

CLIMATE POLLUTION FEE

Five Things to Know

1. The Climate Pollution Fee is a fee on gas appliances in new homes

The Climate Pollution Fee is a one-time fee on natural gas appliances installed in new residential construction. The fee applies to new gas furnaces, water heaters, dryers, stoves, and fireplaces. Builders who choose all-electric equipment instead will not pay the fee. The fee is based on the Social Cost of Carbon, a tool that estimates the costs of climate damages caused by greenhouse gas emissions. The fee reflects the lifetime emissions expected from each natural gas appliance.

2. Electrifying our buildings is one of the most effective ways to reduce emissions

Buildings are responsible for about 50% of Bend's greenhouse gas emissions. Much of those emissions come from natural gas used for heating, hot water, cooking, and other household needs. One of the most effective ways to reduce these emissions is to use electricity instead of natural gas. Oregon's investor-owned electric utilities are required to provide 100% carbon-free electricity by 2040. As the electric grid becomes cleaner, electric appliances and equipment will produce fewer and fewer emissions over time. Many electric technologies already work well in Bend's climate, including cold-climate heat pumps, heat pump water heaters, and induction stoves. By encouraging more electric appliances in new homes, the City can help reduce emissions and make progress toward its climate goals.

3. The fee does NOT apply to existing homes

The Climate Pollution Fee only applies to new residential construction. If you already live in a home with natural gas appliances, you will not pay this fee to keep them. The fee also does not apply if you repair, replace, or add natural gas equipment in an existing home. The City is focusing on new homes because Bend continues to grow and add new housing. Installing electric equipment during construction is typically simpler and less expensive than converting a home later. By building more homes with electric appliances from the start, the community can avoid future retrofit costs and reduce greenhouse gas emissions over the life of those homes.

4. Money collected from the fee will be reinvested in the community

The City estimates the fee will generate between \$200,000 and \$1 million per year. These funds will be used to help residents reduce emissions from their homes. This could include incentives for electric equipment and other programs that support home electrification and energy improvements. The City is currently evaluating program options and expects to make decisions about how funds will be used by spring 2027.



5. The fee takes effect on April 1, 2027

The Climate Pollution Fee will take effect on April 1, 2027. The delayed start date gives builders, developers, and homeowners time to prepare for the new requirement and incorporate it into project planning. Natural gas appliances installed in new homes before April 1, 2027, will not be charged the fee.



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