

Energy Innovation and Carbon Dividend Act

Reps. Salud Carbajal (CA-24) and Scott Peters (CA-50)

About the Legislation:

The Energy Innovation and Carbon Dividend Act places an increasing price on carbon and other greenhouse gas emissions, designed to drive down pollution, address climate change, and encourage market-driven innovation in clean energy technologies. Revenues received will be returned directly to the American people in the form of a monthly dividend.

- **Carbon Fee** – The legislation places a gradually-rising upstream fee on the carbon content of fuels. This will create market-driven demand for cleaner energy technologies and correct market distortions created by the negative externality of pollution. The fee is assessed once, upstream, and starts at \$15 per metric ton of CO₂e. It increases by \$10 each year. Exemptions and rebates are provided for agricultural fuels, non-emissive uses, and carbon capture and sequestration (CCS). Fluorinated greenhouse gases are priced at 10% of the carbon fee, multiplied by their global warming potential.
- **Carbon Dividend** – The legislation rebates 100% of net revenues from the carbon fee to the American people as a monthly dividend. This protects consumers and the economy, maintains revenue neutrality, and offsets cost increases for most Americans, including low- and middle-income Americans. An equal share is provided to all adults with a Social Security Number or Taxpayer Identification Number and a half share is provided on account of children. Additionally, the first payment is made one month in advance so that families and households can cover any increased energy costs.
- **Carbon Equalization Tariff** – Fossil fuels and carbon intensive imported goods pay an equalization tariff if their country of origin does not price carbon. Exported goods receive a fee refund. This prevents any emissions-intensive U.S. producers from facing any disadvantage relative to overseas competitors. This provision is also designed for WTO compliance.
- **Preservation of EPA Authority** – This legislation preserves the authority of the Environmental Protection Agency (EPA) to regulate greenhouse gas emissions under the Clean Air Act and allows EPA to review greenhouse gas regulations after six years as long as the emissions reduction targets set in the bill are being met.