

# ISSUE IN FOCUS



*Celebrating 100 Years*

SASKATCHEWAN  
CHAMBER *of* COMMERCE

## Use of Carbon Tax Revenues

### Background:

The SCC has advocated against a carbon tax being imposed on Saskatchewan business. While these efforts continue, the Federal Government has indicated they will be imposing the fuel charge portion of the federal carbon tax effective April 1, 2019. The Federal Government has also outlined how it will rebate a percentage of the revenues generated back to households through its Climate Action Incentive, which will begin for tax year 2018 even before the tax is collected.

### Issue:

While the SCC continues to oppose the federal carbon tax, the SCC also believes that any revenues collected from a carbon tax should be directed back into programs and actions that will reduce carbon emissions. Strategic investments in areas like energy efficiency and conservation, novel or innovative clean technologies that reduce the carbon footprint of a business should be applauded and incentivized by using these dollars.

### Recommendations:

1. All revenues generated from a carbon tax in Saskatchewan must be directed toward efforts that demonstrably reduce carbon emissions.
2. All programs must be science-based and have measurement and verification processes built in to ensure effectiveness. Where the use of machinery or equipment featuring an independent third-party certification (i.e. Energy Star) is employed, that certification would suffice.
3. When allocating revenues, the goal of administrative simplicity should be paramount. The administration of such monies should be fully transparent and open to all Saskatchewan SME's defined as being a business entity under 500 employees.

4. Program design should be the result of a consultative process that the Federal government should lead in partnership with the Saskatchewan Chamber of Commerce and the Saskatchewan Ministry of Environment.
5. While the charge on combustible fuels is expected to begin effective April 1, 2019, the development of programs for allocating funds must have widespread input from industry. As a result, this may not begin for some time. All monies accrued before the program is established should be added to the program pool to ensure that the Federal Government's commitment to directing revenue generated from the carbon tax back to Saskatchewan is realized.
6. Potential program considerations - Priority programs could include incentives for energy efficiency investments by eligible businesses with a specified percentage of the cost of the project being borne by the business. There is potential to have two programs based on the project size. For example, projects under \$100,000 would be a simple application and quick approval process with a requirement that these projects have confirmation of completion before final payment. Another option is that companies with smaller projects could opt for a tax credit option on their tax return which would see monies dedicated for eligible costs 'transferred' as a tax credit based on a percentage of the investment.
7. Larger projects may be best evaluated with a project plan created by a qualified person (engineer, environmental consultant, ISO certified, etc.) who could demonstrate the effectiveness of the project, as well as the associated costs. This process would be more time consuming but could also result in significant and meaningful reductions in emissions.

## History:

Letter to Federal Ministers of Finance & Environment 2018

Letter to Provincial Minister of Environment 2018

Adopted Policy Resolution 2019

Letter to Provincial Minister of Environment 2019