CARBON CASHBACK 4 ME:
HOW IT WORKS

Energy Innovation AND Carbon Dividend Act

THE BIPARTISAN CLIMATE SOLUTION

H.R. 763

This bill will drive down America's carbon pollution and bring climate change under control. It is:

EFFECTIVE

GOOD FOR PEOPLE

GOOD FOR THE ECONOMY

REVENUE NEUTRAL

Republicans and Democrats agree

Charge a fee on fossil fuels at the source
(mine, refinery, or first pipeline)

Return 100% of net revenue to households as a dividend

This benefits people, the economy, and the environment

FAMILIES GET PAID

TODAY
$0
paid to households in carbon dividends

THE FUTURE
$4,410
annual dividend for a family of 4 in year 10

80%
of middle and low income households will get a boost or essentially break even

The money goes back to households as a monthly carbon dividend.

You choose how to spend it.

Which means...

2.1 million LOCAL JOBS across America

With this policy, most people receive more in carbon dividends than they pay in increased costs for fuel or other products. They will have more money in their wallets to spend in their communities, generating new jobs.

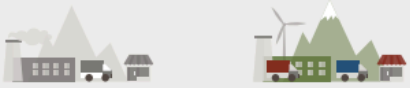
Meanwhile, energy companies and leading industries are motivated to pollute less and save money.

Which means...

JOBS ARE CREATED

TODAY
$240 billion
in annual costs from environmental and health harms of fossil fuels

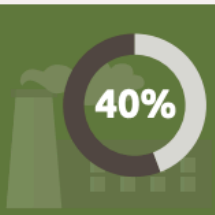
THE FUTURE
2.1 million
jobs created over 10 years in local communities



A HEALTHIER ENVIRONMENT

TODAY
114,000 lives lost
each year due to air pollution

THE FUTURE
295,000 lives saved
through 2030 because of better air quality



less carbon emissions over the next 12 years

A carbon fee and dividend will create cleaner air and a stable climate for you and your family.

https://community.citizensclimate.org/resources/item/19/227

Citizens' Climate Lobby

Political Will for a **Livable World**

citizensclimatelobby.org

The Carbon Fee and Dividend Policy

Carbon Fee and Dividend is the policy proposal for federal legislation created by Citizens' Climate Lobby (CCL) to account for the costs of burning fossil fuels. It's the policy that climate scientists and economists alike say is the best first step to reduce the likelihood of catastrophic climate change from global warming.

Our carbon fee and dividend proposal[1] works like this:

1. **A fee is placed on fossil fuels at the source** (well, mine, or port of entry). This fee starts at $15 per ton of CO2 equivalent emissions and increases steadily each year by $10.
2. **All the money collected, minus administration costs, is returned to American households on an equal basis.** Under this plan about 2/3 of all households will break even or receive more in their monthly dividend than they will pay in higher prices due to the fee, thereby protecting middle-income and helping low-income households[2].
3. **A border carbon adjustment is placed on goods imported from and exported to countries that don't have an equivalent price on carbon.** This will keep US businesses competitive in trade with countries where emissions are free and strongly encourage other nations to adopt an equivalent price on carbon.

A predictably increasing carbon price will send a clear market signal which will unleash entrepreneurs and investors in the new clean-energy economy. Spending enabled by the net income gain of low-income households will create millions of new jobs[3]. The IMF and the World Bank say this global carbon price is needed to meet IPCC warming limit targets.

1. The Citizens' Climate Lobby. "CCL draft legislation for Carbon Fee and Dividend."
2. "Dividends". Last modified: February 12, 2015. The gCarbon Tax Center.
3. "The Economic, Climate, Fiscal, Power, and Demographic Impact of a National Fee-and-Dividend Carbon Tax". June 9, 2014, Regional Economic Models, Inc..

http://citizensclimatelobby.org/laser-talks/carbon-fee-dividend-laser-talk

As Appeared In

THE WALL STREET JOURNAL.

THURSDAY, JANUARY 17, 2019

Original Co-Signatories Include (full list on reverse):

3500+ U.S. Economists

4 Former Chairs of the Federal Reserve (All)

27 Nobel Laureate Economists

15 Former Chairs of the Council of Economic Advisers

Economists' Statement on Carbon Dividends

Global climate change is a serious problem calling for immediate national action. Guided by sound economic principles, we are united in the following policy recommendations.

I. A carbon tax offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary. By correcting a well-known market failure, a carbon tax will send a powerful price signal that harnesses the invisible hand of the marketplace to steer economic actors towards a low-carbon future.

II. A carbon tax should increase every year until emissions reductions goals are met and be revenue neutral to avoid debates over the size of government. A consistently rising carbon price will encourage technological innovation and large-scale infrastructure development. It will also accelerate the diffusion of carbon-efficient goods and services.

III. A sufficiently robust and gradually rising carbon tax will replace the need for various carbon regulations that are less efficient. Substituting a price signal for cumbersome regulations will promote economic growth and provide the regulatory certainty companies need for long- term investment in clean-energy alternatives.

IV. To prevent carbon leakage and to protect U.S. competitiveness, a border carbon adjustment system should be established. This system would enhance the competitiveness of American firms that are more energy-efficient than their global competitors. It would also create an incentive for other nations to adopt similar carbon pricing.

V. To maximize the fairness and political viability of a rising carbon tax, all the revenue should be returned directly to U.S. citizens through equal lump-sum rebates. The majority of American families, including the most vulnerable, will benefit financially by receiving more in "carbon dividends" than they pay in increased energy prices.

clcouncil.org/economists-statement

ORIGINAL CO-SIGNATORIES

As published in the Wall Street Journal on January 17, 2019

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Paul Volcker
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Janet Yellen
Former Chair, Federal Reserve
Former Chair, CEA

http://citizensclimatelobby.org/laser-talks/carbon-fee-dividend-laser-talk

Economic and Environmental Benefits

Four independent studies of a national carbon cash-back policy: bit.ly/our-energy-future

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[REMI Report](): 20-year results study - citizensclimatelobby.org/remi-report

National Results

- Greenhouse gas emissions reduced by 52%
- 230,000 premature deaths prevented due to the associated reduction in air pollutants
- 2.8 million jobs created (net) driven by the economic stimulus of the energy dividend
- GDP growth of $1.375 trillion

New England Region Results

- Per-capita annual after-tax income gain of $1000 (year 10) and $1600 (year 20)
- Net growth in jobs, most notably in healthcare, services, and construction

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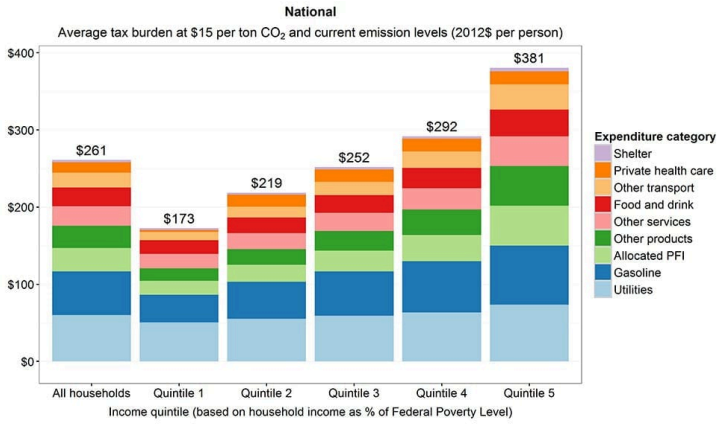
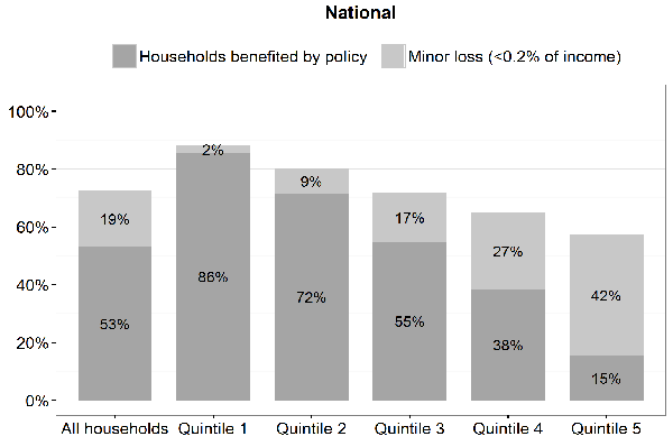
[Household Impact Study](): Year 1 - citizensclimatelobby.org/household-impact-study

Impacts by household income

- 53% of US households and 58% of individuals receive a net financial benefit
- The gains are concentrated among those with lower incomes. This effect stems simply from charging for pollution and returning proceeds equally per person; not redistribution.
- Households with higher incomes generally experience a net loss but the impact is minimal. Among those that do not benefit, the typical loss is just 0.2% of income.





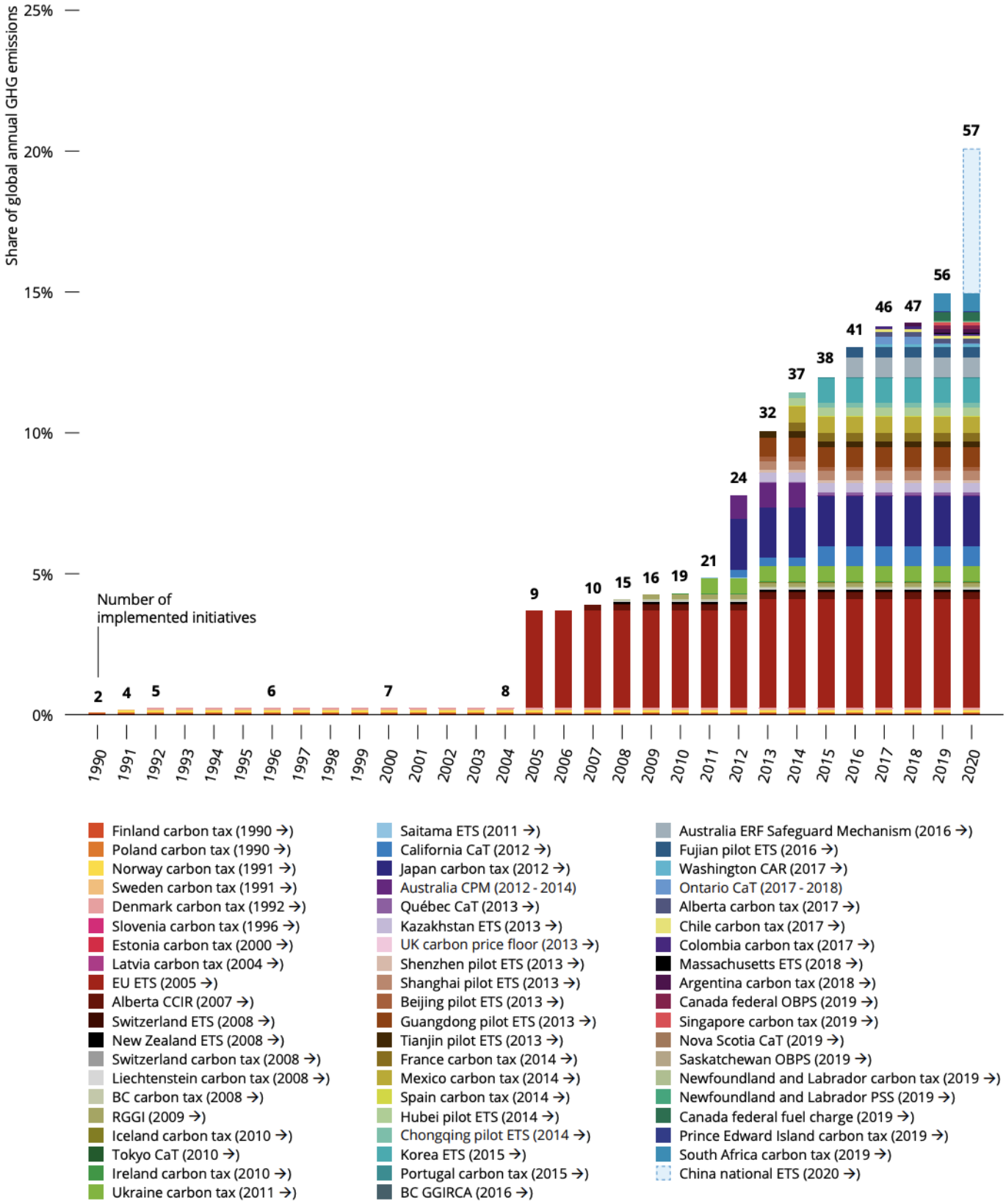
[US Treasury, Office of Tax Analysis](): $49 per ton of CO2 rebated carbon fee results

- Strongly progressive results: the lowest 10% of households by income would get a nearly 9% increase in average after-tax income while the top income decile would experience a 1% decrease (pg 26).

[Columbia SIPA, Center on Economic Policy](): Assessment of the [Energy Innovation Act]()

- “A price on carbon is a uniquely cost-effective policy tool because it incentivizes emissions reductions wherever and however they can be achieved at the lowest cost. That is why economists almost universally support putting a price on carbon.”
- EICDA is “a highly progressive policy” because “distributing dividends equally implies that average low- and middle-income households receive more in dividends than they pay in increased” prices.

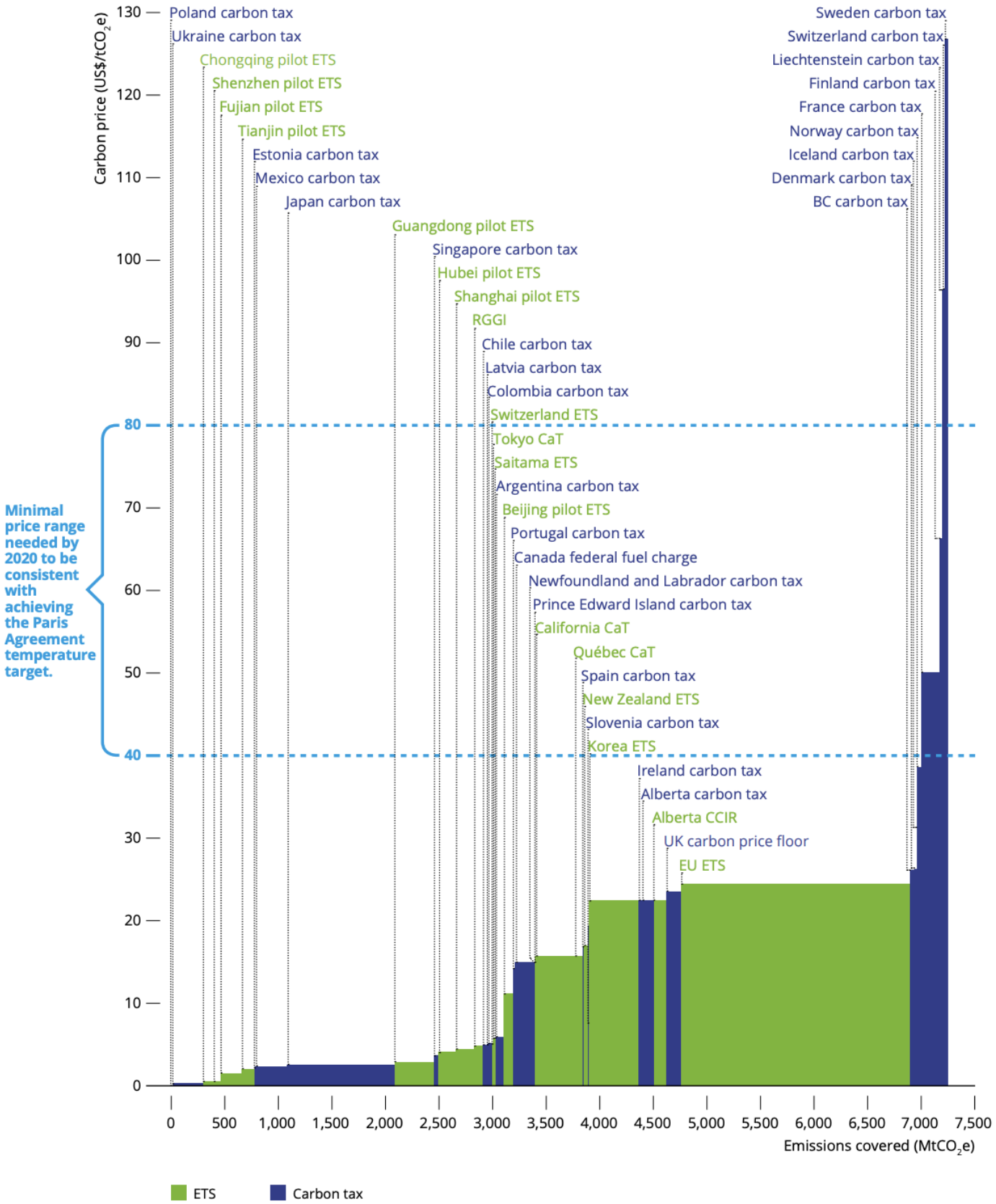
Figure 2 / Regional, national and subnational carbon pricing initiatives: share of global emissions covered



Note: Only the introduction or removal of an ETS or carbon tax is shown. Emissions are presented as a share of global GHG emissions in 2012 from (EDGAR) version 4.3.2 including biofuels emissions. Annual changes in GHG emissions are not shown in the graph. In 2018, the Alberta Carbon Competitiveness Incentive Regulation (CCIR) replaced the Alberta Specified Gas Emitters Regulation, which was launched in 2007. The information on the China national ETS represents early unofficial estimates based on the announcement of China's National Development and Reform Commission on the launch of the national ETS of December 2017.

World Bank - *State and Trends of Carbon Pricing*: http://hdl.handle.net/10986/31755

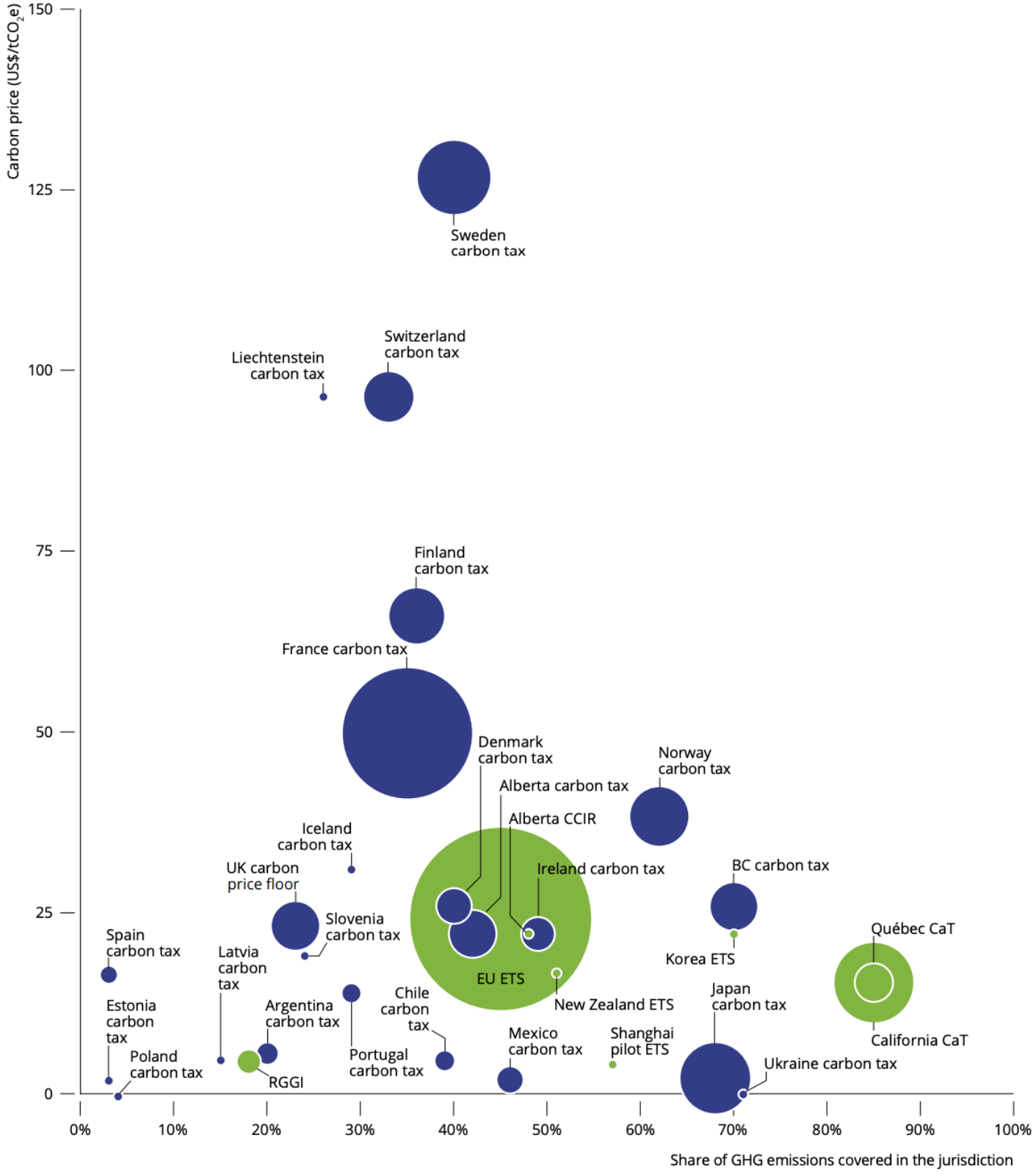
Figure 9 / Carbon price and emissions coverage of implemented carbon pricing initiatives



Note: The Australia ERF Safeguard Mechanism, British Columbia GGIRCA, Canada federal OBPS, Kazakhstan ETS, Nova Scotia CaT, Newfoundland and Labrador PSS, Saskatchewan OBPS, and Washington CAR are not shown in this graph as price information is not available for those initiatives. The carbon tax rate applied in Argentina, Finland, Mexico and Norway varies with the fossil fuel type and use. The carbon tax rate applied in Denmark varies with the GHG type. The graph shows the average carbon tax rate weighted by the amount of emissions covered at the different tax rates in those jurisdictions.

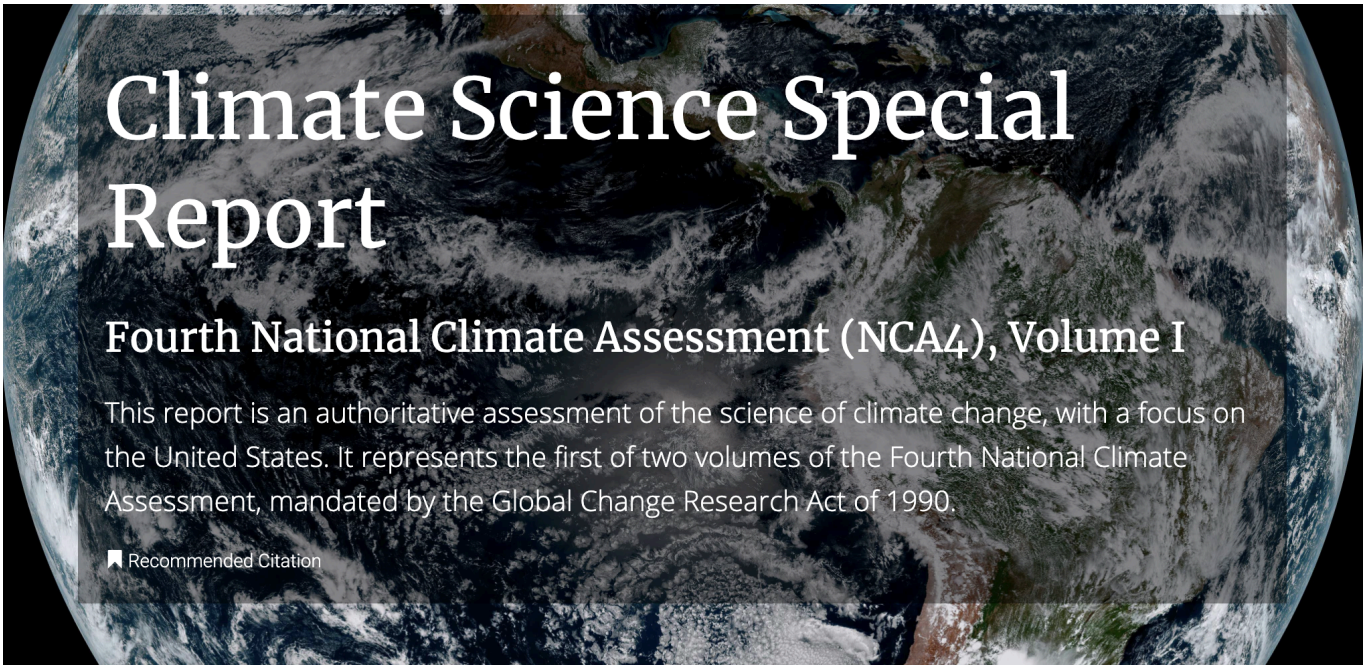
World Bank - *State and Trends of Carbon Pricing*: http://hdl.handle.net/10986/31755

Figure 10 / Carbon price, share of emissions covered and carbon pricing revenues of implemented carbon pricing initiatives



Note: The size of the circles is proportional to the amount of government revenues except for initiatives with government revenues below US$100 million in 2018; the circles of these initiatives have an equal size. For illustrative purposes only, the nominal prices on April 1, 2019 and the coverages in 2019 are shown. The carbon tax rate applied in Argentina, Finland, Mexico and Norway varies with the fossil fuel type and use. The carbon tax rate applied in Denmark varies with the GHG type. The graph shows the average carbon tax rate weighted by the amount of emissions covered at the different tax rates in those jurisdictions. The middle point of each circle corresponds to the price and coverage of that initiative.

World Bank - *State and Trends of Carbon Pricing*: http://hdl.handle.net/10986/31755



The **Fourth National Climate Assessment** was produced by NASA, NOAA, EPA, DOE, DOD, and other scientific agencies and reviewed by the National Academy of Science.

The Executive Summary contains the following statement:

> Global annually averaged surface air temperature has increased by about 1.8°F (1.0°C) over the last 115 years (1901–2016). This period is now the warmest in the history of modern civilization. The last few years have also seen record-breaking, climate-related weather extremes, and the last three years have been the warmest years on record for the globe. These trends are expected to continue over climate timescales.
>
> This assessment concludes, based on extensive evidence, that it is extremely likely that human activities, especially emissions of greenhouse gases, are the dominant cause of the observed warming since the mid-20th century. For the warming over the last century, there is no convincing alternative explanation supported by the extent of the observational evidence.
>
> In addition to warming, many other aspects of global climate are changing, primarily in response to human activities. Thousands of studies conducted by researchers around the world have documented changes in surface, atmospheric, and oceanic temperatures; melting glaciers; diminishing snow cover; shrinking sea ice; rising sea levels; ocean acidification; and increasing atmospheric water vapor.

The term “extremely likely” represents a confidence level of 95-100% based on all the available evidence.
Source: USGCRP, 2017: Climate Science Special Report: Fourth National Climate Assessment, Volume I [Wuebbles, D.J., D.W. Fahey, K.A. Hibbard, D.J. Dokken, B.C. Stewart, and T.K. Maycock (eds.)]. U.S. Global Change Research Program, Washington, DC, USA, 470 pp, doi: 10.7930/J0J964J6.

https://science2017.globalchange.gov/chapter/executive-summary/