

Pricing Pollution in the District: The Carbon Fee and Rebate

Progressive Policy for Clean Energy and Fair Economic Growth

How can a Carbon Price Help all of D.C.?

You and I pay to send our trash to the landfill. Why then should polluters spew greenhouse gasses into our air for free? Carbon pricing simply charges a price for each ton of climate pollution. The price reflects the damage that these emissions cause on society—unjustly causing the most harm to children, low-income households, workers, and people of color. Experts across the political spectrum agree that carbon pricing is the most straightforward and cost-effective way to fight climate change. When pollution costs what it should, everyone will act to help our climate through conservation and clean energy investments.

Prices on carbon dioxide (CO₂) emissions are not new. Over the past ten years, a range of carbon pricing initiatives have been passed at the city, state, and national levels in the United States and worldwide. Most of these proposals advance economic justice by returning the revenue collected from pricing carbon to the people. In the District, charging companies that buy and sell fossil fuels in D.C. is a fair and transparent climate solution that can make D.C. families better off and put D.C. on track to achieving its sustainability goals.

Rebate: Fair, Simple, Built to Last

Fair: Starting on day one, the money raised through carbon pricing could be returned equally to every D.C. resident through a quarterly “rebate”. In just the first year of a D.C. carbon fee with a full rebate, every resident would receive about \$225. This amount will steadily increase over time to over \$1,000 in year eight. Because small businesses and lower-income residents spend less money on energy than their wealthier counterparts, the city’s most vulnerable will make more from the rebate than they spend on the fee. In other words, if you consume less than the average resident in D.C., you would make money under this progressive plan. It’s a race to the top for saving the climate.

Simple: A carbon fee and rebate does not require a large new bureaucracy. It could be easy to pass and implement this solution working within existing

structures. The benefits are straightforward, too. Putting a price on carbon encourages energy conservation, efficiency, and a shift to clean energy options. D.C. families will enjoy cleaner air and water, new working class jobs in energy efficiency and renewable energy, and rebate dollars in family bank accounts during the clean energy transition.

Built to Last: Passing a bill to price carbon is only the first step. Dirty energy companies will try to repeal the progress we win together. This is why a significant rebate check for all voters is so important: as the price to pollute increases over time, so too would the rebates for D.C. residents. When everyone benefits, a district-wide coalition of voters can strengthen democracy and overcome polluters’ influence on lawmakers.

How Would It Work?

Energy companies that buy and sell fossil fuels in the District for electricity, heating, and transportation would be required to pay a fee on based on each ton of CO₂ pollution caused by their product. The carbon fee would gradually phase in at \$20 per ton of CO₂ emitted, and then rise steadily over time by \$10 per year, plus inflation, to meet D.C.’s climate goals. Making energy companies pay for their pollution will increase the price of dirty energy, making cleaner or carbon free energy more competitive.

Putting a price on carbon will put more money into the pockets of D.C. families, while putting less carbon into the atmosphere. By encouraging efficient energy use and clean energy, the carbon rebate will empower *all* to participate in the green economy.ⁱⁱ The interrelated crises of income inequality and climate pollution put D.C. residents' health, homes, and pocketbooks at risk. We have the power to turn these trends around by passing a carbon rebate for all.

Carbon Pricing Examples

Across the US, Canada, and Mexico, there are a range of proposals to put a price on carbon at various stages development. More and more, these initiatives are rebating a majority of the collected money to residents. **Below is a list of those initiatives:**

- Massachusetts Senate Bill 1747
- Vermont House Bill 412
- Energize Rhode Island Act of 2015 (Draft Bill)
- New York Assembly Bill 8372 / Senate Bill 6037
- Oregon Senate Bill 965 and House Bill 3250
- Alberta's Carbon Tax (Enacted in 2015)
- British Columbia's Carbon Tax (Enacted in 2008)
- Boulder Colorado's Carbon Tax (Enacted in 2006)
- Washington State Carbon Tax (proposed by Gov. Inslee 2016)
- Mexico's National Carbon Tax (Passed in 2013)

By pledging to cut greenhouse gas emissions 50% by 2032, Washington, D.C. has one of the boldest climate action goals in the country. Now it's time to get it done. The most equitable, efficient, and effective way to lead on climate is by putting a price on carbon and rebating the proceeds back to District residents. Join the campaign to make D.C. the healthiest, greenest, and most livable city in the United States. Let's go!



ⁱ And warming equivalent of CO₂ for other greenhouse gasses, such as methane.

ⁱⁱ Alaska's "Permanent Fund" works like the proposed carbon rebate by giving equal payments to all residents in the state. These payments have helped Alaska's economy grow, reduced poverty, and made Alaska one of the most socioeconomically equal states in the country.



TAKE ACTION! To get involved, contact: Camila Thorndike, Carbon Pricing Coordinator, at camila@chesapeakeclimate.org or 240-396-2029. Learn more at chesapeakeclimate.org/dc-carbon-fee