

## Carbon Pricing Bills in the 116th Congress (2019-2020)

### Rep. Deutch: Energy Innovation and Carbon Dividend Act

**Bill number:** [H.R. 763](#). Introduced on January 24, 2019.

**Status:** Introduced by Representatives Ted Deutch (FL-27), Francis Rooney (FL-19) Daniel Lipinski (IL-3), Charlie Crist (FL-13) Scott Peters (CA-52), Anna Rep. Eshoo (CA-18), and Judy Chu (CA-27).

**Initial price:** \$15 per ton of CO<sub>2</sub>-eq in 2019.

**Rate of increase:** \$10 annually above inflation unless emissions targets for previous year have not been met in which case the increase is \$15 for that year. Fee stops increasing when emissions reach 10% of 2016 levels.

**Where assessed:** Upstream.

**Revenue destination:** Revenue generated would distributed evenly to citizens or lawful resident of the United States on a monthly basis. Pro Rata Adults 1 share, children half share. Administrative costs may not exceed 2% after the first 5 years (8% years 1-5).

**CO<sub>2</sub>-eq:** Includes non-CO<sub>2</sub> GHGs and places the fee according to their global warming potential (GWP). A fee is also levied on the GHG potential of certain fluorinated gases at 10% of carbon fee rate.

**Border:** Fossil fuels and carbon intensive goods are border adjusted, imports pay a fee equivalent to current US price and exports receive a refund.

**Exemptions:** Exemption and refund of fee for fuels not combusted (e.g. oil used in plastics) as well as Military and Agriculture. Fuels for military and farm use are exempted via refund. Refund available for when qualified carbon dioxide is captured and sequestered in a safe and permanent manner.

**Regulatory Adjustment:** To avoid imposing both taxation and regulation of greenhouse gases, this bill adjusts certain existing greenhouse gas regulations which would become redundant, conflicting, or duplicative by enactment of this policy.

**CCL's take:** CCL is excited to have the carbon fee and dividend style bill we have been working on for over eight years introduced as the Energy Innovation and Carbon Dividend Act.

## Rep. Rooney: Stemming Warming Augmenting Pay (SWAP) Act

**Bill number:** [H.R.4058](#). Introduced on July 25th, 2019.

**Status:** Introduced by Representative F. Rooney (FL-19) and Representative Lipinski (IL-03).

**Initial price:** \$30 per ton of CO<sub>2</sub>-eq in 2021.

**Rate of increase:** 5% per year plus inflation. There is a \$2 per ton increase if emissions reductions are behind goals as reported every 2 years.

**Where assessed:** coal mine mouth, refinery output, gas processing plant, owner operator of certain facilities for process emissions (steel, cement, aluminum, other 19 listed in bill), owner operator of a facility that imports or makes certain products (list in bill), owner/operator of biomass facilities.

**Revenue destination:** 25% of revenue goes to the general fund. 52.5% goes towards reducing individual/employer/self-filing payroll taxes equivalent and appropriates refunds to the Federal Old-Age and Survivors Trust Fund and Social Security Equivalent Benefit Account. 7.5% is distributed equally among individuals entitled to monthly insurance benefits under Title II of the Social Security Act. The remaining 15% establishes Carbon Trust Fund - half going to state block grants to offset higher energy costs for low-income individuals, half to climate adaptation, research and development, and energy efficiency programs.

**CO<sub>2</sub>-eq:** Includes non-CO<sub>2</sub> GHGs and places the fee according to CO<sub>2</sub>-ep set by EPA.

**Exemptions:** Refund for carbon capture sequestration and non-emissive uses of taxed fuels. Credit for state payments—in states that require payment on emissions, the bill allows owner/operators a declining credit. States at 100% credit in year 1, 80% year 2, down to 0% by year 5.

**Border:** Fossil fuels and carbon intensive goods are border adjusted, imports pay a fee equivalent to current US price and exports receive a refund.

**Extras:** Establishes moratorium on Clean Air Act regulations on greenhouse gas emissions from stationary sources covered by the tax for 12 years, unless emissions reductions do not meet targets.

**CCL's take:** We applaud the efforts of Congressman Rooney to continue the conversation on carbon pricing at the national level. This bill contains many great ideas and will add to and enhance the ongoing national dialogue on a carbon price. CCL prefers that revenue is distributed entirely back American households through a monthly dividend for the sake of transparency and protecting low income households but welcomes the growing conversation around different carbon pricing options.

## Rep. Lipinski: Raise Wages Cut Carbon Act

**Bill number:** [H.R.3966](#). Introduced on July 25th, 2019.

**Status:** Introduced by Representative Lipinski (IL-03) and Representative F. Rooney (FL-19).

**Initial price:** \$40 per ton of CO<sub>2</sub>-eq in 2020.

**Rate of increase:** 2.5% per year plus inflation. If the target level 20% of 2005 emissions is reached the fee only increases by inflation.

**Where assessed:** The fee is imposed on coal, petroleum, natural gas, and fluorinated greenhouse gases at the point where they're extracted/produced.

**Revenue destination:** 84% of revenue goes towards reducing payroll taxes. 5% to Low Income Home Energy Assistance Program (LIHEAP). 1% to Weatherization Assistance Program (WAP). 10% to Social Security Beneficiaries.

**CO<sub>2</sub>-eq:** Includes non-CO<sub>2</sub> GHGs and places the fee according to their global warming potential (GWP). A fee is also levied on the GHG potential of certain fluorinated gases at 10% of carbon fee rate.

**Exemptions:** Refund for carbon capture sequestration and non-emissive uses of taxed fuels.

**Border:** Fossil fuels and carbon intensive goods are border adjusted, imports pay a fee equivalent to current US price and exports receive a refund.

**Extras:** Prevents the EPA Administrator from enforcing rules limiting greenhouse gas emissions on covered fuels/gases until at least 2030, except where those fuels/gases are being regulated for non-climate reasons (i.e., health). EPA can still regulate greenhouse gas emissions in certain exceptions such as wastewater treatment plants, vehicles, and aircraft.

**CCL's take:** We applaud the efforts to continue the conversation on carbon pricing at the national level. This bill contains many great ideas for a national carbon pricing program and will add to and enhance the ongoing national dialogue on a carbon price. CCL prefers that revenue is distributed entirely back American households through a monthly dividend for the sake of transparency and protecting low income households but welcomes the growing conversation around different carbon pricing options.

## Sen. Coons: Climate Action Rebate Act

**Bill number:** [S.2284](#). Introduced on July 25th, 2019.

**Status:** Introduced by Senator Coons (DE-JR) and Senator Feinstein (CA-SR).

**Initial price:** \$15 per ton of CO<sub>2</sub>-eq in 2019.

**Rate of increase:** \$15/year above inflation (\$30/year if emissions target not hit). Once emissions reach 10% of 2017 levels the fee stays in place but no longer rises.

**Where assessed:** Upstream.

**Revenue destination:** 70% of the revenue generated would go to dividends, 20% to infrastructure, 5% to research and development, and 5% to transition assistance. Dividends will be distributed evenly to citizens or lawful residents of the United States on a monthly basis. Pro Rata Adults 1 share, children half share. Residents qualify for a monthly dividend, provided their household incomes are no more than \$100,000 (single filer) or \$150,000 (joint filer). The dividend begins to phase out at \$80,000 (single filer) and \$130,000 (joint filer). Administrative costs may not exceed 1.5% after the first 5 years (5% for years 1-5).

**CO<sub>2</sub>-eq:** Includes non-CO<sub>2</sub> GHGs and places the fee according to their global warming potential (GWP). A fee is also levied on the GHG potential of certain fluorinated gases at 20% of carbon fee rate.

**Border:** Fossil fuels and carbon intensive goods are border adjusted, imports pay a fee equivalent to current US price and exports receive a refund.

**Refunds:** Refunds will be given for carbon capture sequestration, including direct air capture; utilization of a covered fuel in a way that is determined to be non-emitting; implementing carbon sequestration projects through reforestation, agricultural practices, or other recognized land management techniques.

**CCL's take:** This bill contains many great ideas for a national carbon pricing program and will add to and enhance the ongoing national dialogue on a carbon price. Senator Coons is committed to addressing the climate crisis with the most effective tool at our disposal, a national carbon price and CCL looks forward to continuing to work with him to advance a bipartisan bill.

## Rep. Panetta: Climate Action Rebate Act

**Bill number:** [H.R.4051](#). Introduced on July 25th, 2019.

**Status:** Introduced by Representative Panetta (CA-20).

*Bill text same as Sen. Coons Climate Action Rebate Act of 2019.*

## **Rep. Larson: America Wins Act of 2019**

**Bill number:** H.R. 4142, Introduced on August 2nd, 2019.

**Status:** Introduced by Representative Larson (CT-01).

**Initial price:** \$52 per ton of CO<sub>2</sub> in 2020.

**Rate of increase:** 6% annually above inflation each year.

**Where assessed:** Tax on the manufacturer, producer or importer.

**Revenue destination:** Establishes a Build America Trust Fund. During years 2020-2029 \$73.5 billion is used annually for various programs such as infrastructure, healthcare, transition assistance and research and development. Starting in 2020 and every year following 12.5% of revenue is made available for the Energy Refund Program for purposes of consumer relief, lawful US residents of low income (150% of poverty line) will be eligible for direct monthly payment. The remaining revenue will be available for consumer tax rebate available to households with incomes up to 400% of poverty line.

**CO<sub>2</sub>-eq:** Does not include CO<sub>2</sub>- eq.

**Border:** A carbon equivalency fee will be imposed on imports of carbon-intensive goods to ensure that foreign competitors play on a level playing field with domestic firms. This section will not apply to imports from countries with equivalent greenhouse gas reduction measures in place or in the event of an international agreement requiring countries to put in place equivalent greenhouse gas reduction measures.

**Exemptions:** Refund available for non-emitting uses of fossil fuels (feedstock, carbon capture and sequestration) and for previously taxed carbon substances used to make another carbon substance. Exemption for exports as well.

**CCL's take:** From the CCL perspective, this would be a great Democratic bill to address the climate problem and should enable us to easily clear our Paris obligations. We like the provision of revenue to low-income families as CCL shares the top priorities of cutting emissions while protecting low-income families. The thinking about means testing dividends is useful but CCL questions whether this additional administrative check could delay payments for some households.

## **Sens. Whitehouse-Schatz-Heinrich-Gillibrand: American Opportunity Carbon Fee Act**

**Bill number:** [S.1128](#). Introduced on April 10, 2019.

**Status:** Introduced by Senator Whitehouse (RI) with Senator Schatz (HI), Senator Heinrich (NM), and Senator Gillibrand (NY) as original co-sponsors.

**Initial price:** \$52 per ton of CO<sub>2</sub>-eq in 2020.

**Rate of increase:** 6% annually above inflation until emissions goal (i.e. 80% of 2005 emissions) is reached. Then, increases only with inflation.

**Where assessed:** Upstream to midstream.

**Revenue destination:** Revenue generated would be used to:

1. Give carbon fee offset credit against the tax imposed by this subtitle for the taxable year an amount equal to the lesser of— 6.2 percent of the earned income of the taxpayer, or \$900.
2. Provide Social Security and veterans' program beneficiaries and other retired and disabled Americans with an inflation-adjusted annual benefit
3. Deliver at least \$10 billion annually in grants to states to help low-income and rural households and workers transitioning to new industries.

**CO<sub>2</sub>-eq:** Includes non-CO<sub>2</sub> GHGs and places the fee on them immediately according to their global warming potential (GWP). Fluorinated gases produced in the US or imported are taxed at a fee that equals the applicable percentage (table included in bill) of CO<sub>2</sub> equivalent multiplied by the same rate for CO<sub>2</sub>.

**Border:** Fossil fuels are border adjusted, as are other goods which the Secretary of the Treasury has determined are at a competitive disadvantage.

**Exemptions:** Refund available for sequestered carbon and non-emitting uses of fossil fuels. Exemption for exports of fluorinated greenhouse gases produced or imported into the US if they are in equipment precharged or in closed cell forms. Refunds are also given for entities that use fluorinated greenhouse gases so that it cannot be emitted later or that destroys the gas without emissions.

**CCL's take:** This bill is aimed very clearly at attracting Republican co-sponsors, and for the Senator sponsors are to be roundly applauded and thanked. This bill also pioneers new ground in just how a dividend could be efficiently returned to households at low cost. We fear the initial price is too high, and the rate of increase is too low (even though it has been raised since the last introduction). Of course, we prefer a straightforward and equal 100% dividend of net revenue to households.

## **Sen. Van Hollen: Healthy Climate and Family Security Act**

**Bill number:** [S. 940](#). Introduced on March 28, 2019.

**Status:** Introduced, referred to the Senate Finance Committee.

**Initial prices:** Set at auction, beginning in 2020. The Secretary of the Treasury, in consultation with the EPA Administrator, will determine the initial quantity of carbon permits to be auctioned. At least 4 auctions per year. Permits turned in at end of year. Secretary has the authority to set a minimum auction price.

**Decrease in cap:** Cap begins in 2020 and requires CO2 emissions reductions of 35% by 2025, 50% by 2030, and 80% by 2040 below 2005 levels.

**Where assessed:** Mid-to-upstream (coal mine, oil refinery, entity delivering end user natural gas, importer).

**Revenue destination:** Deposits carbon permit auction proceeds into a Healthy Climate Trust Fund at the Treasury and instructs the Treasury to distribute auction proceeds quarterly on a pro-rata basis in the form of a Healthy Climate Dividend to every lawful resident of the United States with a valid Social Security number. No mention of minors or children. Dividends excluded from gross income.

**The cap:** Entities that fail to obtain a permit in time will have to pay 3x the previous year's average permit price. If price increases more than 50% above previous 2 years' average, can issue extra permits from permit reserve or from 2030-2040, reducing cap in each of these years by an equal percentage.

**Trading:** Lawful holder of a permit may sell, exchange, or transfer the carbon permit to a covered entity consistent with the limits established by the Secretary. Establishment of a system for issuing, recording, holding, and tracking carbon permits.

**Border:** Includes border adjustment provisions to ensure U.S. manufacturers are not disadvantaged when competing against companies operating in countries without equivalent greenhouse gas emissions reduction requirements.

**CO2-eq:** Directs study, due in 2 years, to investigate non-CO2 GHG emission. Emissions related to animal or food production explicitly excluded. Uses regulations to attack other GHGs, beginning 4 years after implementation (25% of GHGs covered), and no later than 10 years 100% of GHGs have regulations.

**Exemptions:** Non-emitting uses, "safe and verifiable" carbon capture and sequestration.

**CCL's Take:** We full-heartedly applaud the revenue neutrality of this bill, as well as the decision to return the revenue as a dividend. Furthermore, the structure of the cap in this 28-page bill appears both elegant and effective. However, CCL chose in 2009 to support a fee instead of a cap-and-trade program for reasons that are as true today as they were then. Cap-and-trade is our second-favorite solution, but we continue to believe a straightforward rising fee is a more efficient mechanism for reducing emissions than a declining cap, and that it has a better chance of winning bipartisan support.

## **Rep. Don Beyer: Healthy Climate and Family Security Act**

**Bill number:** [H.R. 1960](#). Introduced on March 28, 2019.

*Bill text the same as Sen. Van Hollen: Healthy Climate and Family Security Act of 2019.*