

AIA Seattle Issue Brief

Why AIA Seattle Supports Initiative 732

Issue Brief

Issue

AIA Seattle supports Washington Initiative 732, a plan to tax carbon emissions at their source over the next 40 years.

Initiative 732 encourages clean energy solutions by shifting the tax burden onto carbon pollution using:

- \$25 per ton tax on the carbon pollution from fossil fuels.
- One percentage point reduction in the state sales tax – saving hundreds of dollars per year for an average household in Washington.
- Working Families Tax Rebate to provide up to \$1,500 a year for 460,000 low-income households.
- Reduction of the Business & Occupation tax on manufacturing from as much as 0.484 percent to 0.001 percent of gross receipts, effectively eliminating the tax.

I-732 is a credible and generally sound policy to put Washington state on a path to carbon reduction, and it is likely to be the only opportunity to implement carbon pricing for many years. The initiative has some weaknesses which the legislature may wish to address after it passes, but it represents a big step forward in our efforts to arrest climate change.

Impact on Architects or the Built Environment

Carbon pricing creates demand for architects' skills. By incentivizing high performing buildings, I 732 creates new demand for the unique skills architects bring to their projects. Architects have the unique skills that are critical for both new and existing buildings to achieve cost-effective energy efficiency improvements.

Carbon pricing helps architects make a business case for energy efficient buildings. Carbon pricing will help building and construction costs tell the truth about climate impacts. Those price signals will make it more attractive for our clients to “do the right thing” and make design and construction decisions that are best for the environment.

Carbon pricing encourages the development of local green businesses that serve architects. By harnessing the economic power of the private sector, carbon pricing will stimulate innovation and production of materials and technologies architects need to design and construct better buildings.

Initiative 732 reduces the sales tax burden on construction costs. In Washington, sales tax applies not only to construction inputs such as materials, but also to services. The 1% reduction in sales tax will reduce tax on construction by around \$190million annually.

AIA Seattle Action

Advocacy Goals

Pass Initiative 732

Actions

Encourage members to vote “yes” on I 732
Conduct media outreach to support I 732

Key Messages

Buildings are responsible for 40% of greenhouse gases. If we don't consider energy use in buildings, we will not effectively address climate change. How and where we build is either an investment in GHG reduction or a long-term liability. Through thoughtful design, architects are integral to a GHG long term reduction strategy for owners and for our State as a whole.

Proper price signals help our clients make good decisions. Carbon pricing will help building and construction costs tell the truth about climate impacts. Those price signals will make it more attractive for our clients to “do the right thing” and make design and construction decisions that are best for the environment. Without those price signals, architects can find it hard to persuade our clients to act in the climate's best interest. Monetizing carbon in this state recalibrates the economics of what building systems and architectural solutions are economically feasible for reducing GHG.

Without carbon pricing, our state is falling behind. Despite aggressive energy codes compared to the rest of the country, the energy efficiency of buildings in Washington is not on track for our state to meet the legal requirement of RCW 70.235.020. Neither the current cost of energy in this state nor the anticipated energy code improvements are likely to get us to our legal requirement by 2020. Washington is slipping behind Oregon, California and British Columbia, where similar schemes have succeeded in reducing carbon while not damaging the business climate in aggregate.

I-732 includes a reduction in state sales tax, which may reduce the cost of construction. A 1% reduction in the state sales tax will result in lower costs on the inputs to construction. A reduction in construction costs, even a small one, helps our city's objective of increasing housing affordability.

I 732 benefits far outweigh its shortcomings. Putting a price on carbon is the single most effective strategy our state can take to reduce carbon emissions. Much has been made of the shortcomings of I 732, in particular its projected impact on the state budget; its potential impact on people with low incomes and communities of color; and the use of funds generated by the tax. While there is some merit to all of these concerns, credible research shows that their negative impacts have been

significantly overstated. I 732 includes measures intended to result in a revenue-neutral policy; to provide benefit to low-income communities through sales tax reduction and tax credit increases; and to use market forces to direct private investment into energy efficiency strategies and technologies. While not perfect, I 732 is credible, responsible, and possible to implement.

Architects work to improve our places and our planet. Architects care about creating spaces and places that improve quality of life and equity. We can't ignore the impact of climate change. Our professional responsibility requires us to advocate on legislative and economic mechanisms that make our projects part of the solution.

Background

Research

<http://www.sightline.org/2016/08/01/pros-cons-carbonwa-carbon-tax-swap-ballot-initiative-732/>

Partners

AIA Washington Council adopted a position in November 2015 to support the goal of carbon pricing in the state of Washington.

Member Input

Members of the AIA Seattle Board of Directors and Public Policy Board hosted an event for members and the public in early 2016 to learn more about carbon pricing in general, and I 732 specifically. Representatives from Carbon Washington and Climate Solutions met with the Public Policy Board, and staff and members conducted extensive research about the initiative, its likely impacts and costs.