Perspectives of Environmental Transition in the US Tax System

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Resources for the Future is an independent, nonprofit institution in Washington, DC

Our Mission

• “to improve environmental, energy, and natural resource decisions through impartial economic research and policy engagement”

Our Vision

• “RFF is committed to being the most widely trusted source of research insights and policy solutions leading to a healthy environment and a thriving economy”

RFF does not take institutional positions on legislative, regulatory, judicial or other public policy matters
RFF Topics of Study

- Carbon Pricing
- Social Cost of Carbon
- Future of Power
- Forest Resources
- Fisheries
- Transportation
- Water Resources
- Earth Observations and Space
RFF Carbon Pricing Initiative

• Model Development

• Model Deployment/Analysis

• Policymaker Engagement
### Table 1. Comparing Carbon Pricing Proposals

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</thead>
<tbody>
<tr>
<td>(Sponsor and Cosponsors)</td>
<td>(Ted Deutch and 58 cosponsors)</td>
<td>(Sheldon Whitehouse, Brian Schatz, Martin Heinrich, Kirsten Gillibrand)</td>
<td>(Francis Rooney, Dan Lipinski)</td>
<td>(Chris Coons, Diane Feinstein)</td>
<td>(Dan Lipinski, Francis Rooney)</td>
<td>(John Larson)</td>
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<tr>
<td><strong>Initial Tax Rate (per metric ton)</strong></td>
<td>$15</td>
<td>$52</td>
<td>$30 ($30/2021)</td>
<td>$15</td>
<td>$44</td>
<td>$52</td>
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<tr>
<td><strong>Annual Adjustments</strong></td>
<td>$10 + inflation</td>
<td>6% + inflation</td>
<td>5% + inflation</td>
<td>$15 + inflation</td>
<td>2.5% + inflation</td>
<td>6% + inflation</td>
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<tr>
<td><strong>Starting Year</strong></td>
<td>2020</td>
<td>2020</td>
<td>2021</td>
<td>2020</td>
<td>2020</td>
<td>2020</td>
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<tr>
<td><strong>Revenue Use</strong></td>
<td>Taxable Carbon Dividends</td>
<td>Tax Credits, Social Security Beneficiary Payments, State Block Grants ($10 billion)</td>
<td>70% Payroll Tax Cuts</td>
<td>70%: Payroll Tax Cuts and Increases to Social Security Benefits</td>
<td>94%: Payroll Tax Cuts and Increases to Social Security Benefits</td>
<td>54%: Infrastructure Spending</td>
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<td></td>
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<td>10%: Social Security Beneficiary Payments</td>
<td>70%: Taxable Carbon Dividends to single filers (income &lt;$100k, phase out from $80k to $100k), joint filers (income &lt;$150k, phase out from $130k to $150k)</td>
<td>5%: Low-Income Home Energy</td>
<td>43%: Consumer Tax Refunds to Low Income Households</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>10%: Block Grants for Low-Income Assistance</td>
<td></td>
<td>1%: Weatherization Assistance</td>
<td>3%: Transitional Assistance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>10%: Adaptation, energy efficiency and advanced research and development</td>
<td></td>
<td>5%: Research and Development</td>
<td></td>
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<td>5%: Transitional Assistance</td>
<td></td>
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<tr>
<td><strong>Automatic Adjustment Mechanism</strong></td>
<td>Yes: Additional $5 price increase</td>
<td>No</td>
<td>Yes: Additional $3 price increase every other year</td>
<td>Yes: Additional $15 price increase</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Covered Gases</strong></td>
<td>All Greenhouse Gases</td>
<td>All Greenhouse Gases</td>
<td>All Greenhouse Gases</td>
<td>All Greenhouse Gases</td>
<td>Energy-Related Carbon Dioxide Emissions</td>
<td>Energy-Related Carbon Dioxide Emissions</td>
</tr>
</tbody>
</table>
Carbon Pricing Calculator

- www.rff.org/cpc

New Data Tool: RFF Carbon Pricing Calculator
A new interactive tool helps users visualize the environmental and economic effects of different carbon pricing policy designs.
Carbon Pricing Explainer Series

This explainer is part of RFF's Carbon Pricing Explainer Series, which outlines the fundamentals of carbon pricing policy from what it is to how it affects people and the economy.

- Carbon Pricing 101
- Carbon Pricing 102: Revenue Use Options
- Carbon Pricing 103: Effects across Sectors
- Carbon Pricing 104: Economic Effects across Income Groups
- Carbon Pricing 105: Effects on Human Health
- Carbon Pricing 106: Effects on Employment
- Carbon Pricing 201: Pricing Carbon in the Electricity Sector
- Carbon Pricing 202: Pricing Carbon in the Transportation Sector
- Carbon Pricing 301: Advanced Topics in Carbon Pricing in the Electricity Sector
Political Feasibility of Carbon Pricing and Other Policy Options in the US during the Current Congress

• The Senate is where climate policy will live or die
  • Any climate package will probably require “reconciliation” and support from Senator Joe Manchin

• Democratic enthusiasm for carbon pricing continues to decline
  • Green New Deal, CLEAN Future Act
  • Concerns over Environmental Justice

• Alternative climate policies continue to garner more support
  • Revisions to investment/production tax credits
  • Clean Energy Standards
Thank you.

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