

Raise Wages, Cut Carbon Act of 2019

Office of Congressman Dan Lipinski

Carbon Fee

Imposes a \$40/ton carbon fee starting in 2020. Fee increases by 2.5%, plus inflation, per year. The fee stops increasing when a target level of 20% of the 2005 emissions is reached. The fee is imposed on coal, petroleum, natural gas, and fluorinated greenhouse gases at the point where they're extracted/produced.

Disposition of Carbon Fee Revenues

Low Income Home Energy Assistance Program (LIHEAP) – 5% of revenues annually, estimated to be \$7.9B in 2019.¹ This amount is roughly double the FY18 appropriation of \$3.64B. In FY13-14, LIHEAP only served 16% of eligible households, so this additional funding could enable the program to serve approximately half of eligible households.

Weatherization Assistance Program (WAP) – 1% of revenues annually, estimated to be nearly \$1.6 B in 2019.¹ This is more than six times the FY18 appropriation of \$251M. According to EIA, there are 37M households experiencing energy insecurity (out of a total of 118.2M households total, or 31%),² yet WAP only serves 35,000 homes/year.³

Social Security Beneficiaries – 10% of revenues annually, estimated to be \$15.8B in 2019,¹ or an average of \$233 per beneficiary.

Payroll Tax Offsets – All remaining revenues, 84%, estimated to be \$133 B in 2019,¹ or an average of \$847 per worker.

Regulatory Adjustment

Prevents the EPA Administrator from enforcing rules limiting greenhouse gas emissions on covered fuels/gases until at least 2030, except where those fuels/gases are being regulated for non-climate reasons (i.e., health). EPA can still regulate greenhouse gas emissions in certain exceptions such as wastewater treatment plants, vehicles, and aircraft.

Border Adjustment

Imposes a carbon tax on imported products unless they were already taxed in their country of origin. Refunds the tax on exports.

¹ Revenue estimate taken from "Methodology for Analyzing a Carbon Tax," Treasury Office of Tax Analysis Working Paper 115, January 2017 (<https://www.treasury.gov/resource-center/tax-policy/tax-analysis/Documents/WP-115.pdf>)

² <https://www.eia.gov/consumption/residential/data/2015/hc/php/hc11.1.php>

³ https://www.energy.gov/sites/prod/files/2018/06/f52/EERE_WAP_Fact%20Sheet-v2.pdf