July 8, 2016

The Honorable Jerry Brown
Office of the Governor
c/o State Capitol, Suite 1173
Sacramento, CA 95814

Re: Notice of SUPPORT - The National Revenue-Neutral Carbon Fee and Dividend Program

Dear Governor Brown,

On June 28, 2016, the City Council of the City of Morro Bay voted to unanimously request the United States Congress immediately enact legislation and the United States President sign into law a national revenue-neutral carbon fee and dividend program in order to protect the economy and the climate for future generations.

For the reasons detailed in the attached resolution, the City of Morro Bay calls on you to also lend your support to this program.

Sincerely,

Jamie L. Irons
Mayor

C: Morro Bay City Council
See Attachment 2

Attachments:
1. Resolution No. 51-16, City of Morro Bay
2. Distribution list
RESOLUTION NO. 51-16

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
REGARDING THE NATIONAL REVENUE-NEUTRAL CARBON FEE AND
DIVIDEND PROGRAM

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, having determined the Carbon Fee and Dividend legislative principles proposed by the non-partisan Citizens Climate Lobby, attached hereto as Exhibit A, would provide an efficient approach to shifting the incentives that keep the United States reliant on fossil fuel energy and would, thereby, help support the rapid deployment of cleaner energy alternatives; and

WHEREAS, having determined that approach would be fair to everyone and would protect middle- and low-income households by providing them with a dividend (also known as a rebate) that, on average, would be higher than the increased costs for energy for two-thirds of all households (specifically the lowest income two-thirds) during the transition to cleaner energy; and

WHEREAS, per the non-partisan study by Regional Economic Models, Inc., (RMI), that approach would ensure a substantial increase in private investment in cleaner energy options because they will become significantly less expensive relative to fossil fuels within a known time frame; and

WHEREAS, the approach would encourage consumers and businesses to keep their carbon footprint smaller while still ensuring that all households would be able to afford the energy they need during the transition to cleaner energy; and

WHEREAS, the City wishes to respond to those challenges with a business-minded focus; and

WHEREAS, having determined early adoption of the National Revenue-Neutral Carbon Fee and Dividend legislation in the United States would grow our economy, add nearly two million jobs, help make us a world leader in cleaner-energy technology, and help establish the United States as a leader in future global climate negotiations; and

WHEREAS, the national revenue-neutral carbon fee and dividend has already garnered widespread support from Republicans as well as Democrats as evidenced by recent op-eds and public statements in 2015 by prominent political leaders.

NOW, THEREFORE, BE IT RESOLVED, the City Council of the City of Morro Bay requests:
1. the United States Congress immediately enact legislation and the United States President sign into law a national revenue-neutral carbon fee and dividend program, as provided for in Exhibit A, in order to protect the economy and the climate for future generations.

2. The Mayor is hereby directed to send a letter, no later than 30 days after passage of this Resolution by the Morro Bay City Council, to all Mayors and City Councils, County Boards of Supervisors, School Boards, and State and Federal legislators in San Luis Obispo, Monterey and Santa Barbara Counties, the Governor of California, and the San Luis Obispo Council of Governments urging support for a National Revenue Neutral Fee and Dividend Act and urging them to adopt a resolution in favor of National Revenue-Neutral National Carbon Fee and Dividend legislation.

PASSED AND ADOPTED by the City Council, City of Morro Bay at a regular meeting thereof held on the 28th day of June, 2016 by the following vote:

AYES: Irons, Johnson, Makowetski, Smukler
NOES: None
ABSENT: Headding
ABSTAIN: None

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk
APPENDIX A
To the City of Morro Bay Resolution in Favor of
National Revenue-Neutral Carbon Fee and Dividend Legislation

Findings:

1. **Causation**: there is a consensus\(^1\,^2\) among climate scientists, domestic and international science bodies such as the National Academy of Sciences and the International Panel on Climate Change and the World Meteorological Organization (IPCC, WMO), that greenhouse gas emissions from human activities such as the burning of fossil fuels are driving the current rise in global temperatures and climate change.\(^3\)

2. **Mitigation (Return to 350 ppm or below)**: the weight of scientific evidence also indicates that a return from the current concentration of more than 400 parts per million ("ppm") of carbon dioxide ("CO\(_2\)") in the atmosphere to 350 ppm CO\(_2\) or less is necessary to slow or stop the rise in global temperatures.\(^4\)

3. **Endangerment**: further increases in global temperatures pose imminent and substantial dangers to human health\(^5\), the natural environment\(^6\), the economy\(^7\), national security\(^8\), and an unacceptable risk of medium and long-term future harm\(^9\):
   a. Climate change caused by global warming-related greenhouse gas emissions including CO\(_2\) already is leading to large-scale problems including increasing acidity of oceans and rising sea levels; more frequent, extreme, and damaging weather events such as heat waves, storms, heavy rainfall and flooding, and droughts; more frequent and intense wildfires; disrupted ecosystems affecting biodiversity and food production; and an increase in heat-related deaths\(^10\); and
   b. We are approaching a dangerous threshold whereby, if it is crossed, humans will no longer be able to influence the course of future global warming, as tropical forests, peat bogs, permafrost and the oceans\(^11\) switch from absorbing carbon to releasing it; and

4. **Local effects on agriculture**: the following effects of climate change are likely to occur if we do not reduce our CO\(_2\) emissions to 350 ppm by 2050:
   a. Bay Area and Central Coast temperatures are predicted to rise significantly. The number of days over 95\(^\circ\)F is expected to increase from an average of 12 per year today to 20-29 by 2050 and 32-65 by 2100.\(^12\)
   b. Given increased heat waves, droughts and higher temperatures\(^13\), California farmers will face an increasingly uncertain future, where current crops may fail and water may be even more scarce,\(^14\,^15\,^16\)
   c. If heat-trapping emissions continue to rise at today’s levels the snowpack in the Sierra Nevada is likely to decline as much as 40% from historical levels by 2050 and as much as 90% by 2100, thus severely reducing the availability of water in summer. However if we make significant emissions reductions the decline by 2050 could be as little as 12%.\(^17\)
   d. Two thirds of California's 2,400 endemic plants could lose more than 80% of their current ranges if climate change worsens,\(^18\)
   e. The number of chilling hours at the end of this century is expected to be half or less than during the 20th century such that many currently lucrative crops will no longer be commercially viable in large areas of California.\(^19\,^20\,^21\)
5. The present costs of fossil fuels are externalized: Presently the environmental, health, and social costs of CO2 emissions are not included in prices paid for fossil fuels, but rather these externalized costs are borne directly and indirectly by all Americans and global citizens; and

6. Co-Benefits: the measures proposed in this legislation will benefit the economy, human health, the environment, and national security, even without consideration of global temperatures, by correcting market distortions, reducing non-greenhouse-gas pollutants, reducing the outflow of dollars to oil-producing countries, and improving energy security of the United States.

7. Benefits of Carbon Fees: phased-in carbon fees on greenhouse gas emissions are (1) the most efficient, transparent, and enforceable mechanism to drive an effective and fair transition to a domestic-energy economy, (2) will stimulate investment in alternative-energy technologies, and (3) will give all businesses powerful incentives to increase their energy-efficiency and reduce their carbon footprints in order to remain competitive.

8. Equal Monthly Per-Person Dividends: monthly dividends (or "rebates") from carbon fees paid equally to every American household will stimulate the American economy and help ensure that families and individuals can afford greenhouse gas-free energy.

Therefore the National Revenue Fee and Dividend Act contains the following elements:

1. Collection of Carbon Fees/Carbon Fee Trust Fund: The Act would impose a carbon fee on all fossil fuels and other greenhouse gases at the point where they first enter the economy. The fee shall be collected by the Treasury Department. The fee on that date shall be $15 per ton of CO2 equivalent emissions and result in equal charges for each ton of CO2 equivalent emissions potential in each type of fuel or greenhouse gas. The Department of Energy shall propose and promulgate regulations setting forth CO2 equivalent fees for other greenhouse gases including at a minimum methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons (HFCs), perfluorocarbons, and nitrogen trifluoride. The Treasury shall also collect the fees imposed upon the other greenhouse gases. All fees are to be placed in the Carbon Fees Trust Fund and be rebated 100% to American households as outlined below.

2. Emissions Reduction Targets: To align US emissions with the physical constraints identified by the Intergovernmental Panel on Climate Change (IPCC) to avoid irreversible climate change, the yearly increase in carbon fees including other greenhouse gases, shall be at least $10 per ton of CO2 equivalent each year. Annually, the Department of Energy shall determine whether an increase larger than $10 per ton per year is needed to achieve program goals. Yearly price increases of at least $10 per year shall continue until total U.S. CO2-equivalent emissions have been reduced to 10% of U.S. CO2-equivalent emissions in 1990.

3. Equal Per-Person Monthly Dividend Payments: Equal monthly per-person dividend payments shall be made to all American households (½ payment per child under 18 years old, with a limit of 2 children per family) each month. The total value of all monthly dividend payments shall represent 100% of the total carbon fees collected per month.

4. Border Adjustments: In order to ensure that U.S.-made goods can remain competitive at home and abroad and to provide an additional incentive for international adoptions of carbon fees, Carbon-Fee Equivalent Tariffs shall be charged for goods entering the U.S. from countries without comparable Carbon Fees/Carbon Pricing. Carbon-Fee-Equivalent Rebates shall be used to reduce the price of exports to such countries and to ensure that U.S. goods can remain...
competitive in those countries. The Department of Commerce will determine rebate amounts and exemptions if any.


10 IPCC, 2013: *Summary for Policymakers.*


25 Nystrom, Scott, and Patrick Luckow (REMI study)

Methane is a much more potent greenhouse gas than CO2 with both direct and indirect effects contributing to warming. It is therefore important to place a fee on methane that leaks to the atmosphere. Some of this leakage will occur after the fee has been assessed on methane under the assumption that it will be burned to yield the less potent CO2. To ensure the integrity of the program and that markets receive accurate information with regard to the climate forcings caused by various fossil fuels, the carbon fee shall be assessed on such leaked methane at a rate commensurate with the global warming potential ("GWP") of methane including both its direct and indirect effects. Given the importance of tipping points in the climate system, the 20-year GWP of methane shall be used to assess the fee, and not the 100-year GWP. As proper accounting for such leakage is necessary for honest assessment of progress towards program goals, reasonable steps to assess the rate of methane leakage shall be implemented, and leaked methane shall be priced accordingly. The entity responsible for the leaked methane shall be responsible for paying the fee.
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The Honorable Barbara Boxer
202-224-0357
The Honorable Lois Capps
202-225-5632
The Honorable Sam Farr
202-225-6791
San Luis Obispo Council of Governments
805-781-5703
The Honorable Bill Monning
916-651-4917
The Honorable Katcho Achadjian
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The Honorable Anthony Cannella
916-445-0773
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The Honorable Luis Alejo
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The Honorable Hannah Beth Jackson
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The Honorable Das Williams
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Monterey County Board of Supervisors

Santa Barbara County Board of Supervisors

Paso Robles City Council
Pismo Beach City Council
San Luis Obispo City Council
Arroyo Grande City Council

Atascadero City Council
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Marina City Council

City Council of King City

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Almond Acres Charter Academy 805-467-2098
Atascadero Unified School District
Bellevue-Santa Fe Charter School 805-595-9013
Cayucos Elementary School District 805-995-2876
Coast Unified School District 805-927-0312
Cuesta College (San Luis Obispo Community College)
Grizzly ChalleNGe Charter School

Lucia Mar Unified School District
Paso Robles Joint Unified School District 805-237-3339
Pleasant Valley Joint Union Elementary School District 805-467-2306
San Luis Coastal Unified School District
San Luis Obispo County Office of Education

San Miguel Joint Union School District
Shandon Joint Unified School District 805-238-0777
Templeton Unified School District 805-434-5879
Monterey County School Districts:
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Big Sur Unified School District (805) 753-5610
Bradley Union School District (805) 472-2339
Carmel Unified School District (831) 626-4052
Chualar Union School District (831) 679-2071
Gonzales Unified School District (831) 675-1172
Graves School District (831) 422-3211
Greenfield Union School District (831) 674-3712
King City Union School District (831) 385-0372
Lagunita School District (831) 449-9671
Mission Union School District (831) 678-0491
Monterey Peninsula Unified School District (831) 649-4175
North Monterey County Unified School District (831) 633-2937
Pacific Grove Unified School District (831) 646-6500
Salinas City Elementary School District (831) 753-5610

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San Antonio Union School District  
San Ardo Union School District  
San Lucas Union School District  
Santa Rita Union School District  
Soledad Unified School District  
South Monterey County Joint Union HS District  
Spreckels Union School District  
Washington Union School District  
Santa Barbara County School Districts:  
Ballard School District  
Blochman Union School District  
Buellton Union School District  
Carpinteria Unified School District  
Cold Spring School District  
College School District  
Cuyama Joint Unified School District  
Goleta Union School District  
Guadalupe Union School District  
Hope School District  
Lompoc Unified School District  
Los Olivos School District  
Montecito Union School District  
Orcutt Union School District  
Santa Barbara Unified School District  
Santa Maria-Bonita School District  
Santa Maria Joint Union High School District  
Santa Ynez Valley Union High School District  
Solvang School District  
Vista del Mar Union School District