



## Four Key Carbon Pricing Bills in 117th Congress

### Rep. Deutch: Energy Innovation and Carbon Dividend Act of 2021

**Bill number:** [H.R.2307](#). Introduced on April 1, 2021.

**Status:** Introduced by Representative Ted Deutch (FL-27)

**Initial price:** \$15 per ton of CO<sub>2</sub>-eq beginning 2022.

**Rate of increase:** \$10 annually above inflation. If emission targets aren't met, it increases to \$15 / ton of CO<sub>2</sub>e in 2023. Fee stops increasing when emissions reach 10% of 2010 net GHG emissions.

**Where assessed:** Upstream.

**Revenue destination:** Revenue generated would be distributed evenly to citizens or lawful residents 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:** This bill would also put a price on methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) emissions associated with the production of coal, oil and natural gas.

**Border:** Fossil fuels and carbon intensive goods are border adjusted, imports pay a fee equivalent to current U.S. 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 (agriculture) are exempted via refund. Refund available for when qualified carbon dioxide is captured and sequestered in a safe and permanent manner.

**CCL's take:** *CCL is excited to have the carbon fee and dividend style bill we have been working on for over eleven years reintroduced as the Energy Innovation and Carbon Dividend Act of 2021.*

# Sens. Whitehouse-Schatz: Save Our Future Act 2021

**Bill number:** [S.2085](#) ([click here for the legislative text](#)) Introduced on June 16, 2021.

**Status:** Introduced by Senator Whitehouse (RI) with Senator Schatz (HI).

**Initial price and rate of increase:** \$54 per ton of CO<sub>2</sub>-eq in 2023, increasing by 6% annually above inflation. \$6.30/pound of Nitrogen oxides (NO<sub>x</sub>), \$38.90/pound of fine particulate matter (PM<sub>2.5</sub>), and \$18.00/pound of Sulfur Dioxide (SO<sub>2</sub>). All co-pollutant prices will rise with the rate of inflation.

**Where assessed:** Upstream to midstream.

## Revenue destination:

- Fee revenue rebates: Gives carbon fee offset credit against the tax imposed by this subtitle for the taxable year, \$800 per year per adult; \$300 per year per dependent, indexed to inflation
- State-based cost mitigation grant program. Deliver at least \$10 billion annually in grants to states to help low-income and rural households and workers transitioning to new industries.
- Assistance to Energy Veterans and their communities. Provide Social Security and energy veterans' program beneficiaries and other retired and disabled Americans with an inflation-adjusted annual benefit. Allow roughly \$110 billion over 10 yrs to help coal workers and communities through programs including 5 yrs of full wage, pension, and health care replacement, environmental remediation, and economic development.
- Assistance to Environmental Justice communities. Allow roughly \$110 billion over 10 yrs (plus fees collected from co-pollutants) to help EJ communities in the form of investments in programs such as energy affordability, pollution reduction, workforce development and career training, and Native and Tribal.

**CO<sub>2</sub>-eq:** Includes non-CO<sub>2</sub> GHGs (fluorinated gases and process emissions) and places the fee on them immediately according to their global warming potential (GWP). Prices methane based on the methane and other associated emissions reported under an expanded Greenhouse Gas Reporting Program. 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.

**Border:** Fossil fuels are border adjusted. Exporters of energy-intensive manufactured goods receive a refund. Importers of energy-intensive manufactured goods would pay an equivalency fee (determinations of fee outlined in bill).

**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:** *Sens. Whitehouse and Schatz have been steadfast in their support for aggressive climate action, and Citizens' Climate Lobby applauds their introduction of this legislation. The Save Our Future Act would place an ambitious price on carbon to reduce America's emissions, but it doesn't stop there. This legislation would also address long-standing environmental justice concerns by directly pricing emissions of fossil fuel co-pollutants in frontline communities, and it would invest in coal communities to support them through the transition to a clean energy economy. Plus, it would protect American households by providing regular rebates and funding for further emissions reductions through weatherization, EV credits, and more. This creative, inclusive policy shows that carbon pricing can be a win for the climate and a win for Americans who need one the most.*

# The Save Our Future Act - Environmental Justice Provisions

*To complement the \$54/ton CO2e price, F-gas pricing, border adjustment, and per-capita dividend, the bill includes additional provisions to support environmental justice.*

## **Environmental Justice Communities are defined as:**

- communities of color - higher than statewide average for any category of people of color,
- low-income community - 20% poverty rate or median income less than 80% of the state or metro area,
- and/or a Tribal/Indigenous community.

## **Fees on criteria air pollutants from “major sources” in EJ communities**

- \$6.30/pound of NOx
- \$38.90/pound of PM2.5
- \$18.00/pound of SO2

## **Financial Assistance - roughly \$255 Billion total over 10 years**

- 36% for low income energy assistance (LIHEAP)
- 25% for weatherization assistance
- 13% for competitive grants to promote distributed energy resources, microgrids, community solar, energy efficiency, energy resilience, and building electrification in environmental justice communities
- 3% For grants under the Environmental Justice Small Grants Program
- 3.5% For enforcement activities of the Environmental Protection Agency under section 113 of the Clean Air Act
- 8% for grants funding zero-emissions busses for public transit
- 6% for diesel emissions reduction grants under subtitle G of title VII of the Energy Policy Act of 2005
- 0.5% for urban and community forestry
- 1% for Environmental Workforce and Job Training Grants
- 1% for Environmental Career Worker Training Program of the National Institute of Environmental Health Sciences
- 1% for grants under the Minority Science and Engineering Improvement Program
- 1% for grants under the Indian Environmental General Assistance Program
- 1% for grants under the Tribal Climate Resilience Program of the Bureau of Indian Affairs

## **Household Dividends**

- \$800 per adult and \$300 per child annually for those making less than \$75K annually (\$150K for married filing jointly)

# The Save Our Future Act - Energy Veterans Provisions

To complement the \$54/ton CO<sub>2</sub>e price, F-gas pricing, border adjustment, and per-capita dividend, the bill includes additional provisions to support energy veterans and coal communities, including Investment of roughly \$120 billion over 10 years in the following areas:

## Support for Coal Workers

For coal plants or coal mines that close or where there are permanent layoffs, any full time (35+ hours) employee (for at least 12 months) would receive:

- 100% wage replacement (based on average pay over the past 12 months) for 5 years after layoff. This will be treated as wages on tax returns.
- Money will be transferred to the Federal Old-Age and Survivors Insurance Trust Fund as it would be if the above were wages from the employer.
- Continuing health coverage for 5 years via COBRA or equivalent premium payment.
- Continuing contributions to qualified retirement plans for 5 years after layoff, at same rate as last month of employment.
- Education assistance for worker and their children, comparable to that received by military veterans, for us in a public in-State institution or vocational school, for programs eligible under the Workforce Innovation and Opportunity Act

## Revenue replacement for coal communities

Tribal land or counties affected by a mine or coal plant closure (meaning a plant or mine is located within the community or within one mile of the community, and at 0.1% of jobs in the community are at coal mines or plants.) would receive:

- Replacement of lost revenue for the county or tribal government and any towns, school districts, etc. within the community. 100% revenue replaced in year 1, 90% in year 2, 80% in year 3, etc.
- Funding is provided for \$3.5 Billion per year for 10 years

## Environmental Restoration Funding

- \$11 billion to the Abandoned Mine Reclamation Fund over 10 years
- \$8 billion over 10 years for remediation of orphaned, abandoned, or idled oil and gas wells
- \$3.50 billion for coal ash removal and remediation over 10 years
- \$1.5 million to carry out the Technical Assistance Services for Communities Program of the Environmental Protection Agency
- \$2 million for enforcement of coal ash cleanup provisions of the Solid Waste Disposal Act

## Community Assistance Programs (all amounts are total over 2023-2032)

- \$1.39 billion for the Appalachian Regional Commission for the Partnerships for Opportunity and Workforce and Economic Revitalization (POWER)
- \$840 million for the Secretary of Commerce for the Assistance for Coal Communities initiative of the Economic Development Administration
- \$350 million to the Appalachian Regional Commission for broadband deployment and staffing
- \$30 million for the Economic Development Administration

## Household Dividends

- \$800/adult and \$300/child annually for those making less than \$75K annually (\$150K for married filing jointly)

## Sen. Durbin: America's Clean Future Fund Act of 2021

**Bill number:** [S.685](#) Introduced on March 10th, 2021.

**Status:** Introduced by Senator Durbin (IL-SR).

**Initial price:** \$25 per ton of CO<sub>2</sub>-eq.

**Rate of increase:** \$10/year above inflation (unless emission target is not hit, then the increase is \$15/year if 2026-2030, \$20/year if 2031-2040, \$25/year after 2040).

**Where assessed:** Upstream.

**Revenue destination:** 75% of the revenue generated would go to rebates to American citizens, 15% to the Climate Change Finance Corporation, and 10% to transition assistance. After 10 years the percentage to transition assistance begins to decrease and the percentage of rebates to Americans and to the Climate Change Finance Corporation increases. After 15 years the breakdown is as follows and remains the same: 80% rebates to American citizens, 20% to the Climate Change Finance Corporation, and 0% to transition assistance. Dividends will be distributed evenly to citizens or lawful residents of the United States on a quarterly basis. Pro Rata Adults 1 share. Residents qualify for a quarterly dividend, provided their household incomes are no more than \$75,000 (single filer) or \$150,000 (joint filer). The dividend begins to phase out above this threshold (decreasing 5% per \$1,000 over the threshold).

**CO<sub>2</sub>-eq:** Includes non-CO<sub>2</sub> GHGs and measures by their global warming potential.

**Border:** Fossil fuels and carbon intensive goods are border adjusted, imports pay a fee equivalent. US exporters of covered fuels and carbon-intensive goods will receive a refund.

**Exemptions:** Refunds will be given for carbon capture, sequestration and utilization so long as they do not violate air and water regulations or harm environmental justice communities.

**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. For instance, it is novel to have a delayed implementation of the carbon fee and a differential ratchet for the price increase depending on the year. These innovations enrich the debate, and make it more likely a strong carbon fee policy passes the US Congress. It is exciting to see a carbon pricing bill introduced by Senator Durbin, one of the highest ranking Democrats in the Senate. In March 2021, CCL volunteers asked Democratic Senators to co-sponsor this bill.*

# Rep. Brian Fitzpatrick: Modernizing America with Rebuilding to Kick-start the Economy of the Twenty-first Century with a Historic Infrastructure-Centered Expansion (MARKET CHOICE) Act

**Bill number:** [H.R. 3039](#). Introduced on May, 7 2021.

**Status:** Introduced by Rep. Brian Fitzpatrick (R-PA-01) and Rep. Salud Carbajal (D-CA-24).

**Initial price:** Would amend tax code to add tax equal to \$35 / metric ton of CO<sub>2</sub>eq in place of the federal gas tax starting in 2023.

**Rate of increase:** 5% per year plus inflation. \$4/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:** 75% to Rebuilding Infrastructure and Solutions for the Environment (RISE) Trust Fund, 25% to general fund. From the RISE trust fund, 70% goes to the Highway Trust Fund. Additional 10% would go to states in the form of grants for low income households. Funding will also go to various R&D efforts (ARPAe, CCS, battery storage, direct air capture), conservation programs, and a fund to provide assistance to any energy workers that may be displaced. Details of exact breakdown in bill language.

**CO<sub>2</sub>-eq:** Other greenhouse gases included.

**Border:** Would impose border tax adjustment on imported goods in amounts equal to increased costs paid by comparable US products. Exporters would receive a rebate equal to the tax. Includes provision for Presidential discretion to exempt an industry if program would not be in national interest, economic interest, or environmental interest of US.

**Exemptions:** Refund for CCS and non-emissive uses of taxed fuels. Owners or operators of facilities in states that require payment for emissions are eligible for a declining credit for the taxes or fees paid under state programs (credit starts at 100%, 80% at year 2, and declines to 0% by year 5).

**Additional Information:** The MCA creates a 12-year moratorium on implementation or enforcement of regulations on stationary sources under the Clean Air Act related to emissions of greenhouse gas subject to taxation. The continuation of the moratorium is contingent on the emissions reductions goals. Moratorium starts upon enactment. In 2031 if emissions goals are met, the moratorium continues and terminates in 2035. The temporary moratorium does not affect EPA's authority to promulgate regulations to reduce methane emissions or emissions from automobiles (or the ability of states to set emissions standards). The bill would also create a bipartisan commission on climate called "National Climate Commission" that, in addition to producing comprehensive reviews of actions and policies available to reduce greenhouse gas emissions, conducts a review of whether existing policies and programs are on pace to achieving emissions reductions goals.

**CCL's take:** *Representative Brian Fitzpatrick's Market Choice Act would put a price on carbon, which is one of the most effective climate solutions available to us. At Citizens' Climate Lobby we share the desire to see American jobs grow and carbon emissions drop. This bill also joins other carbon pricing bills in having bipartisan support.*

## Comparison Chart of the Four Carbon Pricing Bills

Title	America's Clean Future Fund Act	MARKET CHOICE Act	Energy Innovation & Carbon Dividend Act	Save Our Future Act
<b>Congress</b>	117th	117th	117th	117th
<b>House Bill # Lead + Cosponsors</b>	<a href="#">H.R.2451</a> Rep. Newman + 5 cosponsors (as of 6/20/21)	<a href="#">H.R. 3039.</a> Rep. Fitzpatrick + 1 cosponsor (as of 6/20/21)	<a href="#">H.R.2307</a> Rep. Deutch + 70 cosponsors (as of 6/20/21)	--
<b>Senate Bill # Lead + Cosponsors</b>	<a href="#">S.685</a> Sen. Durbin (as of 6/20/21)	--	--	<a href="#">S.2085</a> Sens. Whitehouse & Schatz + 6 cosponsors (as of 6/20/21)
<b>Start Year</b>	2022	2023	2023	2023
<b>Starting Fee</b>	\$25 / ton of CO2-eq	\$35 / ton of CO2eq in place of the federal gas tax	\$15 / ton of CO2-eq	\$54 / ton of CO2-eq \$6.30/pound NOx \$38.90/pound PM2.5 \$18.00/pound SO2
<b>Rate of increase + Missed-target increase</b>	\$10 annually above inflation + \$5, +\$10, +\$15 <sup>1</sup>	5% annually plus inflation + \$4 @ 2 years	\$10 annually above inflation =+ \$5	6% annually above inflation Co-pollutant rise with inflation
<b>Fee assessed</b>	Upstream	Mid/Upstream	Upstream	Mid/Upstream
<b>Revenues</b>	75% dividends if single < 75 K and couple 150K  15% Climate Change Finance Corp.  10% transition assistance	70% Highway Trust Fund 10% State grants for low-income households ~15% goes to various R&D efforts, conservation programs, & transition assistance.  25% general fund	Equal monthly dividends for all	~70% fee revenue rebates  ~5% to state block grants.  ~5% Energy Veterans Package  ~20% Environmental Justice Provisions
<b>Non-CO2 GHG</b>	Equal to GWP	Other GHGs included	Equal to GWP + CH4 and N2O <sup>2</sup>	Equal to GWP + a price on methane
<b>F-gases taxed<sup>3</sup></b>	No	Yes	No	Yes
<b>Exemptions</b>	Refunds for CCUS <sup>4</sup>	Refund for CCS and non-emissive uses of taxed fuels. <sup>5</sup>	Refund for CCS and non combusted fuels. Refund for Military and Agriculture.	Refund for CCS and non-emitting uses of fossil fuels and f-gases in closed cell forms.
<b>BCA</b>	Yes	Yes	Yes	Yes
<b>Reg Pause</b>	No	8 years <sup>6</sup>	No	No

<sup>1</sup> From 2026-2030, +\$5; from 2031-2040, +\$10; after 2040, +\$15.

<sup>2</sup> Puts a price on methane and nitrous oxide emissions associated with the production of coal, oil and natural gas.

<sup>3</sup> Legislation passed in December 2020 to bring the U.S. in alignment with the Kigali Amendment, so some of these bills do not place a fee on F-gases.

<sup>4</sup> Refunds for CO<sub>2</sub> capture + utilization or sequestration if it does not violate air and water regulations or harm EJ communities.

<sup>5</sup> Refund applies also to feedstocks that have "no associated emissions."

<sup>6</sup> Excluding non-GHG health impacts, collateral benefits of GHG regulation, vehicle GHG emissions, and methane abatement regs.