

FAQs – Climate Leadership Plan, Taxes and Benefits

The material covered in this document is extracted from either government, association or news media sources.

About the carbon levy (Alberta Government)

Putting a price on carbon is the most cost-effective way to reduce greenhouse gas emissions that cause climate change.

The levy will also help diversify our energy industry and create new jobs, and is already improving access to new markets and better prices for our traditional energy products.

Alberta's carbon levy provides a financial incentive for families, businesses and communities to lower their emissions.

Source: <https://www.alberta.ca/climate-carbon-pricing.aspx>

Read about Climate Leadership Plan: <https://www.alberta.ca/climate-leadership.aspx>

How will the funds from the carbon tax be used?

The province intends to use carbon tax revenues of **\$9.6 billion** to diversify the energy industry or rebate it back to low- and middle-income Albertans.



It's earmarked **\$3.4 billion** for large scale renewable energy, bioenergy and technology, **\$2.2 billion** for green infrastructure like public transit, and **\$645 million** for Energy Efficiency Alberta, a new provincial agency supporting energy efficiency programs and services for homes and businesses.

Around **\$2.3 billion** will go towards carbon rebates, **\$865 million** will pay for cutting the small business tax rate from three to two per cent, and **\$195 million** is planned to assist coal communities, indigenous communities and others transition to a cleaner economy.

Source: Graney, Emma, Edmonton Journal, Alberta's new carbon tax is all about the 'long game', says deputy premier," January 1, 2017. <http://edmontonjournal.com/news/local-news/deputy-premier-to-address-alberta-carbon-tax-as-prices-rise>

How do the rebates work?

Sixty per cent of households will get a full rebate of **\$200 for an adult, \$100 for a spouse, and \$30 dollars for each child under 18** (up to four children).

Full rebates will be provided to single Albertans who earn **\$47,500** or less, and couples and families who earn **\$95,000** or less. An additional 6% of households will receive a partial rebate.



The income levels for a partial rebate are up to **\$51,250** for a single person, **\$100,000** for a couple and between **\$100,750 and \$103,000** for a couple with children.

Single parents can claim the spouse amount for one child, and the child amount for up to four more children. There's no application process for a 2017 rebate - it's automatic for any household that **filed a 2015 tax return** meeting the criteria.

The rebate is non-taxable and also refundable, meaning you will receive it even if you pay no provincial income taxes.

Rebates will increase in 2018, along with the carbon levy, to \$300 for singles, \$450 for couples, and \$45 per child.



Calculate your Carbon Tax Rebate:

<https://www.alberta.ca/calculate-carbon-levy-rebate-and-costs.aspx>

Read more: <https://www.alberta.ca/climate-carbon-pricing.aspx#p184s3>

Carbon levy rebates benefit millions of Albertans, January 5, 2017,

<https://www.alberta.ca/release.cfm?xID=450845E12BECA-FCC4-8676-E4B01C81EAB9BA76>

What are the costs of the tax?

Carbon tax

- Gasoline - **4.49** cents per litre.
- Diesel -**5.35** cents per litre.
- Propane - **3.08** cents per litre.
- Natural gas is increasing by **\$1.011** per gigajoule.
- Marked farm fuels (purple gas) are exempt.

(Albertans now pay almost 29 cents a liter in total taxes for gasoline, including the carbon tax, a 10 cent federal tax and 13 cent provincial sales tax.)



Albertans pay almost 29 cents per litre in tax

The government estimates the cost of the tax, based on typical fuel use and before rebates, to be:

- \$191 for a single adult
- \$259 for a couple
- \$338 for a couple with two children per year

There's no levy on electricity. The government estimates the indirect costs for higher prices on goods and services at around \$50 to \$70 per household this year.

Source: Graney, Emma, Edmonton Journal, "Here's how Alberta's carbon tax works and how it will affect your wallet," January 2, 2017. <http://edmontonjournal.com/news/local-news/heres-how-albertas-carbon-tax-works-and-how-it-will-affect-your-wallet>

Are there programs to make homes and businesses more energy efficient?

Alberta has long been the only province in Canada without an energy efficiency program.

Albertans will get help to make our homes and businesses more energy efficient. Programs will include **free installation and rebates** to improve energy efficiency and save money on heating bills.

There will also be incentives for businesses, non-profits and other institutions to install high-efficiency lighting, heating, cooling and hot water systems.

Announced January 6, 2017: **Non-Profit Energy Efficiency Transition (NEET) Program** will provide funding to help non-profit and volunteer groups determine how efficient their current lighting, heating, cooling and hot water systems are. Equipped with audit information, agencies can then take advantage of Energy Efficiency Alberta's Business, Non-Profit and Institutional Rebate Program, which offers incentives for the purchase and installation of high-efficiency products.

Read more: Zabjek, Alexandra, "Energy Efficiency Alberta a work in progress as part of carbon tax plan," January 4, 2017. <http://www.cbc.ca/news/canada/edmonton/energy-efficiency-alberta-carbon-tax-1.3921695>
Energy Efficiency Alberta: <https://www.alberta.ca/energy-efficiency-alberta.aspx>
NEET News Release: <https://www.alberta.ca/release.cfm?xID=4509095763011-A462-BD1A-7EC06B4AF6182979>

What are the benefits to the Alberta economy?

According to the NDP government, the Climate Leadership Plan paved the way for the approval of the Trans Mountain Pipeline that will open up new markets for our energy products, creating tens of thousands of jobs and billions of dollars in economic activity.

Opening New markets - Albertans have had to sell our oil to one customer (the United States) at a discounted price. We need new markets for our energy, agricultural, forestry and industrial products at a time when our traditional market in the United States appears to be softening. For many of these exports, our environmental credibility will have a lot to do with how well they are received.

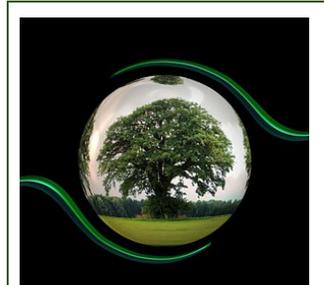
In November 2016, the federal government approved the Trans Mountain Pipeline to Canada's west coast. According to the NDP, Ottawa approved this because Alberta is now a leader on climate change.

Here's what the Prime Minister said: The federal government "could not have approved this project without the leadership of Premier Notley, and Alberta's Climate Leadership Plan - a plan that commits to pricing carbon and capping oilsands emissions at 100 megatonnes per year."

Sources:

Wood, James, Post Media, "Trudeau credits Alberta NDP climate change plan for paving the way to Trans Mountain approval," November 29, 2016. <http://www.calgarysun.com/2016/11/29/trudeau-credits-alberta-ndp-climate-change-plan-for-paving-the-way-to-trans-mountain-approval?token=2f5275a683930e057903bb8e19201eb4>

Phillips, Shannon, Vulcan Advocate, "Environment minister responds to carbon tax criticism," January 4, 2017 <http://www.vulcanadvocate.com/2017/01/04/environment-minister-responds-to-carbon-tax-criticism>



There is a link between sustainability and market access

What does the opposition say about the pipeline approvals?



Don MacIntyre, the Wildrose's electricity and renewables critic, refused to give the government credit for winning the pipeline approvals. He suggested the NDP simply benefited from a "politicized" approval process that instead should have been based only on scientific evidence.

However, when questioned about the scientific evidence around climate change, MacIntyre said there remains some question about the causes.

"It is cyclical. Man is aggravating it. Man is not the sole cause. Asked whether he agreed with scientific evidence showing human activity as the biggest contributor by far to climate change, he said: "You can't say that anymore. The science isn't settled."

MacIntyre said the Wildrose approach to reduce the province's carbon footprint would be to introduce more energy efficiency programs but without hurtful new taxes.

Source: Gerein, Keith, Edmonton Sun, "NDP promises Albertans will soon see benefits of carbon tax," January 2, 2017. <http://www.edmontonsun.com/2017/01/02/environment-minister-promises-albertans-will-soon-see-benefits-of-carbon-tax>

Is there support for small businesses?

Small business* tax is being cut by **33 per cent**, saving small business owners about \$185 million a year. With this cut, Alberta now has the second lowest small business tax rate in the country.

Small business corporate income tax rate lowered to 2% effective January 1, 2017.

With no provincial sales tax, health premiums or payroll tax, Alberta maintains a big tax advantage over our competitors.

Read more: <https://www.alberta.ca/climate-carbon-pricing.aspx#p184s5>

* The Canada Revenue Agency defines a small business as a sole proprietorship, partnership, corporation, or self-employed individual (including those earning income from commissions) earning up to \$500,000.00 annual active business income.

Is there support for agriculture?



The province is implementing \$10 million in programs to help farm operations reduce their emissions and save on energy bills through efficiency upgrades.

Read more on support for farmers: <https://www.alberta.ca/climate-carbon-pricing.aspx#p184s6>

Other source: <http://edmontonjournal.com/news/local-news/heres-how-albertas-carbon-tax-works-and-how-it-will-affect-your-wallet>

The provincial government announced that greenhouse producers would be eligible to receive back **80 per cent** of their new costs. That puts them on a similar footing as growers in British Columbia, where a carbon charge has been in place since 2012 but with an 80 per cent rebate program for greenhouses. For the next two years, greenhouses will be able to recoup up to 80 per cent of the carbon levy, as is the case in B.C.

Source: Graney, Emma, "Carbon tax rebate promised to keep Alberta greenhouses competitive with those in B.C.," December 30, 2016. <http://edmontonjournal.com/news/politics/carbon-tax-rebate-promised-to-keep-alberta-greenhouses-competitive-with-those-in-b-c>

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Other links of interest:

Renewable and Alternative Energy:

<http://www.energy.alberta.ca/OurBusiness/bioenergy.asp>

Solar FAQs: <https://solaralberta.ca/content/faqs>

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M. O'Connor on behalf of AUPE Environmental Committee
January 18, 2017