

# BC Carbon Tax

Carbon Markets Workshop

Santiago, Chile

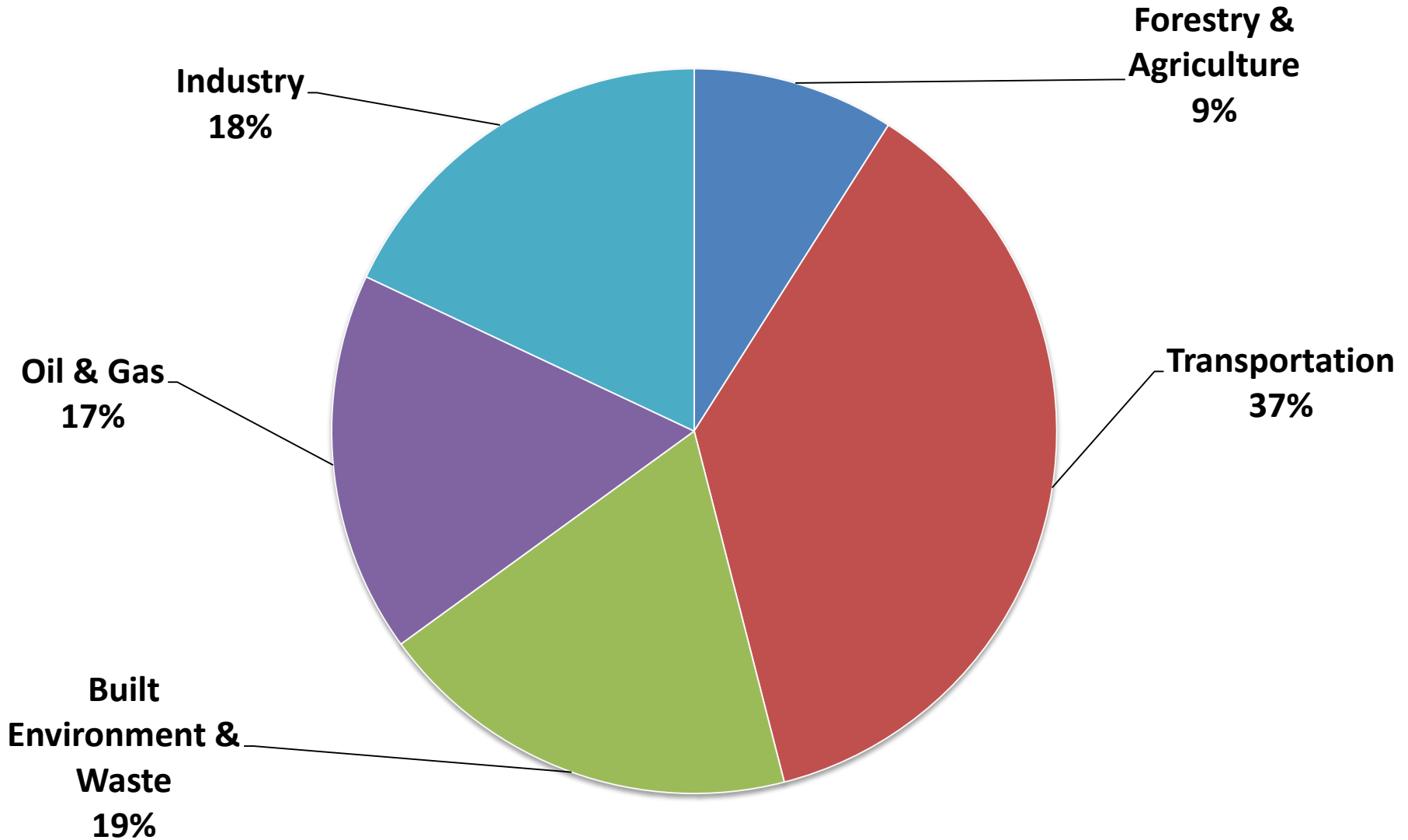
March 28<sup>th</sup> 2017

# BC: Quick Facts

- 4.7 million population (13% of national population)
- \$2.5 bn GDP (12% of national GDP)
- The size of France and UK combined (944,735 square kilometres)
- Integrated with Canadian economy, US west coast economy, and the Pacific Rim.
- Parliamentary system of government
- Current government in power since 2001
- Provincial election May 9<sup>th</sup> 2017

# Current GHG Emissions Levels (2013) – Key Sectors

Total Emissions: 64 Million Tonnes/Year



# BC Carbon Tax: Overview

Covers  
**70%**  
of B.C.'s emissions

**\$30/tonne**  
highest carbon tax on  
the continent

**Revenue-neutral**  
Every dollar raised by tax is returned to  
British Columbians through tax reductions

# BC Carbon Tax: Detail

- Introduced in 2008.
- Started at \$10/tonne; increased \$5/yr to current \$30/tonne
- Translates to less than 7 cents/litre of gasoline on average \$120 cents/litre retail price.
- Applies to emissions from the purchase or use of fuel in British Columbia, covering about 70% of provincial emissions (excludes non-combustion industrial process emissions, fugitives, non-energy agricultural uses, waste, net deforestation).
- Driven by one simple idea: tax the pollution we do not want, and return the money for what we do want –money in people’s pockets, jobs and investment.

# BC Carbon Tax: Impacts

- The tax is estimated to have reduced emissions in the province by up to 15% from what they would have otherwise been (Murray and Rivers, 2015).
- The same research also indicates that the tax has had negligible effects on overall economic performance. Between 2007 and 2014, B.C.'s real GDP grew 12.4%, stronger than the Canadian average.

# BC Carbon Tax: Affordability

- B.C.'s carbon tax is revenue neutral. This means each year, every dollar generated by B.C.'s carbon tax is returned to British Columbians through reductions in other taxes. Tax reductions include:
  - Low income climate action tax credit
  - Reduction of 5% in the first two personal income tax rates
  - Northern and rural homeowner benefit of up to \$200
  - General corporate income tax rate reduction
  - Small business corporate income tax rate reduction
  - Industrial property tax credit

# BC Carbon Tax: Driving Innovation

- The carbon tax encourages industry to innovate and invest in technologies that lower greenhouse gas emissions.
- March 2017 KPMG study on the BC Clean Tech sector notes that the province has emerged as “a globally recognized centre of Cleantech innovation” with 273 companies employing 13,900 people, and estimated 2017 revenues of \$2.9 bn.
- The carbon tax can be layered with other policies to promote further innovation.
  - 2014 legislation setting the world’s most stringent GHG intensity benchmark for B.C. LNG facilities.



# BC Carbon Tax: Sharing our Experience

- BC is pleased to share our experience developing and implementing our revenue neutral carbon tax.
- For further information please contact the BC Climate Action Secretariat: [David.Coney@gov.bc.ca](mailto:David.Coney@gov.bc.ca)