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Summary:

Portland's Clean Energy Fund imposes a huge tax burden, lacks vetting and oversight, and fails to deliver on its clean energy promises. City Council has the authority to pull the plug on the Clean Energy Fund, and it should do so rather than continue to waste taxpayer money.

Word Count: 697

“One-third of proposed spending is dedicated to projects that have no quantifiable metrics.... That’s \$36 million in projects with virtually no accountability to the Clean Energy Fund Committee, City Council, taxpayers, or voters.”

Portland’s Clean Energy Fund Didn’t Deserve a Green Light

By James Swyter and Mia Tiwana

This month, Portland City Council approved \$118 million in grants to local nonprofits from the city’s Clean Energy Community Benefits Fund. That’s a huge amount of money at risk of being squandered on hugely speculative projects.

In 2018, Portland voters approved the measure by a 2-to-1 margin. The measure requires larger retailers to pay a 1% surcharge on Portland sales. The tax burden is enormous—an average of \$425 per Portland household. Mayor Ted Wheeler told his council colleagues the program is a “substantial amount of taxpayer money.” Because the tax is on retail sales, it’s a regressive tax, meaning lower income residents pay a larger share of their incomes on the tax than do higher income households.

The tax money is placed into the Portland Clean Energy Community Benefits Fund. A committee appointed by the City Council recommends how the money should be spent. Only private, Oregon nonprofit organizations are eligible for funding. Priority is given to clean energy projects intended to assist communities of color, women, persons with disabilities, and the chronically unemployed. City Council must approve or reject the committee’s recommendations.

Council should have rejected most, if not all, of the grant proposals. At a recent [meeting](#), Mayor Wheeler and Commissioner Jo Ann Hardesty raised important questions about accountability, asking for assurances that taxpayer money would be spent “wisely.” They have good reason to be concerned. One-third of proposed spending is dedicated to projects that have no quantifiable metrics to measure success or failure. That’s \$36 million in projects with virtually no accountability to the Clean Energy Fund Committee, City Council, taxpayers, or voters.

For example, Williams & Russell CDC is an organization that is only a little more than a year old. This untested organization is slated to receive \$4.7 million for a property development project. Commissioner Hardesty noted it’s unclear who owns the site and where the remaining funding for the project would come from. After an explanation from staff, Commissioner Hardesty concluded, “This is actually listed as seed money basically so that they can go off and find the financing to do the other work.” Nothing in the ballot measure approved by voters says anything about providing “seed money” to speculative property development ventures. Council should have rejected this project.



Some of these proposed projects carry enormous price tags. For example, Proud Ground requested \$2.4 million to build 15 affordable “Net Zero” homes. The organization claims the funds will cover 30% of the total cost, which means each home will cost about \$527,000. The Affiliated Tribes of Northwest Indians asked for \$3.7 million over three years to support 45 students pursuing two-year associate degrees or one-year certificates, amounting to about \$83,000 per student. In contrast, community colleges in the Portland area cost \$5,000 annually. Mayor Wheeler noted the Clean Energy Fund “is a large fund and deserves rigorous vetting and contract oversight.” Both of these projects should have been more thoroughly vetted. Because they weren’t, they should have been rejected.

The Clean Energy Fund Committee estimates this round of funding will reduce the city’s greenhouse gas emissions by the equivalent of 300,000 metric tons of carbon dioxide—over the lifetime of the investments. Some of these investments have expected lifetimes up to 30 years. On an annual basis, the projects will reduce Portland’s emissions by less than one-half of one percent. This reduction comes at an enormous cost of \$227 per metric ton. In contrast, the committee reports that the social cost of carbon in the United States is \$51 per metric ton. In other words, the cost of this round of funding is more than four times greater than the expected benefits.

Portland’s Clean Energy Fund is a failure. It imposes a huge tax burden on Portland families, lacks necessary vetting and oversight, and fails to deliver on its clean energy promises. Although voters approved the measure in 2018, a lot has changed since then—skyrocketing inflation, numerous new taxes and tax increases, and business closures. Over the past year, Portland’s population has declined. City Council has the authority and the duty to pull the plug on the Clean Energy Fund and stop this failure from turning into a disaster.

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