

## Carbon Energy Tax

### Boulder, CO

By Neha Bhatt and Michael Ryan

According to Regional Sustainability Manager Jonathan Koehn, Boulder, CO gets 70% of its electricity from the burning of coal. Unsatisfied with this fact, the City has adopted one of the more aggressive Climate Action Plans in the nation to mitigate carbon emissions, and created a dedicated funding stream for its implementation through a pioneering financing policy. In 2006, Boulder instituted a “carbon tax” on the use of electricity generated from fossil fuels - the first policy of its kind in the U.S.



Image from [www.thebreakthrough.org](http://www.thebreakthrough.org)

“Many communities have climate action plans that lay out the ways they are going to reduce their emissions, but they are left in this void of understanding, ‘How do we pay for these things,’” Koehn says. The carbon tax is Boulder’s answer, at least in part, to this question. The carbon tax is levied on residential, commercial, and industrial energy accounts. The surcharge is not exceedingly high, but it enables energy consumers to see how increasing or decreasing their overall usage or switching to renewable sources could reduce their bill. The average annual tax paid is \$21 by homeowners and \$94 by commercial owners. The average annual bill from industrial energy users comes to \$9,600. Those who use less energy, pay less. Renewable energy sources such as wind and solar are exempt from the tax.

Building type	Carbon Tax (per kWh)	Average annual bill
Residential	\$0.0049	\$21
Commercial	\$0.0009	\$94
Industrial	\$0.0003	\$9,600

The carbon tax has generated up to \$1.8 million a year according to Koehn, and these funds go toward implementing the Boulder Climate Action Plan. Funds support public education, investments in public transit, energy audits to help residents and business owners identify energy inefficiencies, and rebates for who investment in energy efficiency improvements at home and at work.

The dedicated funding stream has made the climate plan much more successful. Boulder has achieved one of the highest rates of installed solar capacity per capita in the country and is achieving real reductions in greenhouse gas emissions, according to a fact sheet produced by the City ([link below](#)).

Benefits like these have helped secure the public’s support in a big way. In 2012, 82% of voters

said yes to keeping the carbon tax for another five years. According to Koehn, a number of cities have asked for advice about similar taxes for their jurisdictions, especially as federal and state funding proposals for climate change remain in paralysis.

**Boulder's law on the carbon tax:**

<http://www.colocode.com/boulder2/chapter3-12.htm>

**Boulder's "CAP and Tax" fact sheet:**

[https://www-static.bouldercolorado.gov/docs/Tax\\_At-a-Glance\\_v05-1-201307081503.pdf](https://www-static.bouldercolorado.gov/docs/Tax_At-a-Glance_v05-1-201307081503.pdf)

**Daily Camera's article on carbon tax ballot measure:**

[http://www.dailycamera.com/ci\\_21941854/boulder-issue-2a-carbon-tax-appears-likely-be](http://www.dailycamera.com/ci_21941854/boulder-issue-2a-carbon-tax-appears-likely-be)

**FS TV's interview about the carbon tax:**

<https://www.youtube.com/watch?v=JQ0XAs0cpCA>

## Chapter 3-12: Climate Action Plan Excise Tax<sup>1</sup>

### 3-12-1. Legislative Intent. [top↑](#)

It is the purpose of this chapter to raise revenue to implement the City's Climate Action Plan, including incentives, services and other assistance to Boulder residents and businesses to improve energy efficiency, expand the use of renewable energy, and take other necessary steps toward reducing local greenhouse gas emissions. Additionally, the city council determines and declares that the consumption of electricity within the City is the exercise of a taxable privilege. The city council further declares that the purpose of the levy of the taxes imposed by this chapter is for the raising of funds for the payment of the expenses incurred to implement the Climate Action Plan; and in accordance with this purpose, all of the proceeds of this excise tax should be placed in and become a part of a separate special revenue fund of the City.

Ordinance No. 7884 (2012)

### 3-12-2. Imposition of Climate Action Plan Excise Tax. [top↑](#)

(a) Any person consuming electricity shall pay a Climate Action Plan excise tax at the rate prescribed by subsection (c) of this section, as applicable.

(b) The Climate Action Plan excise tax shall expire on March 31, 2018.

(c) The Climate Action Plan excise tax rates shall be:

Category	Tax
Residential	\$0.0049 per kWh
Commercial	0.0009 per kWh
Industrial	0.0003 per kWh

Ordinances Nos. 7657 (2009); 7884 (2012)

### 3-12-3. Exemptions. [top↑](#)

The portion of electricity voluntarily purchased as utility provided wind power shall be exempt.

Ordinance No. 7884 (2012)

### 3-12-4. Payment of Tax. [top↑](#)

Any incumbent electricity provider operating within the City pursuant to a franchise or otherwise ("Provider") shall bill and collect the Climate Action Plan excise tax and shall remit said tax to the city manager in the manner required by section [3-12-5](#), "Payment Schedule, Reporting and Inspection of Records," B.R.C. 1981. The tax may be expressly identified on any consumer bills as the "The City of Boulder Climate Action Plan Excise Tax" or as the "Climate Action Plan Tax."

Ordinance No. 7884 (2012)

### **3-12-5. Payment Schedule, Reporting, and Inspection of Records.** [top↑](#)

(a) For the Climate Action Plan excise tax amounts billed pursuant to this chapter, payment shall be made by the Provider in monthly installments not more than thirty days following the close of the month for which payment is to be made. Initial and final payments shall be prorated for the portions of the months at the beginning and end of the term of this excise tax.

(b) In addition, the Provider shall also submit monthly reports to the city supporting the amount of the Climate Action Plan excise tax remitted for that month including energy use and amounts remitted by sector and Windsource electricity purchases exempted by sector. Electronic or paper reports are acceptable.

(c) It shall be the duty of the Provider to keep and preserve, for a period of three years, suitable records and other such books or accounts, including, without limitation, original sales and purchase records, as may be necessary to determine the amount of the Climate Action Plan excise tax for the collection of which the Provider is liable under this chapter. The city manager and agents and representatives thereof are entitled at any reasonable time, upon adequate notice, to examine the books and records of the Provider and to make copies of the entries or contents thereof.

Ordinance No. 7884 (2012)

### **3-12-6. Enforcement of Tax Liability.** [top↑](#)

(a) The excise tax imposed by this chapter is a first and prior lien on tangible personal property in which the Provider has an ownership interest, subject only to valid mortgages or other liens of record at the time of and prior to the recording of notice of tax lien as provided in Subsection [3-2-27\(c\)](#), B.R.C. 1981.

(b) The provisions of Sections [3-2-22](#), "Penalties for Failure to File Tax Return or Pay Tax (Applies to Entire Title)," [3-2-27](#), "Tax Constitutes Lien," [3-2-29](#), "Sale of Business Subject to Lien," [3-2-30](#), "Certificate of Discharge of Lien," [3-2-31](#), "Jeopardy Assessment," [3-2-32](#), "Enforcing the Collection of Taxes Due (Applies to Entire Title)," [3-2-33](#), "Recovery of Unpaid Tax by Action at Law," [3-2-34](#), "City May Be a Party Defendant," [3-2-35](#), "Injunctive Relief," [3-2-36](#), "Obligations of Fiduciaries and Others," and [3-2-38](#), "Limitations," B.R.C. 1981, providing for enforcement of collection of taxes due, govern the authority of the city manager to collect the excise tax imposed under this chapter.

Ordinance No. 7884 (2012)

### **3-12-7. Duties and Powers of City Manager.** [top↑](#)

The city manager is authorized to administer, including, but not limited to, the adoption of administrative policies and guidelines, the provisions of this chapter and has all other duties and powers prescribed by Section [3-2-17](#), "Duties and Powers of City Manager," B.R.C. 1981. In addition, the city manager is authorized to enter into agreements with Providers to establish procedures for tax collection, payment to the city, and the reasonable setup and collection charges that will be owed to such Provider.

Ordinance No. 7884 (2012)