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Activist group wants green for green

Tax on carbon emissions would raise funds for renewable projects, energy audits

By Mike Cote

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An activist group aims to raise \$180 million a year in Colorado for renewable-energy and energy-efficiency projects by charging homeowners and businesses a fee on carbon dioxide emissions.

[Clean Energy Progress](#) wants to put a proposal before voters in November that would cost households with average energy use about \$2.50 more a month, based on a roughly 3 percent tax on natural gas and electricity. A big box retailer, such as a Wal-Mart Supercenter, would pay about \$1,300 a month.

"Our motivation is global climate change and the environment. However, the real benefit to the state is the economy," said Tom McKinnon, a Colorado School of Mines professor and a member of the group's steering committee. "We're facing a recession. A big chunk of the recession is due to high energy costs."

Some of the money would be used to subsidize energy audits for home and business owners, which proponents say would generate savings - about \$10 per household -- that would far exceed the monthly fee. McKinnon said the audits could come in handy for small retail businesses.

"These businesses are just working so hard to keep the shelves stocked and keep the customers coming in, that they just don't have time to think carefully about their energy use," McKinnon said.

"This Clean Energy Progress Fund would have subsidized energy audits. People would come in and make a list -- you can do all these things and still run your business the same way, but your bottom line would be dramatically improved. Or there might be some things that would require an investment, windows, whatever. The energy auditor would be able to say, 'Well, here's the payoff from this decision.'"

Tony Gagliardi, Colorado state director for the [National Federation of Independent Business](#), says small businesses don't need another tax.

"It all sounds good, but small business is like a rubber band: It's getting stretched tighter and tighter, and one of these days it's going to break," he said. "We want to help out with the school districts, with the health care crisis. We want to help out with out with clean air - who wants dirty air -- but when you talk about taxing businesses, when is enough enough?"

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A statewide poll commissioned by Clean Energy Progress in December showed 62 percent of likely Colorado voters, including a majority of Republican women, would support the proposal. Former U.S. Sen. Gary Hart has endorsed the proposal and recently co-authored an op-ed article published in the *Denver Post*.

"We're estimating this can reduce 20 percent of our greenhouse gas emissions and similarly 20 percent of our costs," McKinnon said. "It's relatively simple stuff. Where we ultimately have to be 2050, that's going to require some hard thinking, new technology and stuff like that. But this 20 percent we can do pretty easily. It does take some state money to do it, and this will provide the state money to do that."

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Activist group wants ... (cont'd)

In 2006, Boulder voters approved a similar plan, which taxes only electricity use. The average household pays \$1.33 a month, and the average business pays about \$3.80 a month. The city is using the money toward its goal to reduce greenhouse gas emissions.

The statewide fee would be a step toward both reducing pollution and foreign energy dependency and investing in Colorado's renewable energy economy, which McKinnon argues produces more jobs than the traditional oil and gas industry.

"Our motivation is the environment, but even if you think global climate change is a hoax, this stuff still makes sense," he said.

Clean Energy Progress began meeting in May and spend the summer and fall working on different options, McKinnon said. The group's December poll also included a more ambitious proposal -- a \$50 per ton carbon tax that would have collected 50 cents a gallon from gasoline and 5 cents per kilowatt hour from electricity use.

That was "something an economist would call a 'price signal,' McKinnon said. "So you put enough of a fee on carbon so that people change their behavior. However, this would be revenue neutral. So it would reduce the sales tax, depending upon how much you set it. Most economists think you have to set this fee pretty darn high. We see that everyday with gasoline. Gas goes up 50 cents a gallon and people still buy SUVs."

But the proposal poor very poorly, garnering just 20 percent support, with 48 percent voicing strong opposition, McKinnon said.

"If you were a trusting person, this is actually a good plan because now you have it in your direct control to reduce your taxes. If you want to practice energy efficiency, you can pay fewer taxes," he said. "However, I don't think people trust government to do it. I think what people think is that 'OK, the government is just going to collect it on the energy and keep collecting it elsewhere, too.'"

So the group went with the poll question - the more modest carbon fee tax - realizing it might make sense to start with a less massive change.

"It's arguably better to make small changes than big changes," McKinnon said.

The group's proposal can be viewed at CleanEnergyProgress.org.

Mike Cote is the editor of ColoradoBiz.

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