

The climate crisis demands bold, immediate action. There is no time to waste.

At the same time, we must ensure that the most vulnerable members of society are not burdened by the cost of the transition to a clean-energy economy.

Unfortunately, any policy designed to rapidly reduce CO2 emissions—whether a cap and trade program, regulations, or a carbon tax—will inevitably raise prices for consumers. That poses a special hardship for low- and middle-income Americans.

A carbon fee and dividend policy solves this problem by imposing a carbon fee on fossil fuel production and returning the revenues to American households. This approach forces fossil fuel producers to pay for the damage they cause, while protecting consumers from rising prices.

In fact, most lower income households will actually come out ahead. Because their carbon footprint is usually lower than that of higher income households, their dividends will typically exceed the extra amount they pay due to rising prices. A 2020 study found that 75% of Oregon households would come out ahead when dividends are distributed equally to all residents.¹ Among the lowest two income quintiles, more than 90% of households would gain.

This result holds true for both urban and rural households. Although rural residents may drive far more than their urban counterparts, the dividend will still more than cover their increased costs because driving represents a small part of our carbon footprint. Far more carbon is consumed by our purchases of other goods and services and by heating and cooling our homes—expenses that are far greater for higher income households.²

As a resident of rural Benton County, where agriculture is the base of our local economy, I am especially concerned about protecting our farmers and rural communities. Fortunately, a well-designed carbon fee and dividend policy can do so by exempting farm fuels from the carbon fee.

In summary, if we are serious about solving the climate crisis *and* protecting the most vulnerable among us, a carbon fee and dividend policy is by far the fairest solution.

I urge you to support SJM 5.

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¹ Ummel, K. 2020. The Impact of a Carbon Fee and Dividend Policy on the Finances of U.S. Households. Working paper prepared for Citizens' Climate Lobby.

² Ummel, K. 2016. Impact of CCL's Proposed Carbon Fee and Dividend Policy: A High-resolution Analysis of the Financial Effect on U.S. Households. Working paper prepared for Citizens' Climate Lobby.