

Mayor Jacob Frey vetoes Minneapolis City Council's new fee on carbon emissions

The mayor said he supported the concept, but was advised the new policy was illegal. Council supporters disagree.

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The Minnesota Star Tribune

October 9, 2024 at 3:05PM

<https://www.startribune.com/mayor-jacob-frey-vetoes-minneapolis-city-councils-new-fee-on-carbon-emissions/601159795>

Minneapolis Mayor Jacob Frey vetoed a new fee on carbon emissions passed by the City Council last week, not because he doesn't support it, but because it's illegal, he said Wednesday.

The new fee, championed by Council Member Robin Wonsley, would have charged the 36 biggest emitters in the city \$452 per ton of carbon dioxide. In a news conference Wednesday morning, Wonsley said the fee would be "one of the most meaningful steps we can take to combat climate change."

Under state law, the city can only charge regulatory fees to recoup its costs. Minneapolis would not be able to establish new costs and hire a related staff person before the fee was collected on Jan. 31, 2025, the city's attorneys concluded in a legal opinion. Doing things in the wrong order could amount to charging an illegal tax, they wrote.

The legal issue was discussed at a council meeting, but the panel passed the measure 9 to 4. Wonsley said she had been working with city staff for over a year to research the fee structure, and the idea that she had not done her due diligence "is just outright inaccurate."

But Frey said creating the fee against the city attorney's advice "was purely performative, and the performance is getting old."

The Minnesota Pollution Control Agency said it was not aware of any other community in Minnesota that had passed a fee or tax on carbon emissions. Overwhelming scientific evidence shows gases like carbon dioxide are driving climate change by trapping heat in the Earth's atmosphere.

Minneapolis passed a sweeping climate plan last year, with a goal of reducing emissions by 75% by 2030, and operating with net-zero carbon emissions by 2050. Wonsley said the city came together to support that plan, and that she thought there was agreement on cutting carbon emissions.

“I am for attaching the fees to pollution. I did it myself years ago,” said Frey. As a council member, Frey spearheaded efforts to add fees for some air pollutants into the city’s Pollution Control Agency Registration Program (PCAR).

Wonsley’s proposal would have added carbon dioxide to the list of pollutants regulated by that same program. The problem is, existing fees already cover almost all of the PCAR program costs, according to Patrick Hanlon, the director of the city’s Health Department.

Hanlon said the city is researching changes to its fees to tackle climate change, but that it may have more flexibility to use franchise fees, or charges that are added to electricity and gas bills. Staff plan to put together a proposal for 2026.

But Wonsley said it’s no surprise that she had wanted a fee on carbon dioxide as early as 2025 — something she asked staff to study last year.

The measure passed by a margin that could override the mayor’s veto, if council members don’t change their votes. Frey said that even if the council does vote to override his veto, he will not direct staff to collect the fee. “We can’t knowingly break the law,” he said.

If the fee had been implemented as designed, it would have been levied on 6% of the carbon emissions of the city’s 36 largest emitters, in line with the city’s emission reduction goal in 2025. Most sites would be charged hundreds of dollars in additional fees, but a few would be charged much more.

Of the top three emitters, Cordia Energy, which provides heat and cooled water to the downtown business district, would have paid \$106,413. The new fee would have cost Owens Corning, a roof tile manufacturer in north Minneapolis, \$96,274. The Hennepin County Energy Center, which heat and cools county buildings downtown, would have paid \$28,525.

An Owens Corning spokeswoman did not respond phone and email messages. Angie Timmons, strategic initiatives manager for environment and energy at Hennepin County, said the energy center has been working to

reduce its emissions. Jacob Graff, a regional president for Cordia, said that company also had a goal of net-zero carbon emissions by 2050.