

Carbon Tax, Fossil Fuel Subsidies

By Thomas Beck, AIA, NCARB

The fossil fuel industry has enjoyed a century of corporate welfare in the form of massive subsidies, including an influx of COVID-related stimulus funds during the pandemic.

(<https://www.politico.com/news/2021/10/19/world-leaders-climate-change-stimulus-516226>) It is no wonder they are crying foul when it is suggested that this hand-out end, that new clean technologies enjoy equal monetary support to encourage research and development, and industries pay a price on pollution for their earth unfriendly ways.

This news just in as we write this article for publication Friday. According to Vice News, as shared with us Wednesday, October 20, by Generation 180, Joe Manchin makes \$500K a year from coal, more than twice his salary as a U.S. Senator. The article goes on to report that his total income from coal since becoming his state's Senator in 2010 "has topped \$4.5 million."

(<https://www.vice.com/en/article/z3x8bw/joe-manchin-senator-millions-coal-grant-town-west-virginia>) Those of us following the Senate infrastructure negotiations know that Manchin is one of the so-called "moderate" and inaccurately characterized "conservative" senators throwing a wrench in climate related infrastructure spending. The linguistic root of conservation and conservative is the same. There is nothing conservative about profiting from polluting.

A market-based, revenue neutral Carbon Fee and Dividend strategy would allow funds for everyday Americans to offset any increase in their personal economies. We wrote at length about carbon dividends on December 4, 2020, in the EP Trail Gazette. The current version of the house bill we discussed is H.R. 2307, the Energy Innovation and Carbon Dividend Act -

<https://www.congress.gov/bill/117th-congress/house-bill/2307> . For a clear, concise explanation of how it works go to <https://energyinnovationact.org/how-it-works/> Carbon pricing that returns the revenue to citizens is politically viable. Canada implemented a federal carbon tax with dividends several years ago and support among Canadians for carbon pricing remains high. Canadian Prime Minister Justin Trudeau said that world leaders have been "very interested in the fact that not only had I brought in a carbon tax, a price on pollution, but I won elections with that at the heart of our campaign."

(<https://news.yahoo.com/earth-day-summit-chance-biden-012750726.html>)

According to the Citizen's Climate Lobby (CCL) "Of all the world's developed economies, only Australia and the U.S. do not have nationwide carbon pricing in place."

(<https://citizensclimatelobby.org/price-on-carbon/>) This puts U.S. businesses at a competitive disadvantage, especially in light of the EU's proposed carbon border tax.

(<https://www.scientificamerican.com/article/e-u-set-to-unveil-first-ever-carbon-border-tax/>)

We wrote in the EP Trail Gazette January 15, 2021, about fossil fuels subsidies, and bargain basement leases of federal lands. We quoted an article which has been very recently updated.

(<https://generation180.org/the-absurd-truth-about-fossil-fuel-subsidies>) The update is partially in response to a new International Monetary Fund (IMF) Working Paper which states that "Globally, fossil fuel subsidies were \$5.9 trillion in 2020, or about 6.8 percent of GDP, and are expected to rise to 7.4 percent of GDP in 2025." (Working Paper No. 2021/236,

<https://www.imf.org/en/Publications/WP/Issues/2021/09/23/Still-Not-Getting-Energy-Prices-Right-A-Global-and-Country-Update-of-Fossil-Fuel-Subsidies-466004>)

The Tax Foundation, self-described as the "nation's leading independent tax policy nonprofit" examined carbon taxes in Europe, dating back to 1990 when Finland became the first country to introduce a carbon tax. The Tax Foundation's June 2021 article shows the start date and price per metric ton of the 18 European countries with carbon taxes. (<https://taxfoundation.org/carbon-taxes-in-europe-2021/>)

Resources for the Future (rff.org) has a carbon pricing bill tracker, updated in June 2021 comparing the 13 proposed bills in the 116th and 117th Congress.

(<https://www.rff.org/publications/data-tools/carbon-pricing-bill-tracker/>)

The bills currently being considered in the 117th congress are:

- Market Choice Act <https://www.congress.gov/bill/117th-congress/house-bill/3039>
- Save Our Future Act <https://www.congress.gov/bill/117th-congress/senate-bill/2085>
- America Wins Act <https://www.congress.gov/bill/117th-congress/house-bill/3311>
- Energy Innovation and Carbon Dividend Act <https://www.congress.gov/bill/117th-congress/house-bill/2307> (CCL points out that this is the most broadly supported)
- America's Clean Future Fund Act <https://www.congress.gov/bill/117th-congress/senate-bill/685>

Differences in the bills – some are very precise about the income level of those receiving a dividend, some defining it by the same means testing as the pandemic checks, some have percentages going to transition workers and communities in heavily fossil fuel dependent regions, and some to Environmental Justice. It is possible that part of the broad appeal of H.R. 2307 may be its very simple formula for distributing the funds, a no strings attached “Monthly taxable carbon dividend (one pro-rata share per adult and half pro-rata share per child under 19)” It really is refreshing to have a program that assumes that citizens have enough brains to decide for themselves how to spend their money.

Some of the bills cover all greenhouse gases, some only a few. In relation to the cost per metric ton of many other countries, the initial \$15 and \$25 fees of H.R. 2307 and S. 685 respectively are extremely modest.

We are at a critical point for addressing climate change. The Congress is considering climate solutions as part of the budget reconciliation process. A serious climate plan from the U.S. will help set the stage for climate leadership at the upcoming 26th UN Climate Change Conference of the Parties (COP26) in Glasgow on October 31 –November 12) (<https://ukcop26.org>). As climate change impacts us locally, nationally, and globally, inaction or continuing the status quo is no longer an option.

We appreciate that our members of Congress, including Representative Neguse and Senators Bennet and Hickenlooper, support carbon pricing. Let them know that you support having industries pay for their pollution and returning the revenue to households.

Beck, Thomas W. “Carbon Tax, Fossil Fuel Subsidies”, *Estes Park Trail Gazette*, Wednesday October 27, 2021, <https://www.eptail.com/2021/11/01/carbon-tax-fossil-fuel-subsidies/>