



## **FAQ on Save Our Climate Act of 2011**

Rep. Pete Stark (D-CA) has introduced the Save Our Climate Act (H.R. 3242), a bill that taxes carbon-based fuels, returns most of the revenue to consumers, and uses a portion of the revenue for deficit reduction. Some questions and answers about his bill:

### **How much is the tax and where is it applied?**

The tax is applied to carbon-based fuels at the first point of sale in the U.S. – the well, the mine, the port of entry – based on the amount of carbon dioxide that fuel will emit when burned. The tax starts out at \$10 per ton of CO<sub>2</sub> in the first year and increases by \$10 per ton each year.

### **How much of the revenue is applied to deficit reduction?**

Beginning in the second year of the tax, \$10 per ton of CO<sub>2</sub> will be devoted to deficit reduction. The Carbon Tax Center estimates that in 10 years time, this will generate \$490 billion to pay down the national debt.

### **How much will be returned to the public, and who will get it?**

The bill stipulates that anyone with a taxpayer identification number (TIN) will be eligible to receive an annual payment from tax revenue remaining after deficit reduction. The Carbon Tax Center projects that in the first year the dividend will be \$160 per person and will rise to \$1,170 per person in the tenth year.

### **What is the target for CO<sub>2</sub> emissions reductions?**

The goal of the legislation is to reduce CO<sub>2</sub> emissions to 20 percent of 1990 emissions by the year 2050. The Carbon Tax Center estimates the tax will reduce current emissions by 25 percent in the first ten years.

### **Will American businesses be protected against foreign competitors?**

The bill stipulates that imported goods that use carbon-intensive energy in their manufacturing be subject to a border tariff if they originate from nations that do not have equivalent carbon-pricing systems. This creates an important incentive for U.S. trading partners to enact their own carbon taxes. The carbon tax will be refunded on exports by U.S. manufacturers. Thus, they will not be disadvantaged in international

markets where they compete with manufacturers in countries that have not yet enacted carbon taxes.

### **Why a carbon tax instead of cap and trade?**

The objective of pricing carbon is to send a clear price signal to the marketplace that will shift investments from fossil fuels to clean energy. With cap and trade, the price on carbon would fluctuate considerably, as we've seen with the European trading system, creating uncertainty in the investment community. A simple, predictable tax sends a clear price signal that allows the investors to confidently move massive amounts of capital into renewable technologies like wind and solar. Most cap-and-trade systems also allow polluters to purchase carbon offsets in lieu of reducing emissions. These offsets are often for projects that would have happened anyway and, therefore, produce no net reductions in greenhouse gas emissions. China and India – two of the world's biggest CO2 emitters – have indicated they are unwilling to cap emissions, but would be open to taxing carbon.

### **How will the dividend be paid?**

The IRS will handle annual payments. The legislation stipulates that no more than 0.5 percent of revenue will be used for administrative costs.

### **Where can I see a copy of the bill and its co-sponsors?**

Text of the bill, summary, status and co-sponsors can be found on [Thomas](#). Do a bill search on "Save Our Climate."

### **How can I support this legislation?**

Write and/or phone your [member of Congress](#) in the U.S. House of Representatives and ask that they become a co-sponsor of Rep. Pete Stark's Save Our Climate Act (H.R. 3242).

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