

# **Top Concerns Members of Congress have about Carbon Fee & Dividend and Best Responses**

## **Top Concerns**

## **Best Responses**

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|---------------------------------|--|
| 1. China/<br>WTO /The<br>Border | <p>- China already has several regional cap-and-trade programs in place, and is planning on implementing a national system in 2016. Furthermore, 8 of the 10 largest economies in the world have a carbon price (tax or cap) planned or in place. The 2 exceptions are the United States and Russia.</p> <p>- WTO: Our bill language preserves both National Treatment and Most Favored Nation Treatment, as required by the General Agreement on Tariffs and Trade (GATT) treaty. We won't need it, but additionally Article XX, paragraphs (b) and (g) of the GATT allow for discriminatory border adjustments for environmental purposes.</p> <p>- Border: Putting a border adjustment into place will be difficult, but it is not impossible. A border adjustment on CFCs, which are also greenhouse gases, has been in effect since 1990 with the Montreal Protocol (26 CFR 52.4682-3).</p> |
| 2. Energy/<br>Consumer<br>Costs | <p>The REMI study shows electricity costs peaking in 2025 with a 25% increase (p. 34). Even including this cost increase, the average American has more real disposable income with our policy in every single year of its implementation (p. 37). This surplus is ~\$50 in year 1, ~\$500 in year 10, and ~\$800 in year 20 (p. 38).</p>  |
| 3. EPA/EPA<br>Preemption        | <p>If they don't like EPA regulations, they ought to LOVE CF&amp;D because it's a market based approach rather than a regulatory approach.</p>   |
| 4. Jobs                         | <p>The REMI study showed that our policy would add 2.8 million jobs to the US economy within 20 years. These jobs don't exist without Carbon Fee and Dividend.</p>   |

5. Dividend Most of these concerns were about how it would be administered or its costs. We would give monthly checks to every household, as the Economic Stimulus Act of 2008 did. Piggybacking off of Social Security (SSA) and the Supplemental Nutritional Assistance Program (SNAP), which already provide money monthly to 107 million Americans, and assuming comparable enrollment in direct deposit as was utilized in 2012 by those eligible for a tax rebate, first-year costs would be 0.7% of receipts and decreasing after that.
6. Low Income Multiple studies have shown that income and carbon emissions are tightly correlated, with wealthier individuals having higher emissions. A recent study from the Center for Global Development shows why: Only about 36% of the average American's fossil fuel use is from direct emissions (i.e. turning on the lights and filling the tank). 64% of our fossil fuel consumption comes from indirect use. That is, it's embedded in the products we buy. Poor people buy less stuff, so they have lower emissions.
7. Pollution / Health The burning of fossil fuels contributes to four of the five leading causes of death in the United States, including heart disease, cancer, stroke, and lung diseases, while putting children at risk of asthma and delayed mental development. Burning fossil fuels causes both SO<sub>2</sub> and NO<sub>x</sub>, which harm health by reacting in the atmosphere to form sulfate or nitrate fine (small) particles (PM<sub>2.5</sub>), respectively [2]. These particles penetrate deep into the lungs, which is also the problem with smoking.
8. Admin/ Admin costs [See Dividend].
9. Tax Reform Like Ronald Reagan's Secretary of State, George Shultz, CCL believes a dividend is the most transparent and hardest-to-rig option.
10. Fraud and the dividend The Alaska Permanent Fund is already a great example for how to run a dividend program. In 2012 less than \$100k was prosecuted for fraud out of a total \$567M dividend payout, representing less than 0.02% lost to fraud.

**Provided by Citizens Climate Lobby**