AMERICAN OPPORTUNITY CARBON FEE ACT

Combatting Climate Change and Boosting American Competitiveness

> "A tax on carbon emissions will unleash a wave of innovation to develop technologies, lower the costs of clean energy and create jobs as we and other nations develop new energy products and infrastructure."
>
> –Hank Paulson, U.S. Treasury Secretary under George W. Bush

Carbon pollution from human activity is changing our climate, harming our economy, health, and environment. The United States is the second-largest source of carbon pollution in the world and has contributed over one-quarter of the cumulative global amount. Scientists warn that we must act now to reduce carbon pollution to avoid its worst consequences. The American Opportunity Carbon Fee Act, introduced by Senators Sheldon Whitehouse (D-RI) and Brian Schatz (D-HI), would reduce emissions of carbon dioxide and other greenhouse gases and provide substantial revenue to boost the American economy and help consumers.

Curbing Carbon Pollution

- The legislation is projected to reduce U.S. CO_2 emissions by more than 40 percent by 2025 compared to 2005 levels.
- The fee would start at the Administration's central social cost of carbon estimate ($45/metric ton in 2016) and increase annually by a real 2 percent, ensuring emitters would be held responsible for the harm they are offloading onto the American people.
- When emissions fall below the target level—80% below 2005 emissions—the annual adjustment would fall to inflation.
- The fee would be assessed on fossil fuels when mined, extracted, or imported, on large emitters of non-fossil-fuel-based greenhouse gases, and on producers and importers of industrial gases with high global warming potential.
- The fee on fossil fuels would be increased to account for the amount of methane—a potent greenhouse gas—that escapes during the extraction and distribution of these fuels.
- The Treasury Department would assess and collect the fee, consulting the Environmental Protection Agency and Energy Information Agency to ensure the best methods and data.
- Trade-vulnerable, energy-intensive industries would be protected through border adjustments. The Treasury Secretary would collect tariffs on goods imported from countries that do not price carbon and issue refunds on American exports to those nations.

Investing in American Competitiveness

- The revenue generated—estimated to exceed $2 trillion in the first decade—would be used to:
  - Reduce the top marginal corporate income tax rate from 35% to 29%;
  - Offer workers an annual inflation-adjusted $500 refundable tax credit to offset payroll taxes paid ($1,000 for married couples filing jointly);
  - Provide Social Security and veterans' program beneficiaries and other retired and disabled Americans with an inflation-adjusted annual benefit beginning at $500; and
  - Allow states to deliver additional funds to low-income and rural households and workers transitioning to new industries.