Carbon Fees Legislation – 114th Congress

S. 1548, the American Opportunity Carbon Fee Act of 2015 (Senator Whitehouse, D-RI) - To amend the Internal Revenue Code of 1986 to provide for carbon dioxide and other greenhouse gas emission fees, reduce the rate of the corporate income tax, provide tax credits to workers, deliver additional benefits to retired and disabled Americans, and for other purposes. Introduced in Senate (06/10/2015)

Assigned to Committee on Finance – no hearings scheduled.

Congressional Research Service (CRS) Summary:

Amends the Internal Revenue Code to impose fees on: (1) fossil fuel products producing carbon dioxide emissions, including coal, petroleum products, and natural gas; (2) fluorinated greenhouse gases; (3) emissions of any greenhouse gas from any greenhouse gas emissions source; and (4) methane emissions.

Directs the Department of the Treasury to: (1) establish, implement, and report on a program to collect data on methane emissions by major non-natural sources, including emissions attributable to the extraction and distribution of coal, petroleum products, and natural gas; (2) pay a refund of fees imposed by this Act to exporters of energy-intensive manufactured goods; (3) make one $500 payment each calendar year to certain social security beneficiaries, veterans, and disabled individuals; (4) make cost mitigation grants to states to assist low-income and rural households and provide job training and worker transition assistance; and (5) establish a website to make regular disclosures concerning revenue, tax savings, and benefits attributable to this Act.

Reduces the maximum income tax rate on corporations to 29% of taxable income over $75,000.

Allows a new carbon fee offset tax credit for the lesser of: (1) 6.2% of earned income, or (2) $500.

H.R. 972, the Managed Carbon Price Act of 2015 (Congressman McDermott, D-WA) - To amend the Internal Revenue Code of 1986 to reduce greenhouse gas emissions by requiring a Federal emission permit for the sale or use of covered substances and to return funds to the American people. Introduced in House (02/13/2015)

Assigned jointly to Committees on Ways & Means and Energy & Commerce - no hearings scheduled.

Congressional Research Service (CRS) Summary:

Amends the Internal Revenue Code to require U.S. coal producers, oil refinery operators, first sellers of natural gas, and producers of other greenhouse gas [GHG] emission substances and importers of any GHG emission substance (covered persons) to purchase a federal emission permit from the Department of the Treasury for the sale, combustion, or other use of a GHG emission substance. Exempts from such requirement a GHG emission substance to be used for non-combustion agricultural purposes or for which a permit has been previously purchased.

Requires Treasury to impose a GHG emission permit equivalency fee on imports of carbon intensive goods.

Requires federal emission permits to be: (1) denominated in one-quarter carbon dioxide equivalents, and (2) purchased within 14 calendar days before or after a GHG emission substance is produced or entered into the United States.
Requires Treasury to: (1) establish a price for obtaining a permit for a year based on a determination of the dollar amount necessary to meet specified emissions reductions targets; (2) publish a five-year price schedule for permits by January 1, 2016, for each of the five years from 2017 to 2021; and (3) publish a 10-year schedule of the minimum and maximum prices for permits by January 1, 2023, and every 10 years thereafter. Establishes minimum and maximum permit prices. Authorizes Treasury to reduce permit prices if target reductions are being exceeded and to increase such prices if target reductions are not being met.

Establishes emission reduction targets for 2016 through 2060 decreasing from 90% to 20% of the carbon dioxide equivalents emitted in the United States in 2005.

Requires Treasury to report annually on: (1) the extent to which such limitations are being achieved, (2) GHG emission permits sold and their impact on GHG emissions, and (3) worldwide GHG emissions in relation to 2005 emissions.

Defines a "carbon dioxide equivalent" as the quantity of a GHG emission substance that makes the same contribution to global warming as one metric ton of carbon dioxide. Requires the Environmental Protection Agency to publish and update a schedule listing such quantity for each GHG emission substance.

Requires: (1) repayment of permit fees to specified permittees that use GHG emission substances in a manner that will make a negligible or no contribution to global warming, and (2) payment of the permit equivalency fees to exporters of carbon-intensive goods.

Imposes a tax on covered persons who fail to obtain a federal emission permit.

Establishes the Energy and Economic Security Trust Fund to pay monthly dividends to taxpayers from permit sales revenues.