

## SOME POLICY DECISIONS FOR STATE CARBON FEE OR TAX BILLS



### WHAT SOURCES OF GREENHOUSE GAS EMISSIONS SHOULD BE INCLUDED?

- 1 | Should all emissions from fossil fuels be included?
- 2 | Should all sources of GHG emissions be included, beyond CO<sub>2</sub> from fossil fuels?
- 3 | Should “lifecycle” emissions from fossil fuels be included?
- 4 | Should any sector of the economy be exempted from the fees?

### SIZE AND PHASE-IN OF CARBON FEE

- 5 | At what rate per metric ton of CO<sub>2</sub> should the fee start?
- 6 | How much should the fee rate increase each year during phase-in period?
- 7 | How many years of ramp-up should be included, and what should the fee rate be in the last year?
- 8 | Should the fee rate remain constant after some number of years, increase according to inflation, or increase by some other amount?
- 9 | How can the rate be further adjusted in the future?
  - a | Periodic reports and recommendations from a state agency, but new legislation is required to make changes.
  - b | Give state agencies regulatory authority to adjust the rate without new legislation (if state law permits this).
  - c | Design an automatic ratcheting mechanisms that adjusts the rate up or down.

- 10 | What should the criteria be for future adjustments to the rate?

### HOW SHOULD THE FEE REVENUE BE USED?

- 11 | What percentage of revenue should be recycled back to households and/or employers, as opposed to invested?
- 12 | How should revenues be distributed among households, employers, and other purposes?

- 13 | How should revenues for households be distributed among them, especially to ensure equity for low and moderate income people?

- 14 | Should there be extra rebates or tax benefits for people who need to drive more, such as rural drivers?

- 15 | Should there be extra rebates for people with high-cost heating fuels?

- 16 | On what basis should money for employers be distributed to them, such as “energy-intensive, trade-exposed” industries?

- 17 | If using money for programs or investment, for what purposes, such as further GHG reductions, adaptation, and just transition?

- 18 | Should a guaranteed % of total investment money benefit low-income or disadvantaged people or communities?

- 19 | Should money for some beneficiaries, such as particular industries, be phased out over time?

### ADMINISTRATION OF THE FEE AND REBATE SYSTEM

- 20 | What reporting structures already exist or need to be modified or created in order to track emissions from covered entities?

- 21 | What administrative mechanisms will be used to collect the money and to redistribute it to households and employers?

- 22 | How will the system ensure that all low-income people get rebates?

- 23 | If money is used for programs, who will administer this and what will the governance structure be?

- 24 | What should be done so that households and employers get money returned on a schedule that allows them to cover higher costs as these costs occur?

- 25 | Will money be returned in a way that maximizes public awareness or minimizes costs of distributing it?

**FOR MORE INFORMATION ON HOW  
TO ANSWER THESE QUESTIONS, CONTACT:**

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