



Carbon Pollution Tax *Bill Overview*

POLICY OBJECTIVES:

1. Reduce Vermont's carbon emissions at a rate that helps us meet our state greenhouse gas (GHG) reduction goal (75% GHG reduction by 2050), and goals for weatherization and renewable energy
2. Do so in a way that is a net economic benefit to Vermont
3. Do so in a way that is equitable for all Vermonters

OUR PLAN:

1. Put a price on carbon pollution.
2. Help Vermonters save energy and save money.
3. Cut taxes for Vermonters and Vermont businesses.

How does the price on carbon pollution work?

- An assessment on carbon pollution, applied to fossil fuels sold in Vermont
 - Includes heating and transportation fuels, such as oil, gas, propane, and coal
 - Electricity is exempt (covered by RGGI; minimal contribution to GHG emissions)
- Price proposed: \$100/ton, starting at \$10/ton in 2018 and ramping up \$10/year for 10 years.
- Uses an upstream model that applies and collects the assessment at the distributor level

How would the money be used?

- 90% of the revenue is returned to Vermonters in the form of rebates and other tax relief:
 - Reduction in the sales and use tax
 - Refundable tax credits for individuals (flat per capita figure for every adult resident)
 - Additional rebates for Vermonters at or below 200% of the federal poverty level
 - Per-employee rebate for all employers (e.g., businesses, non-profits, schools, municipalities)
- 10% of the revenue is used to create a Vermont Energy Independence Fund dedicated to helping Vermonters cut their fossil fuel use and fuel bills through efficiency and clean energy investments:
 - Low-income weatherization (WAP)
 - Energy efficiency
 - Transportation efficiency
 - Renewable energy

What are the benefits?

- According to an independent analysis conducted by Regional Economic Models, Inc. (REMI), a \$100/ton tax on carbon pollution ramped up over a 10-year period would create over 2,000 jobs and increase Vermont's Gross State Product by nearly \$100 million.
- Carbon reduction benefits: according to the same analysis, carbon pollution from the energy sector would drop from 7.3 million metric tons/year CO₂ in 2017 to 4.7 million tons in 2040.