



REPORT

To: Chair and Directors

Report Number: ENV-BRD-060

From: Kari Bondaroff, GM of Environmental Services

Date: May 27, 2021

Subject: Carbon Tax Information

The following motions were deferred from the March 25, 2021 Regional Board Meeting pending receipt of information regarding the implications of the Supreme Court ruling that the carbon tax is constitutional and impacts to the Province of BC, which is provided below; therefore, the motion(s) are back on the floor for consideration by the Regional Board:

RECOMMENDATIONS ON THE FLOOR*: [Corporate Unweighted]

Amending Motion

MOVED Director Fraser, SECONDED Director Heiberg,
"That the Regional Board amend the motion by adding "using marked fuel" following 'agricultural community'.

Main Motion:

MOVED Chair Sperling, SECONDED Director Goodings,
"That the Regional Board receive the letter from Arthur Hadland dated March 2, 2021 which asked the Regional Board to take action to extinguish the Provincial Carbon Tax for the Region; further, that the Regional Board authorize that a letter be sent to the Honourable John Horgan, Premier of BC, the Honourable George Heyman, Minister of Environment and Climate Change Strategy, and the Honourable Selina Robinson, Minister of Finance; requesting that the agricultural community and residents and businesses who do not have access to BC Hydro's power grid in the Peace River Regional District be exempted from British Columbia's Carbon Tax; further, that the letter be copied to South Peace MLA Mike Bernier, and North Peace MLA Dan Davies."

BACKGROUND/RATIONALE:

*The Board must vote first on whether or not to approve the amendment regarding marked fuel. Once it has been decided whether or not 'using marked fuel' will be included as a condition of exemption from the carbon tax for the agricultural community and added to the resolution, the main motion must be voted on, either as originally proposed, or as amended.

As captured in the deferred resolution, Arthur Hadland sent a letter to the Regional Board expressing dire concern for the 19% bill increase directly related to carbon tax that was attributed to heating a home. Mr. Hadland requested that action be taken to exempt all Northern taxpayers from paying a tax that he suggests does not reduce human consumption of carbon fuels or improve the environment.

In 2008, the Province of BC implemented North America's first broad-based carbon tax. This tax applies to the purchase and use of fossil fuels, and covers approximately 70% of provincial greenhouse gas emissions.

On April 21, 2021, BC's carbon tax rate rose by \$5/tCO₂e to \$45. The rate will increase again on April 1, 2022, to \$50/tCO₂e. A previously scheduled increase in 2020 was postponed due to the pandemic.

Carbon tax revenue generated by the Province is used to provide carbon tax relief in the form of Climate Action Tax Credit payments to residents of BC; \$174/adult and \$51/child as of July 1, 2020. This credit is for low and middle income individuals and families and is issued four times per year through the Canada Revenue Agency. The Clean BC Industrial Incentive Program, as well as the CleanBC Industry Funds, were created to provide support to businesses focused on reducing emissions for industry in BC. There are many different funding programs that support increased energy efficiency for housing, industry, and farming operations.

Carbon tax rebates exist for farmers to assist with the purchase and/or upgrades to equipment that improve energy efficiency. Solar energy use is being promoted and financially supported through funding for purchase. The carbon levy does not apply to dyed diesel or gasoline used in farming operations; however, carbon tax levies are indirectly expensed to farmers by other businesses that provide services to the farming community. With small revenue margins, the increased taxes are passed to the farmer indirectly within their purchases.

For northern residents, the total cost of carbon tax per individual will vary based on the volume of fossil fuel energy they utilize. Those driving longer distances and heating larger homes will pay more than those who utilize public transit and heat smaller homes. Carbon taxes are meant to prompt residents to lower, or limit their use of fossil fuel, as otherwise they will be subject to increased costs due to the addition of the carbon tax to the overall bill.

On March 25, 2021, the Supreme Court of Canada ruled that the federal carbon pricing law is constitutional. The link to the decision summary is attached as an external link for review. In summary, the *Greenhouse Gas Pollution Pricing Act* (Act) that was passed in 2018, to align with and to support the global consensus, under the 2015 Paris Agreement that greenhouse gas emissions contribute to global climate change was upheld by the Supreme Court. The Act allows the federal government to implement its commitments through carbon gas pricing systems that were mandated to be initiated by January 1, 2019. The Act is to be applied where provincial or territorial pricing systems are not strict enough to reduce global warming. It should be noted that the title 'carbon tax' is misleading as it is not a tax, it is a pricing structure. Carbon tax is actually a regulatory charge for the use of fuel and the corresponding excess emissions that enter the environment. While provinces such as Saskatchewan, Ontario, and Alberta challenged the imposition of carbon tax on their residents, the federal government maintained that the federal law was to ensure and maintain minimum carbon pricing standards across the entire country. British Columbia has met these requirements through the scheduled carbon tax pricing rates and increases as initiated in 2019, and as such, the federal ruling has no impact on BC, other than they will continue to charge it.

ALTERNATIVE OPTIONS:

1. That the Regional Board provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Not Applicable to Strategic Plan.

FINANCIAL CONSIDERATION(S):

None.

COMMUNICATIONS CONSIDERATION(S):

None.

OTHER CONSIDERATION(S):

None.

External Links:

1. [Director Report](#) from March 25th Board Meeting, DR-BRD-017 re: British Columbia's Carbon Tax
2. [Letter from Arthur Hadland](#), dated March 2, 2021 re: Unnecessary and Non-Functional Carbon Tax
3. [March 25, 2021 Board Meeting Minutes](#) (See Item 10.1)
4. BC Government Information on Carbon Tax:
<https://www2.gov.bc.ca/gov/content/environment/climate-change/planning-and-action/carbon-tax#:~:text=On%20April%201%2C%202021%2C%20B.C.,increase%20was%20postponed%20in%202020.>
5. Supreme Court of Canada Case in Brief:
<https://www.scc-csc.ca/case-dossier/cb/2021/38663-38781-39116-eng.aspx>