

**MEMORANDUM**

TO: County Council

FROM: ~~Am~~ Amanda Mihill, Legislative Attorney, *AMihill*  
Michael Faden, Senior Legislative Attorney

SUBJECT: **Introduction:** 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, is scheduled to be introduced on January 28, 2014. A public hearing is tentatively scheduled for February 11, 2014 at 7:30 p.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 5A.

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

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

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**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

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

<b>DESCRIPTION:</b>	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.
<b>PROBLEM:</b>	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.
<b>GOALS AND OBJECTIVES:</b>	To require the County to use EPA’s “social cost of carbon” calculation or a comparable methodology for Capital Improvements Program purposes.
<b>COORDINATION:</b>	Office of Management and Budget, Department of General Services
<b>FISCAL IMPACT:</b>	To be requested.
<b>ECONOMIC IMPACT:</b>	To be requested.
<b>EVALUATION:</b>	To be requested.
<b>EXPERIENCE ELSEWHERE:</b>	To be researched.
<b>SOURCE OF INFORMATION:</b>	Michael Faden, Senior Legislative Attorney, 240-777-7905
<b>APPLICATION WITHIN MUNICIPALITIES:</b>	To be researched.
<b>PENALTIES:</b>	Not applicable.