

MS4SF Policy Series: Carbon Fee +/- Dividend



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Agenda

- Concept & Fundamentals
- Criticisms
- Potential Impact
- Policy Proposals
- Action Ideas


1

Concept

Background on Fundamentals of Policy



Idea Behind the Fee

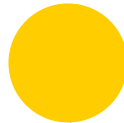
- ◎  price of carbon-intensive industries
 - ◎ Indirectly incentivizes alternatives
- ◎ Intended to be economy-wide in scope
- ◎ Economic terms: return the cost externality onto the industries

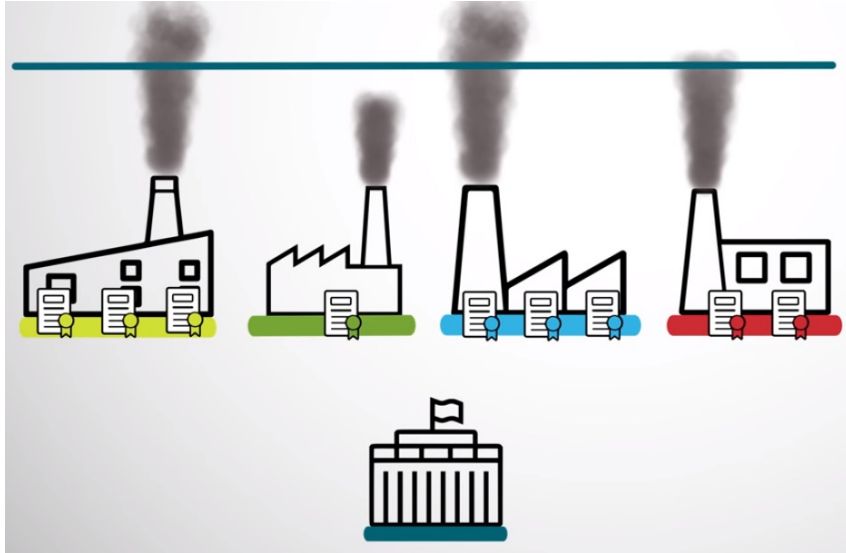


What to do with the Revenue?

- Dividends back to households
 - Equal
 - Targeted to low- and middle-income
- Infrastructure
- Government general fund

Note that this system is **distinct from cap and trade**, which is not discussed within this presentation





What is **Cap and Trade**?

- Total cap of emissions set
- Permits issued/purchased that allow emissions & can be traded
- Can allow concentration of pollutants, often allow offsets

2

Criticisms

Drawbacks of the Policy

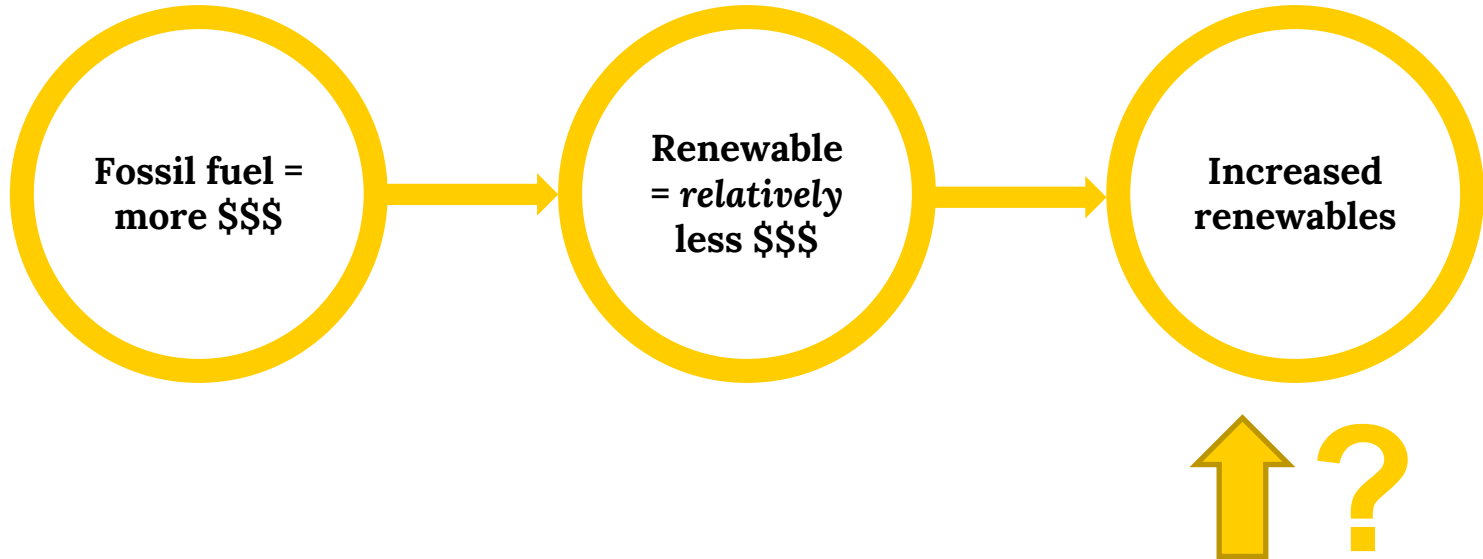


Environmental Justice

- ☉ Allows “pay to pollute”
- ☉ Does not offer specific protections for already overburdened communities
- ☉ Certain policies with design choices aimed at equity have gained EJ support



Not **Direct**





Not Addressing Fundamental Root Cause

- Can a capitalism-centric solution solve a capitalism-centric problem?
- Can this help to rectify systemic inequities that have lead us to this situation?

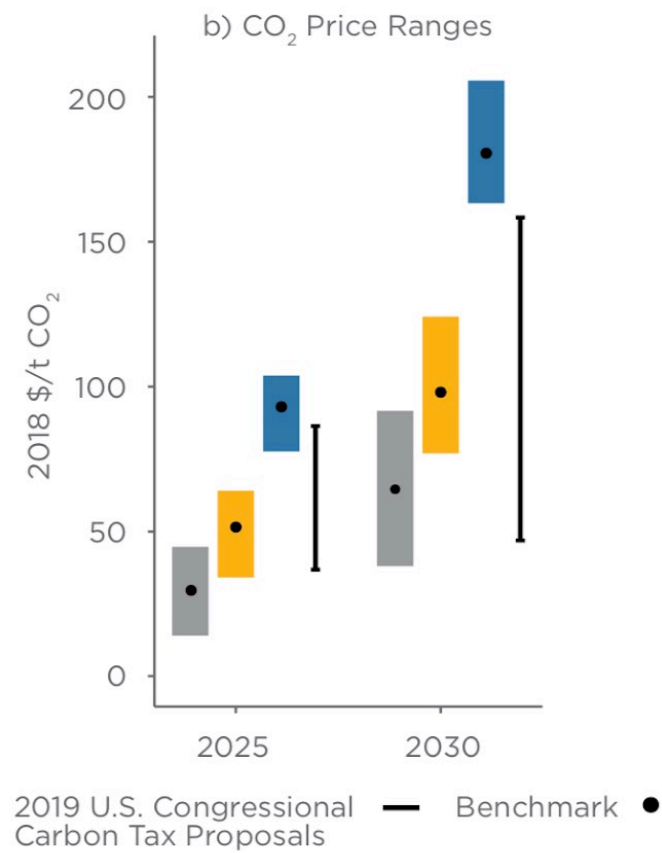
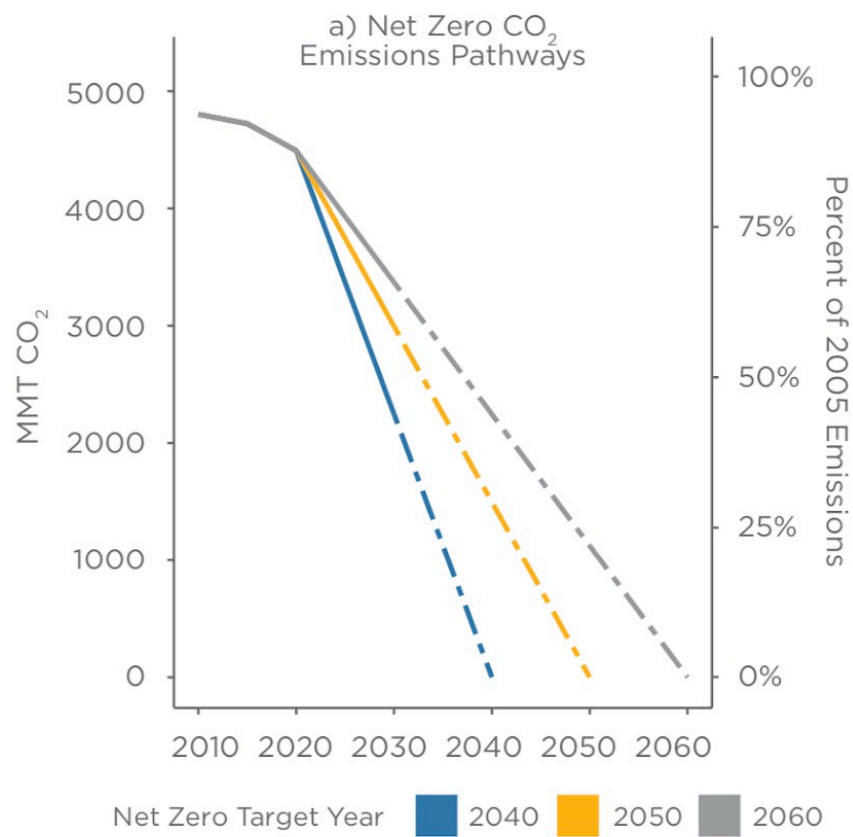
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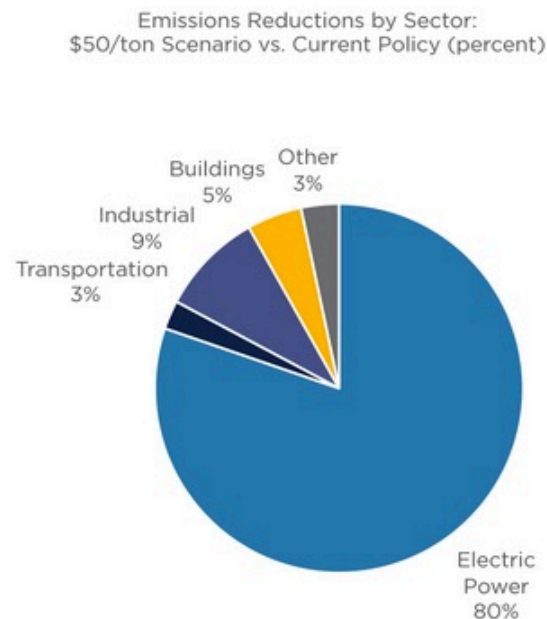
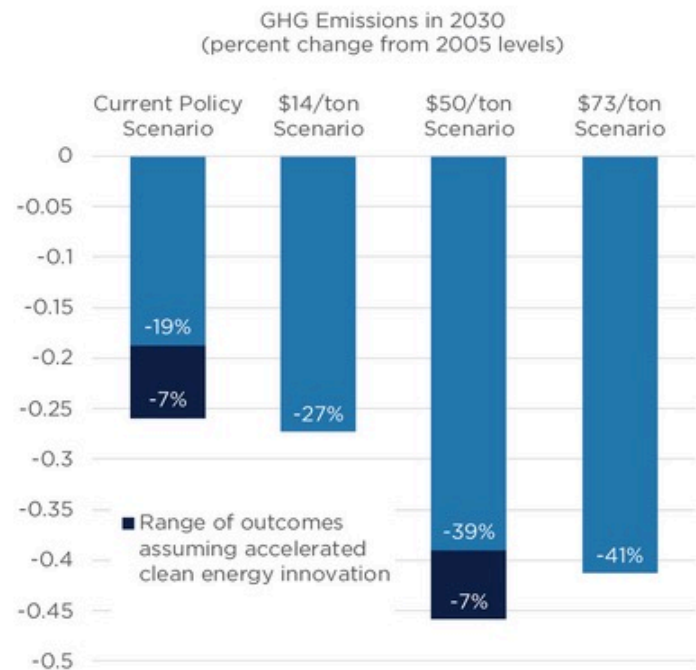
Impact

Implications of Policy Implementation



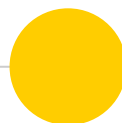
Emissions

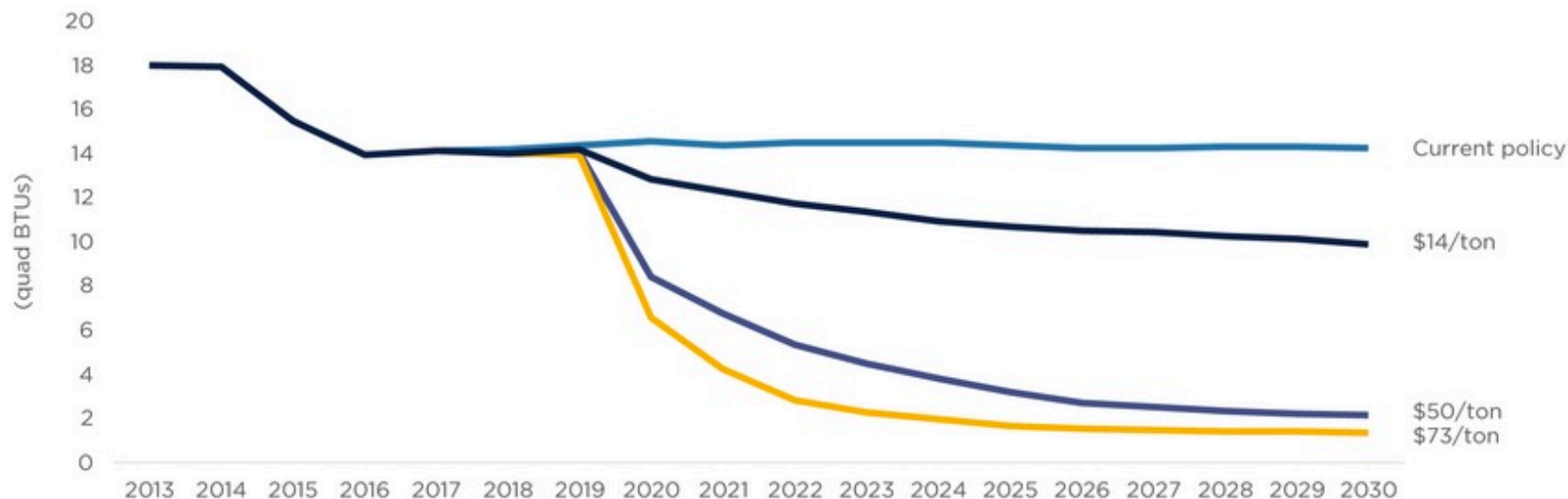




Notes: The Current Policy scenario include federal and state policies in place as of June 2017. In the \$14/ton scenario, the tax starts at \$14/ton in 2020 and rises by about 3 percent annually. In the \$50/ton scenario, the tax starts at \$50/ton in 2020 and rises by about 2 percent annually. In the \$73/ton scenario, the tax starts at \$73/ton in 2020 and rises by about 1.5 percent annually.

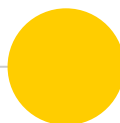
Source: CGEP and Rhodium Analysis





Notes: The Current Policy scenario include federal and state policies in place as of June 2017. In the \$14/ton scenario, the tax starts at \$14/ton in 2020 and rises by about 3 percent annually. In the \$50/ton scenario, the tax starts at \$50/ton in 2020 and rises by about 2 percent annually. In the \$73/ton scenario, the tax starts at \$73/ton in 2020 and rises by about 1.5 percent annually.

Source: CGEP and Rhodium Analysis





Health

4.5 million avoided premature deaths

Over the next 50 years by keeping to the 2°C pathway

Also 3.5 million avoided hospitalizations and ER visits



\$37 billion

In avoided healthcare spending

\$75 billion

In increased labor productivity

\$37 trillion

Value of avoided deaths

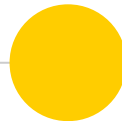
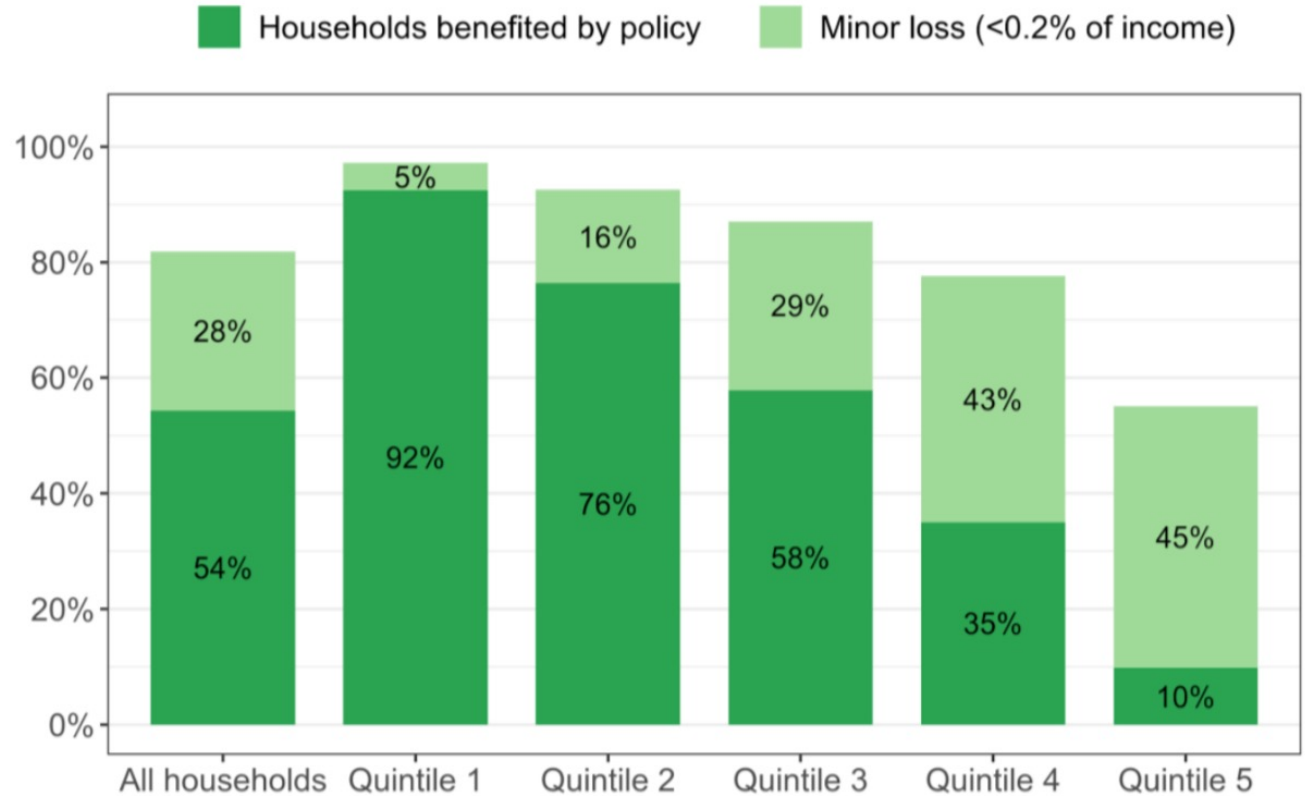
\$700 billion per year

in total benefits



Economic Impact

(specifically with equal dividends)



A rapid shift to a 2°C pathway could reduce the toll of air pollution, which leads to nearly 250,000 premature deaths per year in the US, by 40% in just a decade.

Our work shows that action now means benefits now.

“

Dr. Drew Shindell

4

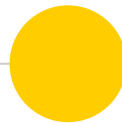
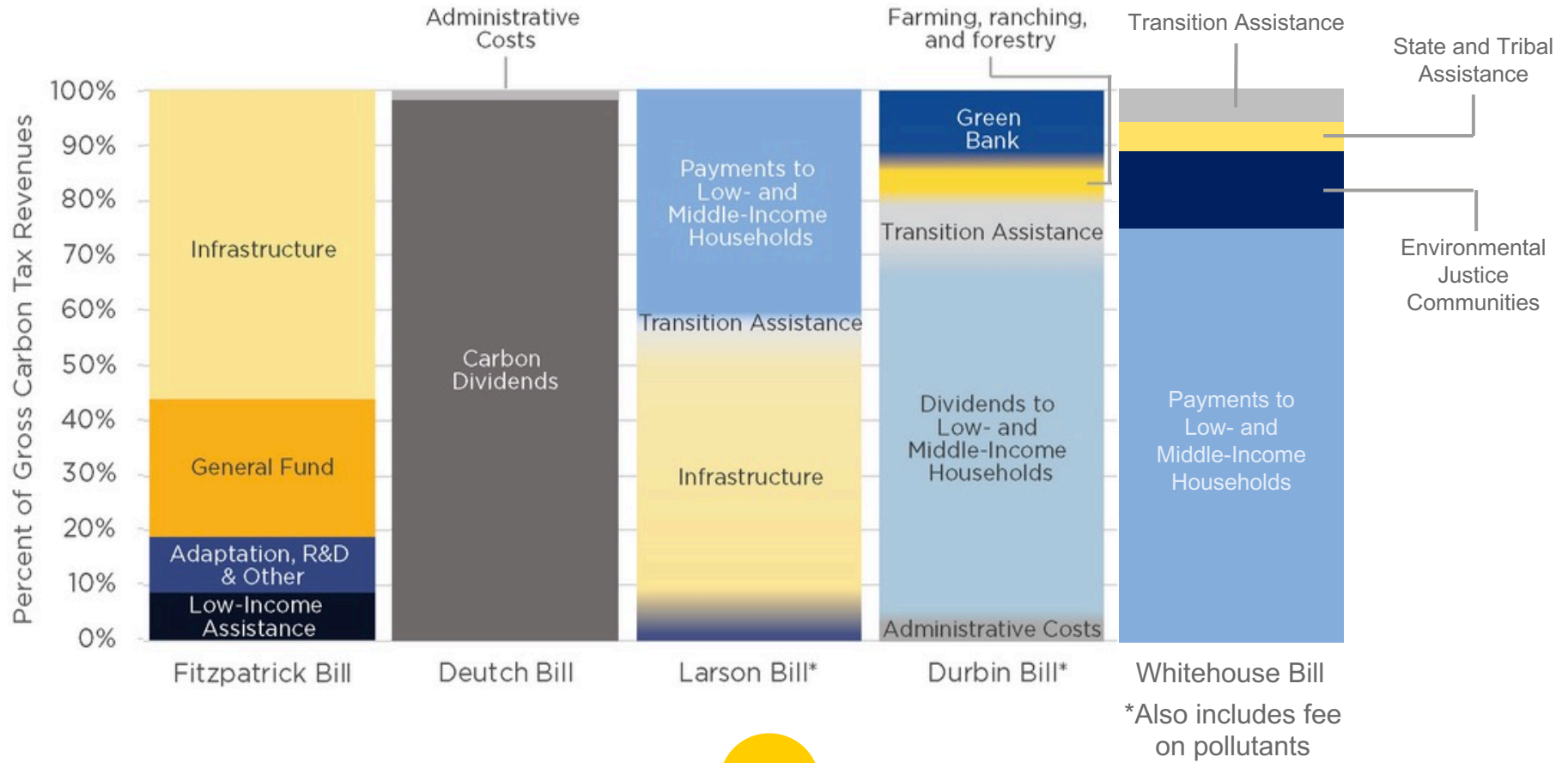
Policy Proposals

Landscape of What Proposals Have Been Made

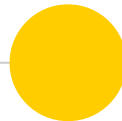
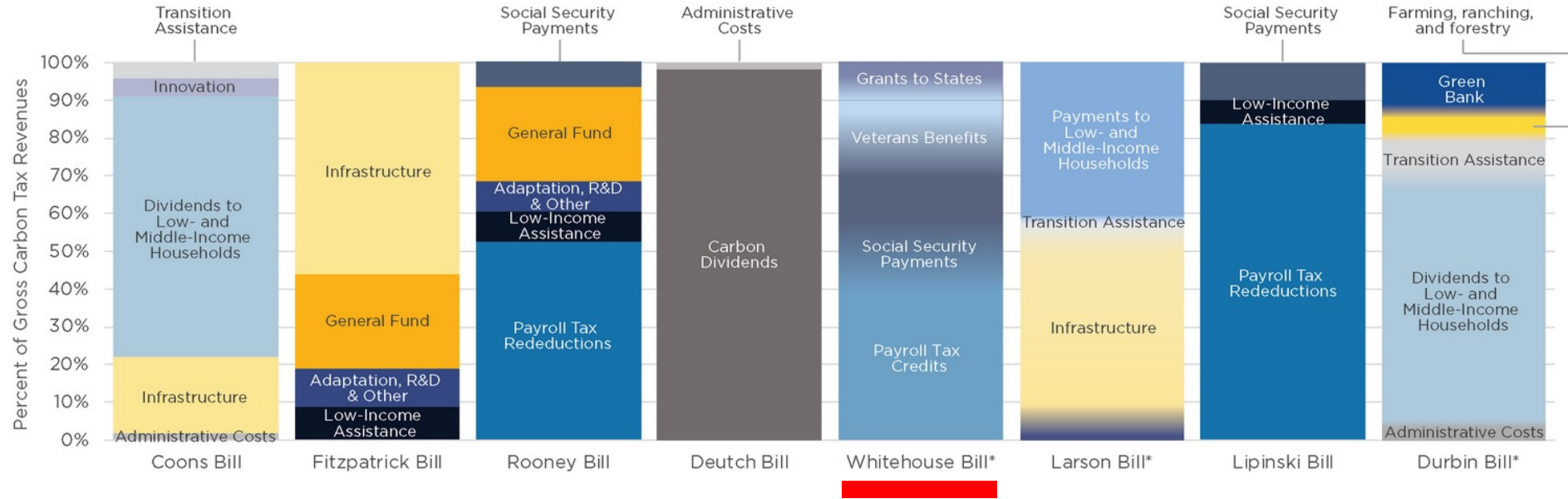


Current Proposals

- Introduced into 117th Congress:
 - MARKET CHOICE Act – Fitzpatrick Bill
 - Energy Innovation and Carbon Dividend Act – Deutch Bill
 - America Wins Act – Larson Bill
 - America's Clean Future Fund Act – Durbin Bill
 - Save our Future Act – Whitehouse bill



Including Prior Bills:





Framework for Analyzing Impact

- ⦿ Carbon fee – initial level and rate of increase
- ⦿ What is done with revenues
 - ⦿ Offsetting energy increases?
 - ⦿ Increasing equity?
 - ⦿ Accelerating transition?



Fee Investigation

- Level of fee key to reaching goals
- Assessment of EICDA specifically:
 - Starts at \$15 per metric ton & increases by \$10 or \$15 each year (depending on future emissions levels)
= 90% emission reductions by 2050



State - Massachusetts **Green Future Act**

- ◎ Extends existing carbon fee requirement to also include transportation and heating fuels (= 74% of state's emissions)
- ◎ Funds:
 - Dividends to lower-income households
 - Assist displaced fossil fuel workers
 - Awards to towns for projects that would reduce carbon emissions

5

Action Ideas

Next Steps for Involvement



Sign On

Health Professionals' Climate and Carbon Pricing Declaration

<https://www.businessclimateleaders.org/healthprofessionalsdeclaration>



Citizens' Climate Lobby

Join an **Organization**

Citizen's Climate Lobby:

- Educational materials
- Can join and connect with a local group



Write and Advocate

- Identify and write to your representatives
- Write an op-ed
- The **health voice** is a valued one in this domain





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Credits

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- Presentation template by [SlidesCarnival](#)
- Photographs by [Unsplash](#)



Thanks!

Any **questions** ?

Please see our **one-pager** as a reference guide

Feel free to reach out on Slack (via message or the Advocacy channel) or via email:

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