

## **ORDINANCE No.**

Establish a Healthy Climate Surcharge on significant sources of greenhouse gas emissions to fund programs that advance equitable climate action.

(Ordinance; amend Code Chapter 7.02 and add Code Chapter 17.110)

The City of Portland Ordains:

Section 1. The Council finds:

1. In June 2020, the City declared that a human-made climate emergency threatens our city, our region, our state, our nation, humanity, and the natural world; and that this emergency calls for an immediate effort to initiate greater action, resources, and collaboration that prioritizes frontline communities to restore a safe climate (the Declaration) (Resolution No. 37494, As Amended).
2. The Declaration acknowledged the existential threat climate change poses to the Portland community and economy; and that addressing this threat will require government agencies, businesses, and residents to take bold steps to meet Portland's carbon-reduction goals and build a healthy, resilient city in which everyone can thrive.
3. Since 1993, the City has consistently implemented policies, programs, and partnerships to reduce greenhouse gas (GHG) emissions; however, local GHG reductions have plateaued at about 19 percent below 1990 levels, far short of the City's goal to reduce emissions 50 percent by 2030 and to achieve net zero carbon emissions before 2050.
4. Moreover, the City's climate work has not consistently delivered equitable outcomes, and prioritizing frontline communities – Black and Indigenous people, communities of color, immigrants, refugees, low-income individuals, labor and workers, people living with disabilities, youth, and individuals experiencing homelessness – requires investing in programs focused on improving economic opportunity, affordability, and justice for Portlanders while reducing GHG emissions.
5. In 2018, Portland voters created the Portland Clean Energy Fund to provide dedicated funding for climate action that advances racial and social justice, but the Fund does not provide direct funding for climate action that the City itself is uniquely positioned to carry out (Measure 26-201 (2018)).
6. Climate change's economic consequences on a national scale are significant and growing exponentially; the National Oceanic and Atmospheric Administration reports more than \$1 trillion in damages from climate disasters over the last 15 years, with 2016 through 2019 accounting for four of the five most costly years

ever.

7. Locally, the Northwest region has warmed substantially – nearly 2°F since 1900 – leading to warmer winters, decreasing snowpacks, hotter summers, and heavier storms. Extreme years will become more common, increasing the risk of both flooding and drought, water scarcity, large wildfires, warmer river and stream temperatures, harmful algal blooms, life-cycle effects on salmon and other threatened and endangered aquatic species, and damage to recreational tourism economies.
8. Increased risk of localized flooding and landslides, and hotter, drier summers will increase the risk of extreme heat events, both of which will have a direct impact on private property, public infrastructure, and the health and well-being of frontline communities that are disproportionately at risk from these natural hazards; and
9. The average Northwest resident will likely go from experiencing only 5 days of extreme heat per year on average to an additional 18 to 41 extremely hot days by the end of the century. Research shows that Portland will experience hotter nights, with less cooling. Heat will also strain energy systems, decreasing system performance and increasing electricity consumption due to more demand for air conditioning.
10. In the Pacific Northwest, increased evaporation rates and changes in snowpack will affect the volume and timing of water available for hydropower. Hydroelectric production will decrease during the summer by 12-15%, with larger decreases in summer production of 17-21% by the 2080s.
11. The Northwest's forests will experience significant potential impacts from climate change, from wildfire – due to both increased drought and to wood damage from pests surviving warmer winters. If temperatures rise 3.2°F by mid-century, this could lead to 54% increase in the annual area burned in the western United States, severely impacting the timber industry and public health from air pollution.
12. Portland households transitioning from reliance on fossil fuels, such as gasoline and diesel for their cars and trucks and natural gas for space and water heating, to electricity, such as electric vehicles and air source heat pump and heat pump hot water heaters, are projected to decrease household costs while simultaneously decreasing GHG emissions.
13. In Portland, urban heat islands are significantly warmer than surrounding areas due to human activities like climate change and inequitable use of public resources. Portland's historically redlined neighborhoods – a decades-long housing policy to restrict people of color, especially Black residents, to specific neighborhoods and deny access to loans and public investments – are almost 13 degrees hotter than wealthier, whiter, non-redlined neighborhoods because these neighborhoods have more parks and trees to absorb carbon and provide shade.

Portland has the highest discrepancy in temperature found in 108 American cities.

14. The “polluter pays” principle makes the party responsible for producing pollution responsible for paying for the damage done to an impacted community’s natural environment, local economy, and public health and safety.
15. Greenhouse gas emissions are largely unregulated and untaxed by federal and state government; consequently, the skyrocketing costs of climate change are not currently borne by the parties that contribute most heavily to the climate emergency.
16. Facilities with significant annual GHG emissions – 2,500 metric tons carbon dioxide equivalent or more – report their emissions to state agencies.
17. Approximately 35 facilities in Portland have significant annual GHG emissions and must report their emissions.
18. Achieving the City’s climate action goals and delivering benefits for community requires accelerated action and new sources of revenue to fund programs related to enhancing the natural environment, economic security, and health and safety of all Portlanders.
19. A Healthy Climate Surcharge on significant sources of GHG emissions ensures that parties responsible for pollution will also be part of the solution.
20. Revenue generated from a Healthy Climate Surcharge will be used to implement the Declaration’s directives to meet the human-made climate emergency with bold steps, using a climate justice approach, that includes without limitation:
  - a. Engagement across bureaus, Multnomah County, frontline communities, and youth-led organizations to establish an ongoing climate justice initiative, including helping to resource community organizations to engage with Portland on climate policy.
  - b. Advance the City’s decarbonization actions to meet Portland’s carbon-reduction goals, including investments in decarbonizing buildings, transportation, and energy systems. Improving energy affordability and the health and safety of frontline communities through investments in energy efficiency and decarbonization.
  - c. Strategies to create new clean economy jobs across the community, including for Black, Indigenous, and communities of color, and a just transition for workers who may lose their jobs as a result of climate policy.
  - d. Improve local community resiliency and adaptive planning for residents and businesses to the local risks of climate change, including wildfire and smoke, heat waves, storms and flooding.

NOW, THEREFORE, the Council directs:

- a. City Code Chapter 7.02 is amended as set forth in the attached EXHIBIT A.
- b. City Code Title 17 is amended by adding Chapter 17.110 as set forth in the attached EXHIBIT B.
- c. The Director of the Revenue Division shall revise or develop and adopt administrative rules as are necessary for the implementation, collection and administration of the Healthy Climate Surcharge.
- d. The Revenue Division, Bureau of Planning and Sustainability and City Budget Office will prepare necessary adjustments to the Revenue Division's budget to implement the Healthy Climate Surcharge in the Fiscal Year 2020-2021 Spring Budget Monitoring Process.
- e. The Revenue Division is authorized to add .5 FTE to administer this tax program. The exact position classification will be determined with the Bureau of Human Resources.
- f. Funds collected from the Healthy Climate Surcharge shall be credited to the Healthy Climate Fund and used for purposes of developing and implementing programs and projects that reduce GHG emissions and the damage done to Portland's natural environment, local economy and public health and safety from climate impacts.

Passed by the Council:

Commissioner Jo Ann Hardesty  
Prepared by: Kyle Diesner  
Date Prepared: November 20, 2020

**Mary Hull Caballero**  
Auditor of the City of Portland  
By

Deputy