Portland
Just Energy Transition

Initiative Summary

Background

In the United States over 1,000 Mayors have signed the Mayors Climate Protection Agreement. Cities all over the world are now taking the lead on responding to climate change. Unfortunately in the US there is a lack of funding at the local level to implement the types of projects that could meaningfully reduce greenhouse gas emissions while creating family-wage jobs.

The lack of substantial action on climate issues in many ways mirrors the limited governmental action in addressing the chronic economic and health inequities facing poor communities, including African American, Latino and other communities of color.

While public attention to racial inequities has recently increased in the face of continuing race-based police violence, there continue to be extremely limited financial resources allocated to address other racial disparities including economic resources allocated to economic inequalities related to race. The same is true for economic inequities.

Here in Portland the story is the same. For decades our most vulnerable communities have been promised help and support that rarely appears. And in some cases entire communities have been displaced, tearing apart the fabric of neighborhoods and their economic engines.

We can change that. Portland can take proactive steps to fight climate change while addressing economic and racial inequity and providing major new economic opportunities for communities currently left out of the economic engine of our city. And in doing so we will create a model that can be shared with other cities across the US.

Proposed Policy

This policy would impose a new 1% business license fee on the total in-city revenue of retail corporations, such as Nordstrom, IKEA, Best Buy, Home Depot, and The Gap, that had over $1 billion in previous annual national sales (groceries and medicine would be exempt). As a result, the fee would only hit the largest corporate retail chains in the country while generating significant revenues for in-city greenhouse gas reduction and job creation.

Major US Corporations are sitting on $1.9 trillion dollars in cash. Retailers are also responsible for a significant percentage of U.S. greenhouse gas emissions when customer traffic, the greenhouse gas footprint of retail products, and facility operations are considered. These businesses need to pay their fair share.

With this policy we have an opportunity to respond aggressively and equitably to climate change while upholding our values of economic, social, and racial justice.

Incorporating racial equality and social justice goals

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By including economic justice and racial equity goals and binding requirements in the core of the proposed ballot measure there is an opportunity to use new greenhouse gas reduction funds and projects to train and hire people from communities of color and to promote minority-owned businesses.

Funding for hands-on workforce training and apprenticeships will be aimed at groups and neighborhoods impacted by persistent poverty, racism, and neglect. There will also be ambitious minimum allocations for work by MWBE's (Minority and Women Owned Enterprises) and small community owned businesses. These are just a few of the provisions that will be hardwired into the policy to help make it a model for ensuring climate justice at the same time and we address racial, social, and economic issues in Portland.

Potential revenue is significant

Initial estimates indicate the policy could generate approximately $30 million a year in new revenue. Companies working in the efficiency and renewable energy fields have said that the new revenue from the proposed greenhouse gas reduction business license fee can be leveraged with private loan capital at typically a 4:1 ratio. While these numbers should be viewed as preliminary, the potential new spending would likely be the highest per capita greenhouse gas reduction spending of any city in the country.

Keeping it local

In addition to pushing for every dollar raised through the business license fee to be matched 4:1 by private or non-profit investment, we want to see all of those dollars spent in the neighborhoods in Portland that need the most support.

Some existing programs, such as Enhabit (residential energy efficiency and solar) and Multnomah County's new CPACE(multi-family and commercial energy efficiency) are two programs already engaged in this type of funds leveraging, but both programs are in need of additional funding.

There will also be funds dedicated to job training for local residents as well as monies that must be spent with small local businesses.

Frequently Asked Questions

How will it be funded?

Our measure authorizes a 1% supplemental business license fee on retail corporations, such as Walmart, Target, and Bank of America that generate over $ 1 billion a year in revenue. The fee would be calculated based on their annual Portland revenue. Many of these large corporations are enjoying record revenues and all are paying a record low effective tax rate.

How will the money be distributed?

A Commission comprised of seven citizens, appointed by the City Council, will oversee competitive proposals for use of the funds. All members of the Commission will reflect the racial, ethnic, and economic diversity of experience and backgrounds important for successful implementation of the measure. Each member must have strong interest and experience in reducing greenhouse gas emissions, acting on climate change, and advancing racial and economic justice.

Will it positively affect affordable housing?

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For a start it will make existing housing more affordable. For many current residents below or near the poverty line, staying in their existing housing is more and more challenging. That is especially true for people living in houses or apartments without any energy efficiency or renewable infrastructure. This measure will put money into upgrading both residential and multifamily housing in Portland's most vulnerable neighborhoods. These upgrades include everything from energy efficiency investments to structural upgrades to support the installation and use of renewable energy infrastructure like solar panels.

Further, a big challenge in keeping a home is having a good paying job to support yourself and your family. Our initiative provides significant funding for job training Portlanders currently left out of our cities economic engine.

Sounds like Measure 97, is it?

Portlander's know that large corporations need to pay their fair share to support our communities. They can't just take our money and run. That's why Measure 97 passed in Portland with 60.6% of the vote.
Our measure differs from Measure 97 in the following ways:

- JET exempts groceries and medicine
- JET only applies to large retails corporations with $1Billion or more in annual national sales and $500k or more
- JET applies to the city of Portland only
- JET has specific instructions for the distribution and administration of the funds that include citizen oversite.

Who helped to write the initiative?

The Portland Just Energy Transition initiative was conceived and written by leaders of respected local groups who advocate for economic, social, racial and climate justice. These leaders understand that these issues are often tied together and present Portland with an incredible opportunity to make a great leap forward on all fronts.

APANO - http://www.apano.org/
Coalition of Communities of Color - http://www.coalitioncommunitiescolor.org/
NAACP - http://www.portlandnaacp1120.org/
NAYA - http://nayapdx.org/
Sierra Club - http://oregon2.sierraclub.org/chapter
350PDX - https://350pdx.org/
Verde - http://www.verdenw.org/

Can we attract additional investment because of this new revenue stream?

It is well-established in the renewable energy and energy efficiency fields that governmental funding and cash incentives can be used strategically with loan capital to greatly increase the overall impact of the governmental funds. Conservative estimates in Oregon assume a 4:1 leveraging ratio for energy efficiency and renewable projects. This means that $30 million in new annual fee revenue can be leveraged to create annual project spending of $120 million or more.

Why target retail corporations?

Most retailers have the longest supply trains, and don't account for greenhouse gases in the production and distribution of their products. In addition they pay the lowest wages and generally don't invest in our community. For every dollar spent at a national retail store, only 58 cents gets recirculated back into the community as opposed to 73 cents of every dollar spent at a locally owned store. Of the approximately 125 companies that will be affected, 45 have overseas tax havens, some with as many as 40 or 50 of these havens.

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How will this affect consumer prices?

Many national retailers have standard pricing irrespective of local fees, enabling them to advertise sales nationally. There is no research that shows this would meaningfully affect demand or hurt consumers. Since the increased business license fee would only be 1% of gross receipts, any impact on the price of goods would be extremely small and well within the range of normal price variations. Even assuming a business such as McDonalds passed on the entire amount of a 1% license fee, the price of a $4.00 hamburger would be increased by just $.04.

How can I be sure the dollars will be spent wisely?

Administrative costs are limited to 5%. A Citizen's Commission patterned after the successful Portland Children's Levy will decide on which projects get funded and assure accountability. Members of the Commission are required to have extensive experience in the fields pertaining to the initiative targets and goals.

Don't we already have programs to do this work?
Yes, but only for property owners with the means to make significant contributions to the projects and/or the ability to utilize tax credits.
Further, in 2014, Oregon Public Utilities Commission cut residential energy efficiency incentives available via the Energy Trust of Oregon. And current solar funding and solar tax credits are also on the chopping block at the federal and state level.

What's needed is a stable source of long-term funding that is aligned with the scale of our challenges related to climate change and economic equity.

Haven't most homes in Portland already received energy efficiency upgrades?

Of the 249,000 single family and multiple family housing units in Portland, 213,000 are in need of energy efficiency upgrading. Funds from this initiative will help stop the boom-and-bust cycle of insufficient support for energy efficiency and solar by utilities and public agencies as well as provide much needed support for our most under-resourced citizen's and neighborhoods.
Doesn't the Energy Trust do this? Isn't this a duplication of efforts?

Energy Trust provides support and incentives for residential energy efficiency and solar to the level governed by the Oregon Public Utilities Commission, whose mission does not include climate change and social justice. This effort is merely adding community-funded rebate dollars on top of Energy Trust incentives. The entire customer service and contractor network capabilities of Energy Trust will be leveraged.

What is the Number of People in Poverty in Portland?

Approximately one-third of Multnomah County's households fall below the Self-sufficiency Standard, meaning they are unable to meet their basic needs.

Growth in Poverty: The number of people in poverty in Multnomah County has increased over the past two decades at a rate much higher than the growth of the county's population as a whole. The growth in poverty can be attributed to a decline in family-wage jobs, increasing economic inequality, the impact of the recession, and the erosion of the social safety net and the increasing cost of living in Portland.

What are the Demographics of Poverty?

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53% of the county's population in poverty are female
44% of the county's population in poverty are people of color
28% of the county's population in poverty are children under 18

What are the benefits of weatherization?

According to the Department of Energy for every $1 invested in weatherization
$1.72 is generated in energy benefits and $2.78 is generated in non-energy benefits, or **$4.50 in additional benefits from every $1 invested.**