

Legislative proposal: Carbon Fee and Dividend

Findings:

1. Causation: Whereas the weight of scientific evidence indicates that greenhouse gas emissions from human activities including the burning of fossil fuels and other sources are causing rising global temperatures,
2. Mitigation (Return to 350 ppm or below): Whereas the weight of scientific evidence also indicates that a return from the current concentration of more than 400 parts per million (“ppm”) of carbon dioxide (“CO₂”) in the atmosphere to 350 ppm CO₂ or less is necessary to slow or stop the rise in global temperatures,
3. Endangerment: Whereas further increases in global temperatures pose imminent and substantial dangers to human health, the natural environment, the economy, national security, and an unacceptable risk of catastrophic impacts to human civilization,
4. Co-Benefits: Whereas the measures proposed in this legislation will benefit the economy, human health, the environment, and national security, even without consideration of global temperatures, as a result of correcting market distortions, reductions in non-greenhouse-gas pollutants, reducing the outflow of dollars to oil-producing countries and improvements in the energy security of the United States,
5. Benefits of Carbon Fees: Whereas phased-in carbon fees on greenhouse gas emissions (1) are the most efficient, transparent, and enforceable mechanism to drive an effective and fair transition to a domestic-energy economy, (2) will stimulate investment in alternative-energy technologies, and (3) give all businesses powerful incentives to increase their energy-efficiency and reduce their carbon footprints in order to remain competitive,
6. Equal Monthly Per-Person Dividends: Whereas equal monthly dividends (or “rebates”) from carbon fees paid to every American household can help ensure that families and individuals can afford the energy they need during the transition to a greenhouse gas-free economy and the dividends will stimulate the economy,

Therefore the following legislation is hereby enacted:

1. Collection of Carbon Fees/Carbon Fee Trust Fund: Upon enactment, impose a carbon fee on all fossil fuels and other greenhouse gases at the point where they first enter the economy. The fee shall be collected by the Treasury Department. The fee on that date shall be \$15 per ton of CO₂ equivalent emissions and result in equal charges for each ton of CO₂ equivalent emissions potential in each type of fuel or greenhouse gas. The Department of Energy shall propose and promulgate regulations setting forth CO₂ equivalent fees for other greenhouse gases including at a minimum methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons (HFCs), perfluorocarbons, and nitrogen trifluoride. The Treasury shall also collect the fees imposed upon the other greenhouse gases. All fees are to be placed in the Carbon Fees Trust Fund and rebated to American households as outlined in #3 below.
2. Emissions Reduction Targets: To align US emissions with the physical constraints identified by the Intergovernmental Panel on Climate Change (IPCC) to avoid irreversible climate change, the yearly increase in carbon fees including other greenhouse gases, shall be at least \$10 per ton of CO₂

equivalent each year. Annually, the Department of Energy shall determine whether an increase larger than \$10 per ton per year is needed to achieve program goals. Yearly price increases of at least \$10 per year shall continue until total U.S. CO₂-equivalent emissions have been reduced to 10% of U.S. CO₂-equivalent emissions in 1990.

3. Equal Per-Person Monthly Dividend Payments: Equal monthly per-person dividend payments shall be made to all American households (½ payment per child under 18 years old, with a limit of 2 children per family) each month. The total value of all monthly dividend payments shall represent 100% of the net carbon fees collected per month.
4. Border Adjustments: In order to ensure there is no domestic or international incentive to relocate production of goods or services to regimes more permissive of greenhouse gas emissions, and thus encourage lower global emissions, Carbon-Fee-Equivalent Tariffs shall be charged for goods entering the U.S. from countries without comparable Carbon Fees/Carbon Pricing. Carbon-Fee-Equivalent Rebates shall be used to reduce the price of exports to such countries. The State Department will determine rebate amounts and exemptions if any.