

MEMORANDUM

TO: Transportation, Infrastructure, Energy and Environment Committee

FROM: ~~MM~~ Amanda Mihill, Legislative Attorney *A. Mihill*
Michael Faden, Senior Legislative Attorney

SUBJECT: **Public Hearing:** Bill 5-14, Environmental Sustainability – Social Cost of Carbon Assessments

Bill 5-14, Environmental Sustainability – Social Cost of Carbon Assessments, sponsored by Councilmembers Berliner, Floreen, Riemer, Elrich, Andrews, and Navarro, was introduced on January 28, 2014. A Transportation, Infrastructure, Energy and Environment Committee worksession is tentatively scheduled for February 26, 2014 at 9:30 a.m.

Bill 5-14 would require the Office of Management and Budget to submit an analysis of the social cost of carbon with certain capital projects in the Capital Improvements Program. The use of conventional fuels, particularly coal, extracts a cost on society that is not reflected in its price. These “external” costs should be factored into the cost/benefit calculations that the County uses when it assesses the potential for energy efficiency improvements.

Councilmember Berliner explained the purpose of this Bill in his January 14 memorandum describing his proposed energy/environmental package. See ©20 of Bill 2-14, Agenda Item 13.

The Fiscal and Economic Impact statement for this Bill will be transmitted after March 17 (see ©4).

This packet contains:	<u>Circle #</u>
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Bill No. 5-14
Concerning: Environment Sustainability
- Social Cost of Carbon
Assessments
Revised: 12/20/2013 Draft No. 1
Introduced: January 28, 2014
Expires: July 28, 2015
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Berliner, Floreen, Riemer, Elrich, Andrews, and Navarro

AN ACT to:

- (1) require the Office of Management and Budget to submit an analysis of the social cost of carbon with certain capital projects in the Capital Improvements Program; and
- (2) generally amend County law regarding the analysis of capital projects and environmental sustainability.

By adding

Montgomery County Code
Chapter 18A, Environment Sustainability
Section 18A-16A

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 18A-16A is added as follows:**

2 **18A-16A. Social cost of carbon assessment.**

3 (a) Definitions. In this Section, the following words have the meanings
4 indicated:

5 Director means the Director of the Office or the Director's designee.

6 Applicable capital project means any proposed building project
7 administered by the Department of General Services or the Parking
8 Management Division of the Department of Transportation.

9 Office means the Office of Management and Budget.

10 Social cost of carbon means an estimate of the economic damages or
11 damages avoided associated with the increase or reduction of one
12 metric ton of carbon dioxide emissions.

13 (b) For each applicable capital project in the Capital Improvements
14 Program during facility planning, the Office of Management and
15 Budget must include in, or transmit with, the CIP an analysis of the
16 social cost of carbon from that project.

17 (c) In performing its analysis, OMB must use the standard developed by
18 the United States Environmental Protection Agency or a standard the
19 Director finds equivalent.

20 (d) In performing its analysis, OMB should consult the Department of
21 Environmental Protection and any other County department or agency
22 with expertise in environmental sustainability.

LEGISLATIVE REQUEST REPORT

Bill 5-14

Environmental Sustainability – Social cost of Carbon Assessments

DESCRIPTION:	Would require the Office of Management and Budget to submit an analysis of the social cost of carbon with certain capital projects in the Capital Improvements Program.
PROBLEM:	The use of conventional fuels, particularly coal, extracts a cost on society that is not reflected in its price. These “external” costs should be factored into the cost/benefit calculations that the County uses when it assesses the potential for energy efficiency improvements.
GOALS AND OBJECTIVES:	To require the County to use EPA’s “social cost of carbon” calculation or a comparable methodology for Capital Improvements Program purposes.
COORDINATION:	Office of Management and Budget, Department of General Services
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Michael Faden, Senior Legislative Attorney, 240-777-7905
APPLICATION WITHIN MUNICIPALITIES:	To be researched.
PENALTIES:	Not applicable.



ROCKVILLE, MARYLAND

MEMORANDUM

February 5, 2014

TO: Craig Rice, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance

SUBJECTS: Bill 2-14, Environmental Sustainability – Buildings – Benchmarking
Bill 3-14, Buildings – Energy Efficiency – Energy Standards
Bill 4-14, Street and Roads – County Street Lights
Bill 5-14, Environmental Sustainability – Social Cost of Carbon Assessments
Bill 6-14, Environmental Sustainability – Office of Sustainability – Established
Bill 7-14, Contracts and Procurement – Certified Green Business Program
Bill 8-14, Buildings – County Buildings – Clean Energy Renewable Technology
Bill 9-14, Environmental Sustainability – Renewable Energy – County Purchase
Bill 10-14, Buildings – Solar Permits – Expedited Review
Bill 11-14, Buildings – Electric Vehicle Charging Station Permits – Expedited Review

As required by Section 2-81A of the County Code, we are informing you that transmittal of the fiscal and economic impact statements for the above referenced legislation will be delayed because more time is needed to coordinate with the affected departments, collect information, and complete our analysis of the fiscal and economic impacts. While we are not able to conduct the required detailed analyses at this time, it is clear that a number of these bills could have significant fiscal impacts.

Due to this year's heavy workload on Executive branch staff in developing both a full capital budget and an operating budget, the fiscal and economic statements will be transmitted after March 17, 2014.

JAH:fz

cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
Marc P. Hansen, Office of the County Attorney
Robert Hagedoorn, Department of Finance
David Platt, Department of Finance
Alex Espinosa, Office of Management and Budget
Mary Beck, Office of Management and Budget
Nacem Mia, Office of Management and Budget
Felicia Zhang, Office of Management and Budget