

# HB 304 FOSSIL FUELS TAX AMENDMENTS

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REP. JOEL BRISCOE 8 MARCH 2019

# PRICING CARBON EMISSIONS

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## CARBON TAX

- Put a price on fossil fuel emissions
- Establishes a price on emissions – a dollar amount for every ton of emissions produced
- British Columbia, Norway, Sweden, Germany

## CAP AND TRADE

- Put a cap on fossil fuel emissions
- A set number of emissions allowances established for each year, and gradually reduced.
- California, REGGI, European Union, PRC

# CARBON TAX AND CAP AND TRADE SIMILARITIES

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- Both put a price on carbon – creating an incentive to develop and invest in energy-saving technologies
- Both take advantage of market efficiencies – harnessing market forces to achieve the lowest cost reductions in emissions
- Both can generate revenue.
- Both require provisions to minimize impacts
- Both require monitoring, reporting, and verification

# CARBON TAX AND CAP AND TRADE DIFFERENCES

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- Cost Certainty v. Environmental Certainty:
- A cap and trade system achieves a set environmental goal. Market forces help determine the cost of reaching that goal
- A carbon tax provides certainty about the costs of compliance. Reductions in emissions are not predetermined but would result from market forces.

# NCEL: CARBON COSTS COALITION

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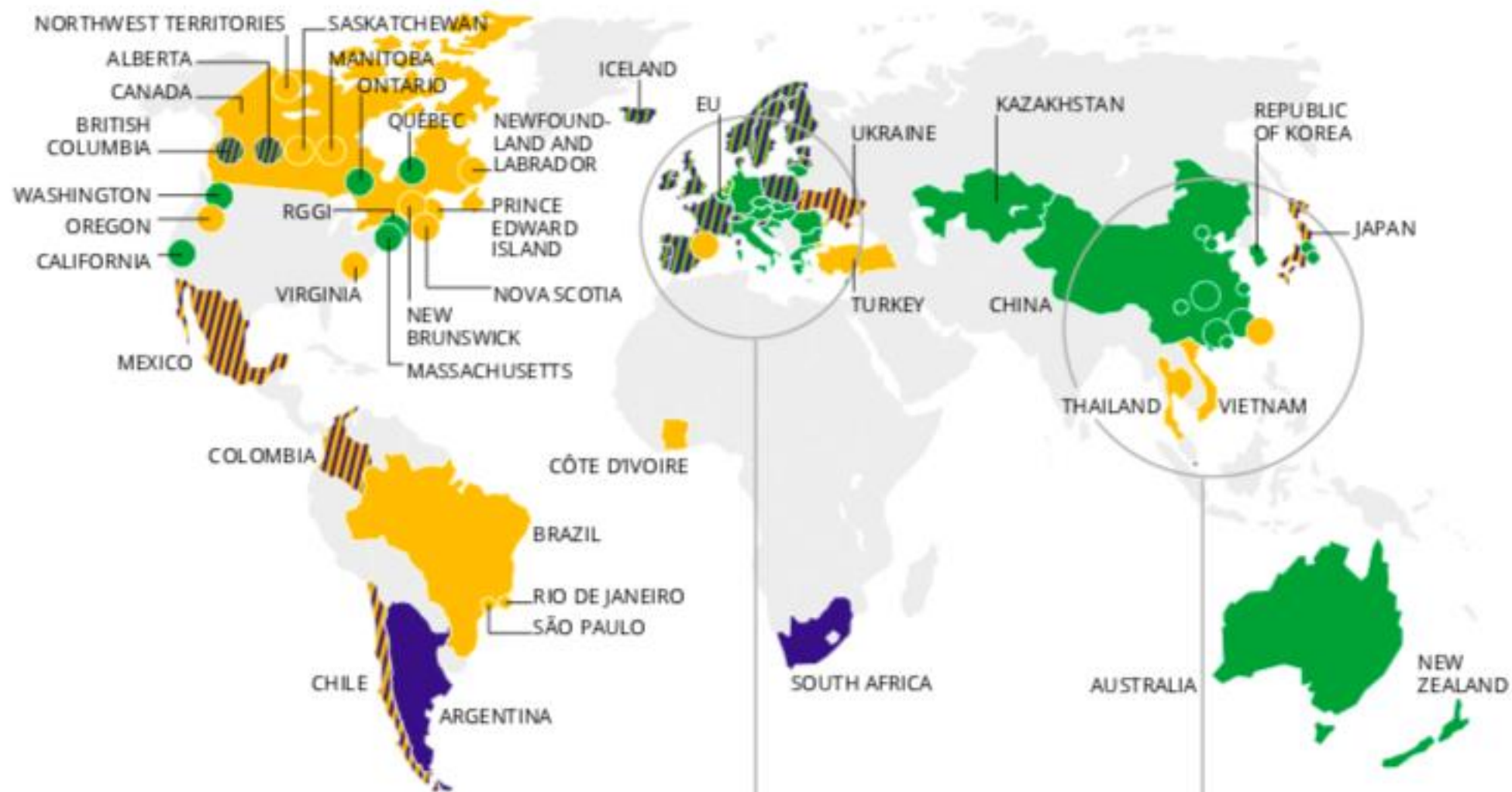
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**Figure 1 / Summary map of regional, national and subnational carbon pricing initiatives implemented, scheduled for implementation and under consideration (ETS and carbon tax)**

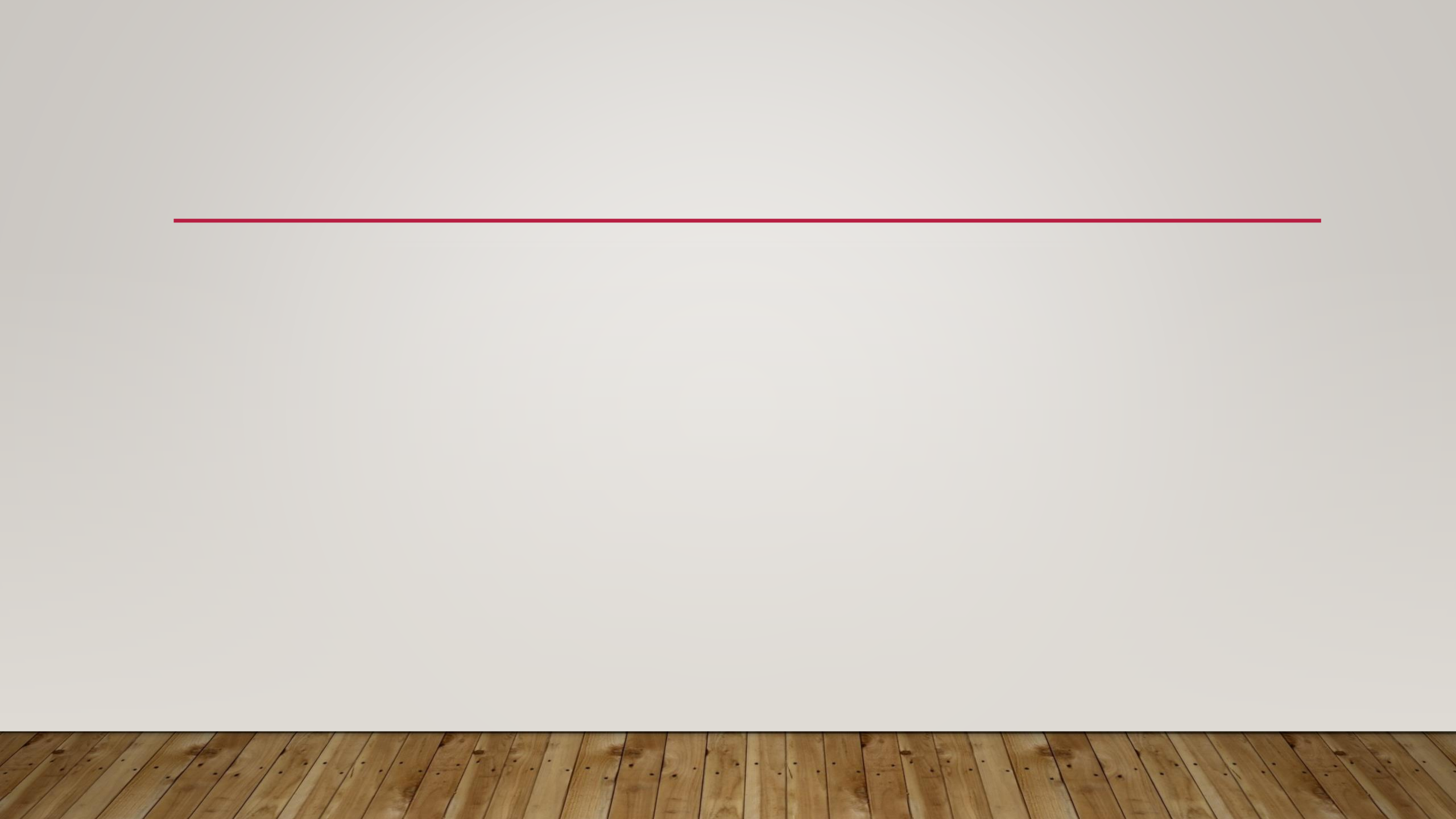


# WHO SUPPORTS CARBON PRICING?

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## OUR PLAN



### THE FOUR PILLARS

### ORIGINAL CO-AUTHORS

### WHY CLIMATE PROGRESS IS DEADLOCKED

### ADVANTAGES OF A CARBON DIVIDENDS PLAN

### THE RIGHT STRATEGY FOR OUR POLITICAL MOMENT

## PLAN CO-AUTHORS



JAMES A. BAKER, III, served as Secretary of State under President George H.W. Bush, Secretary of the Treasury under President Reagan and White House chief of staff under both. He is a senior partner in the law firm of Baker Botts.



MARTIN FELDSTEIN served as Chairman of the President's Council of Economic Advisers from 1982 to 1984 under President Reagan. He is the George F. Baker Professor of Economics at Harvard University and President Emeritus of the NBER.



TED HALSTEAD is the founder, Chairman & CEO of the Climate Leadership Council. Previously, he founded New America, a leading public policy think tank. He is co-author of *The Radical Center: The Future Of American Politics*.

HENRY M. PAULSON, JR., served as Secretary of the Treasury under President George W. Bush. Previously, he served as chairman and chief executive officer at Goldman Sachs. He is the founder and chairman of the Paulson Institute.



GEORGE P. SHULTZ served as Secretary of State under President Ronald Reagan, and as Secretary of Treasury and Labor under President Nixon. He is the Thomas W. and Susan B. Ford Distinguished Fellow at the Hoover Institution.



THOMAS STEPHENSON is a partner at Sequoia Capital, a venture capital firm based in Silicon Valley. Stephenson previously served as the United States Ambassador to Portugal from 2007 to 2009 under President George W. Bush.



# HB 304: FOSSIL FUELS TAX AMENDMENTS

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- Carbon Pricing: fossil fuel emissions are taxed at a rate of \$10 per metric ton of carbon dioxide emissions.
- Adds 1 cent per kilowatt-hour of coal-fired electricity.
- Adds 10 cents per gallon of gasoline.
- Zero-carbon energy not taxed at all.
- Tax is paid by energy producers and large emitters.
- Costs will likely be passed on to consumers

# HB 304: FOSSIL FUEL TAX AMENDMENTS

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- TAX CUTS – return about 90% of the revenue to households and businesses
- Eliminate the state sales tax on electricity and home heating fuels (\$72M)
- Tax credit for mining and manufacturing businesses (\$45M)
- Extend and expand the existing Retirement Tax Credit (\$19M)
- 10% match of the federal Earned Income Tax Credit (EITC) (\$47M)
- Eliminate the state sales tax on grocery store food (\$226M)
- Tax Cut Fund – legislative discretion (\$301M)

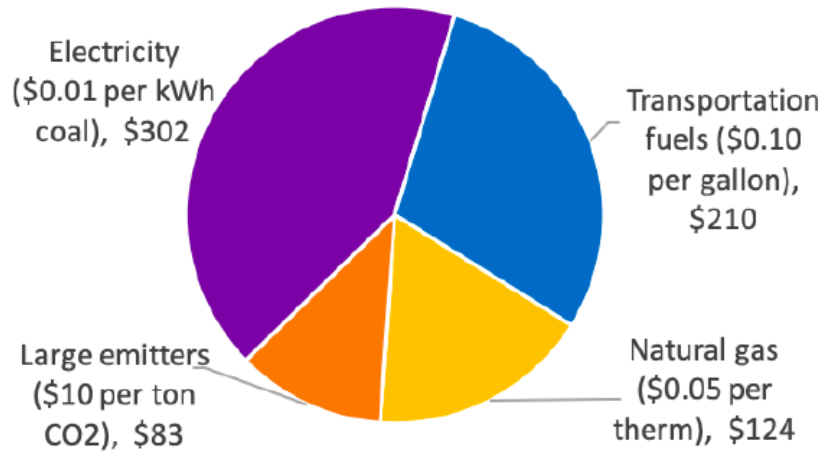
# HB 304: FOSSIL FUELS TAX AMENDMENTS

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- RURAL ECONOMIC DEVELOPMENT and AIR QUALITY
- \$5 million annual appropriation to Rural Economic Development in the Governor's Office of Economic Development.
- \$3 million/year to CARROT Fund (Clean Air Retrofit, Replacement, and Off-Road Technology) – lawn and garden equipment, diesel buses
- \$42 million/year to Department of Air Quality to help Utah meet federal Clean Air standards. – freight switchers, locomotives, large capital projects

# HB 304: REVENUE AND EXPENDITURES

Money in: \$720m in FY 2023



Money out: \$720m in FY 2023

