

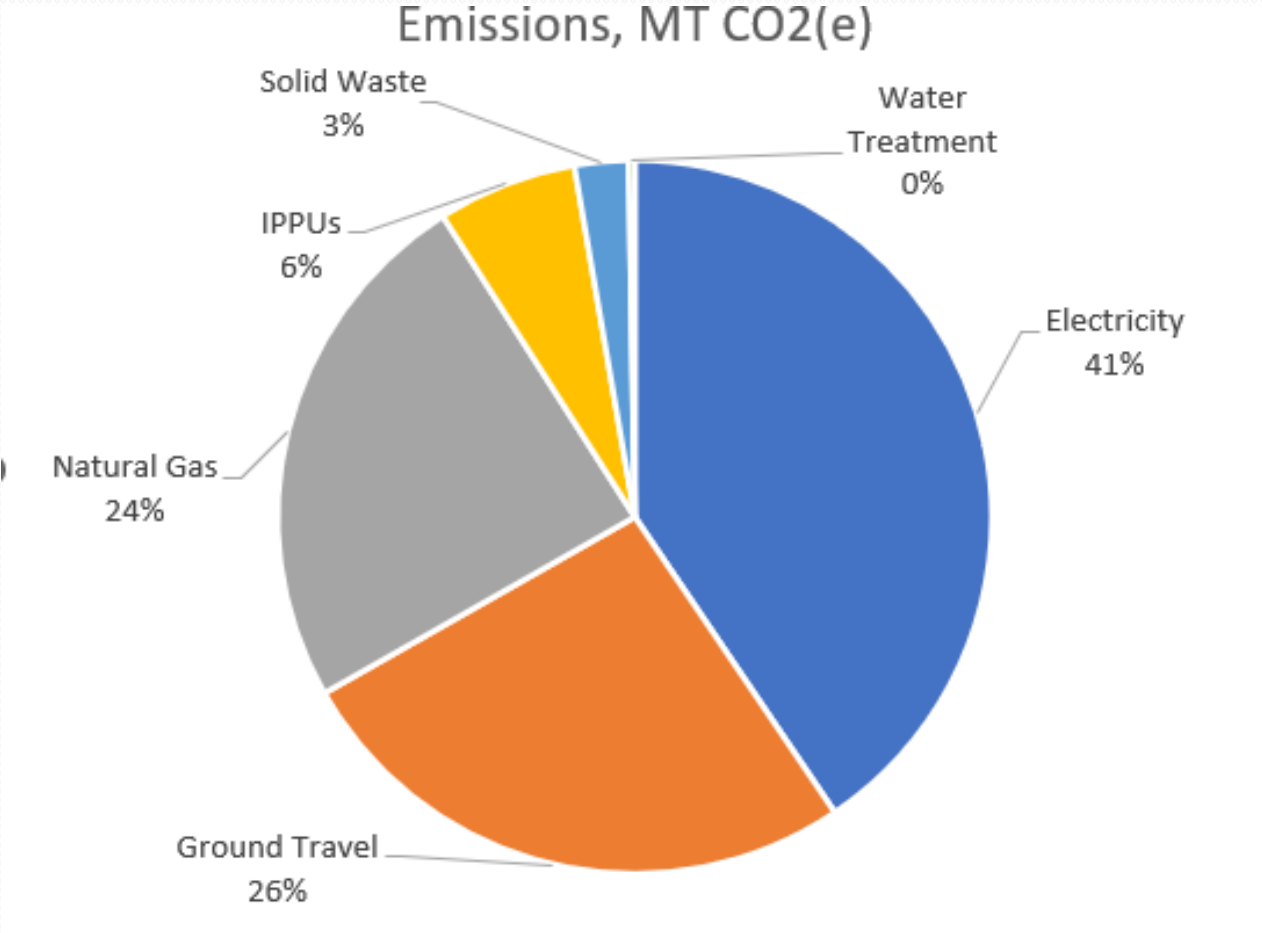
Fort Collins Large Greenhouse Gas (GHG) Emitter Tax

Salon duc Tape
Northern Colorado Alliance for a Livable Future
Presented by Kevin Cross
May 12th, 2023

First Fort Collins Community GHG Emissions Reduction Goal Established in 1999

- “Community” refers to all direct and some indirect emissions released by humans living, working, and playing within the geographical boundaries of the city.
- Current GHG emissions reduction goals are:
 - 20% by 2020 compared to 2005 levels ✓
 - 50% by 2026 compared to 2005 levels
 - 80% by 2030 compared to 2005 levels
 - 100% by 2050 (this may change!)

Sources of Fort Collins GHG Emissions (1)



What are IPPUs?

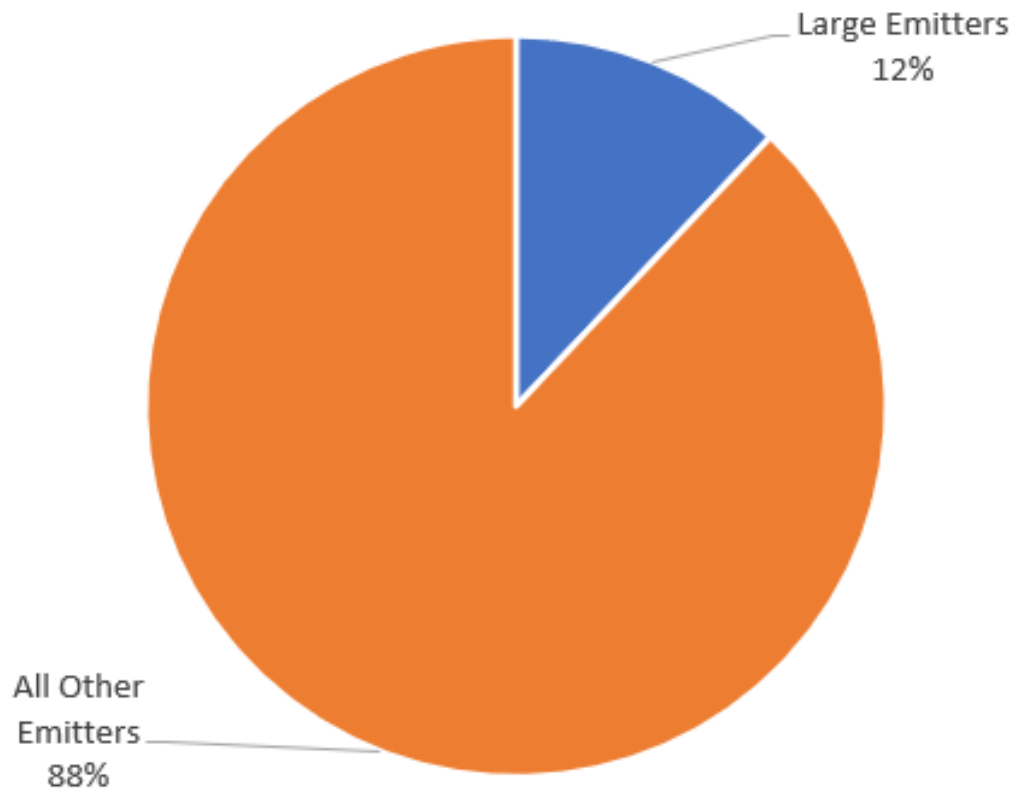
- IPPU = Industrial Processes and Product Use emissions.
- Important IPPUs locally are SF₆ and Perfluorocarbons (PFCs).
- These are used in electronics manufacture.

What is a Large Emitter?

- EPA definition: > 25,000 Metric Tons of CO₂ (e) per year
- Compare to 10 Metric Tons of CO₂(e) Scope 1 and 2 emissions per capita in Fort Collins
- Use EPA FLIGHT to find large emitters:
https://ghgdata.epa.gov/ghgp/main.do?site_preference=normal

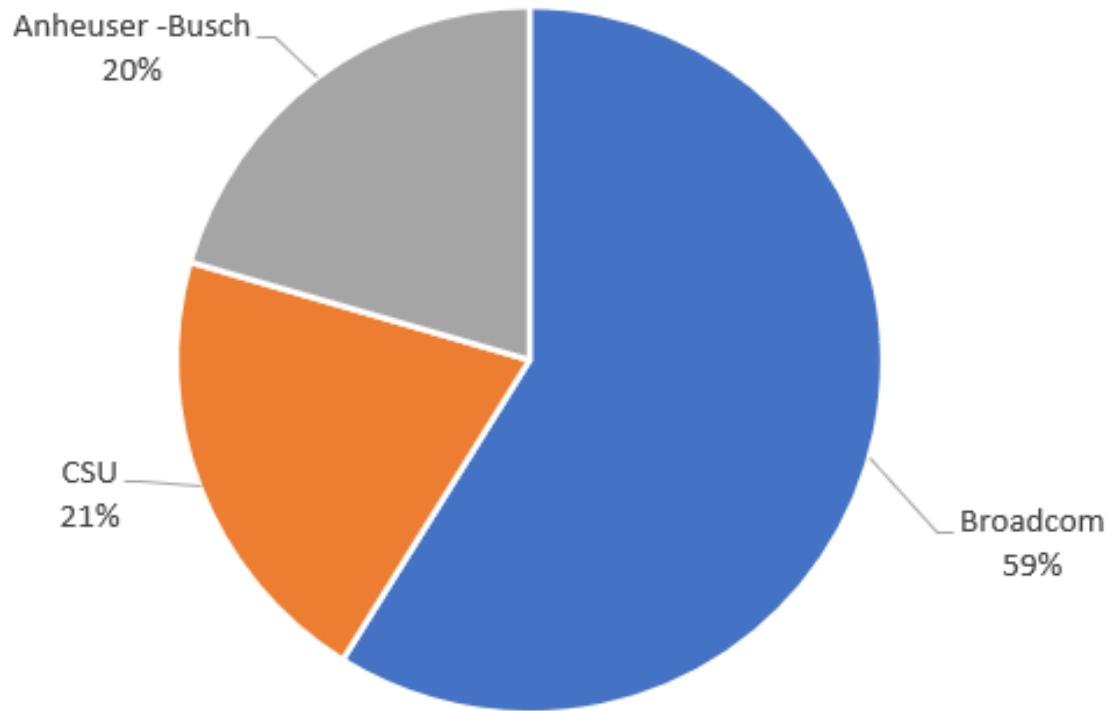
Sources of Fort Collins GHG Emissions (2)

Emissions, MT CO₂(e)



Breakdown for Three Large Emitters

Emissions, MT CO₂(e)



History of FC Large Emitter Tax Concept (1)

- City recognizes need to include Broadcom's IPPU emissions in its GHG inventory (May 2020)
- FCSG begins pushing for Large Emitter FEE equal to Social Cost of Carbon (Fall 2021)
- Council Finance Committee begins considering Large Emitter TAX for November 2023 ballot (Summer 2022)

History of FC Large Emitter Tax Concept (2)

- Large Emitter Tax would apply to Broadcom and Anheuser-Busch only
- FCSG is advocating for:
 - Tax to apply to emissions $> 25,000$ MT CO₂ (e)
 - Tax to be set equal to Social Cost of Carbon (currently \$51/MT CO₂(e))
 - Tax to increase by no more than 10% per year if Social Cost of Carbon increases.

Current Status of FC Large Emitter Tax Concept (1)

- As of 4/25, the Large Emitter Tax is one of four mechanisms Council is considering for funding climate programs. Others are:
 - Natural gas franchise FEE increase
 - Sales TAX increase
 - Excise TAX on marijuana, tobacco, and (maybe) alcohol

Current Status of FC Large Emitter Tax Concept (2)

- The three proposed taxes (plus a property tax increase to help fund the Parks and Recreation Department) may go to the voters in November 2023 and 2024.
- Council to direct which taxes will go forward at upcoming work sessions on 6/13 and 7/25.

FCSG Position

- Regressive fees and taxes should not be the primary or (even worse) sole mechanism for funding climate programs.
- Funding exceeding the amount that can be raised via the regressive fees and taxes proposed by the City's Finance Department is needed to pay for climate programs.
- Arthur Pigou had it right: negative externalities should be taxed to reduce undesirable outcomes.

Regressive fees are unfair and likely to result in a backlash against addressing the climate crisis



Revenue sources favored by City staff don't meet the need for "Climate Umbrella" funding

- According to latest work session documents (4/25/23), climate funding need is at least \$31 Million per year
 - Covers transit, biking/walking, building efficiency and electrification, electric vehicles, zero waste, and housing affordability (?)
- But total amount staff proposes to raise for climate from natural gas fee, sales tax, and excise tax is \$11 Million - \$21 Million.
 - Why not add large emitter tax to close the gap?

Taxing negative externalities provides a double benefit :

It discourages “bad behavior” and raises funds that can be used to mitigate the bad behavior.



Arthur Cecil Pigou, 1877-1959

How Can You Get Involved?

- Write to or speak to your councilmember in support of adequate climate program funding and a Large GHG Emitter Tax.
 - Talking points coming soon via Action Alert!
 - Work session on June 13th will likely be critical.
- Consider joining the FCSG!



Questions, Responses & Discussion