in this session. It is superior to all of the carbon-pricing bills that were considered, including HB 3250 and SB 965. Promotion of HB 3176 presumably was dropped by its originator in favor of HB 3250. Apparently this was because the House Committee on Revenue decided that it was a tax bill, requiring a three-fifths majority vote for enactment which would be virtually impossible to obtain in the 2015 Legislature.

The reason for the Revenue Committee's decision is not obvious. What is the fundamental difference between a carbon pollution fee that is charged to fossil fuel producers by means of a permit auction and one that is charged to those producers directly? Both would be passed on for consumers to pay as price increases on the fossil fuels they buy.

The national Citizens Climate Lobby has provided a reasonable description of the difference between a fee and a tax: "A tax has the primary purpose of raising revenue. By contrast, a fee recovers the cost from a beneficiary of providing a service. Since the CCL advocates for revenue-neutrality and a policy that doesn't grow the government, we are advocating for a fee, not a tax..." Certainly a fee that a fossil fuel producer (a beneficiary) pays to buy the right to pollute Oregon's atmosphere is a fee, not a tax by CCL's definition.

A review and official decision on this issue is needed as soon as practicable if no carbon pricing bill is enacted by the 2015 Legislature. That will enable the most effective carbon pricing bill, requiring a simple majority vote, to be carefully developed and brought before the 2016 Legislature with sufficient citizen support to assure its enactment. If the decision is that "fee", as defined by CCL, the bill of choice should be a fee and dividend bill because of its greater simplicity. Its text should follow as closely as practicable that of the Citizen Climate Lobby's carbon fee and dividend proposal to the U.S. Congress. CCL's proposal is the "gold standard" for carbon-pricing legislation. It is described at:

<https://citizensclimatelobby.org/carbon-fee-and-dividend/>

When CCL is finally able to negotiate an agreement between Republicans and Democrats in Congress to enact its legislative proposal, relatively-rapid conversion from fossil fuels to safe energy sources will occur throughout the U.S. Accomplishing this in time to prevent unprecedented suffering and finally human extinction, depends

on uniting Americans, not dividing them along party lines. When it comes to resolving the global warming threat, there can be no blue or red states, only shades of green.

It is essential to pass centrist (revenue-neutral) carbon-pricing legislation that brings Americans of all political parties together in common cause. A Stanford-led study shows that half of all members of the Republican Party favor government action to curb global warming as reported at:

[http://www.nytimes.com/2015/01/31/us/politics/most-americans-support-government-action-on-climate-change-poll-finds.html?\\_r=0](http://www.nytimes.com/2015/01/31/us/politics/most-americans-support-government-action-on-climate-change-poll-finds.html?_r=0)

CCL is working to bring Republican members of Congress into alignment with the opinion of that half of their party. It is working to bring all Democrat members of Congress into alignment with the majority of their party.

In the meantime the Oregon legislature has a unique opportunity to enact comparable legislation. Its results will demonstrate to members of Congress that fossil fuel use can be eliminated by means which are effective, rapid, inexpensive, fair and revenue-neutral. The Oregon example will greatly shorten the time for CCL to achieve its national goal and for all of us to breathe our first sigh of relief.

Highly-regarded economists of both parties, including those who served under former Republican Presidents, have stated clearly that climate change must be mitigated. They have also clearly stated that this cannot be achieved without carbon-pricing legislation that has the revenue-neutral, dividend feature. Most prominent of these is George P. Schultz, former MIT Professor of Economics and Secretary of Treasury, State and Labor, as well as the Director of Manpower and Budget.

Respectfully submitted,

Walt Eager, PE  
Retired Energy and Environmental Engineer