

# Citizens' Climate Lobby and the Energy Innovation and Carbon Dividend Act

Dutchess County EMC  
Jan 23, 2019



# My Story



**Sean Dague**

Chapter Organizer,  
Citizens' Climate Lobby

# Who is Citizens' Climate Lobby?

- Volunteer-driven
- 100,000+ volunteers
- Organized across the country in 485 local chapters
- We work locally towards a national solution on climate change



# Our Values



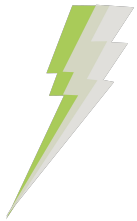
Focus



Relationships



Nonpartisan



Personal Power



Integrity



Optimism

# Our Window For Action is Today

- We have **twelve years** to cut our global emissions in **half**







**We Know How To Solve This:**

**If we want fewer emissions...**

**...make them more expensive**

# What's our Solution?

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The Energy Innovation and Carbon Dividend Act

# Energy Innovation AND Carbon Dividend Act

AMERICA'S CLIMATE SOLUTION

S. 3791 / H.R. 7173

## Senate



**Chris Coons**  
(D-DE)  
Original Sponsor



**Jeff Flake**  
(R-AZ)  
Original Cosponsor

## House of Representatives



**Ted Deutch**  
(D-FL-22)  
Original Sponsor



**Brian Fitzpatrick**  
(R-PA-08)  
Original Cosponsor



**John Delaney**  
(D-MD-06)  
Original Cosponsor



**Francis Rooney**  
(R-FL-19)  
Original Cosponsor



**Charlie Crist**  
(D-FL-13)  
Original Cosponsor



**Dave Trott**  
(R-MI-11)  
Cosponsor



**Anna Eshoo**  
(D-CA-18)  
Cosponsor



**Judy Chu**  
(D-CA-27)  
Cosponsor



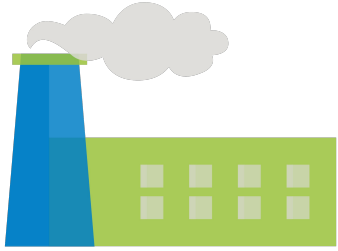
**Dan Lipinski**  
(D-IL-03)  
Coponsor



**Scott Peters**  
(D-CA-52)  
Coponsor



# Energy Innovation AND Carbon Dividend Act



Carbon Fee



Carbon Border  
Adjustment

## How It Works



Carbon Dividend

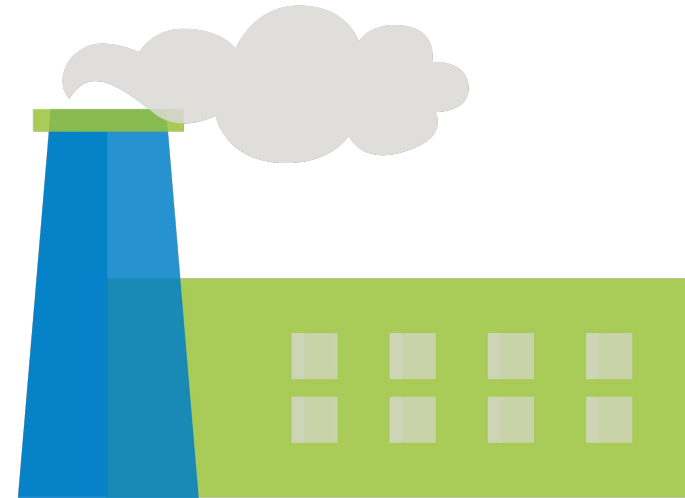


Limited  
Regulatory Adjustment

# Energy Innovation AND Carbon Dividend Act

## 1. Carbon Fee

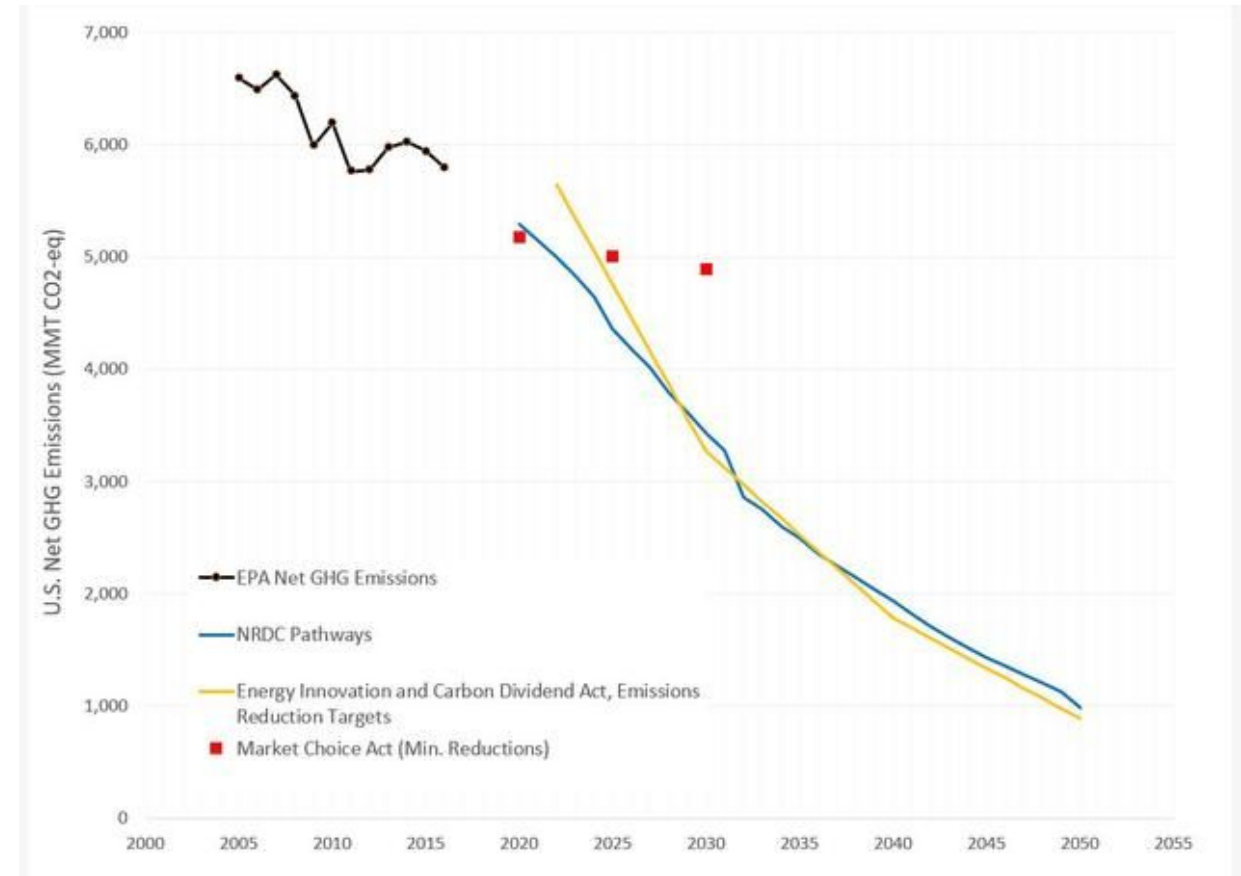
Places a fee on coal, oil, and gas. It starts low, and grows over time.



# Energy Innovation AND Carbon Dividend Act

## Natural Resources Defense Council Analysis

“These bipartisan proposals recognize the **severity** of the climate change threat and offers **detailed policy solutions** to curb heat-trapping pollution **across multiple sectors** of the American economy.”



# Energy Innovation AND Carbon Dividend Act

## 2. Carbon Dividend

The net revenue collected from the carbon fee is allocated in equal shares every month to the American people.



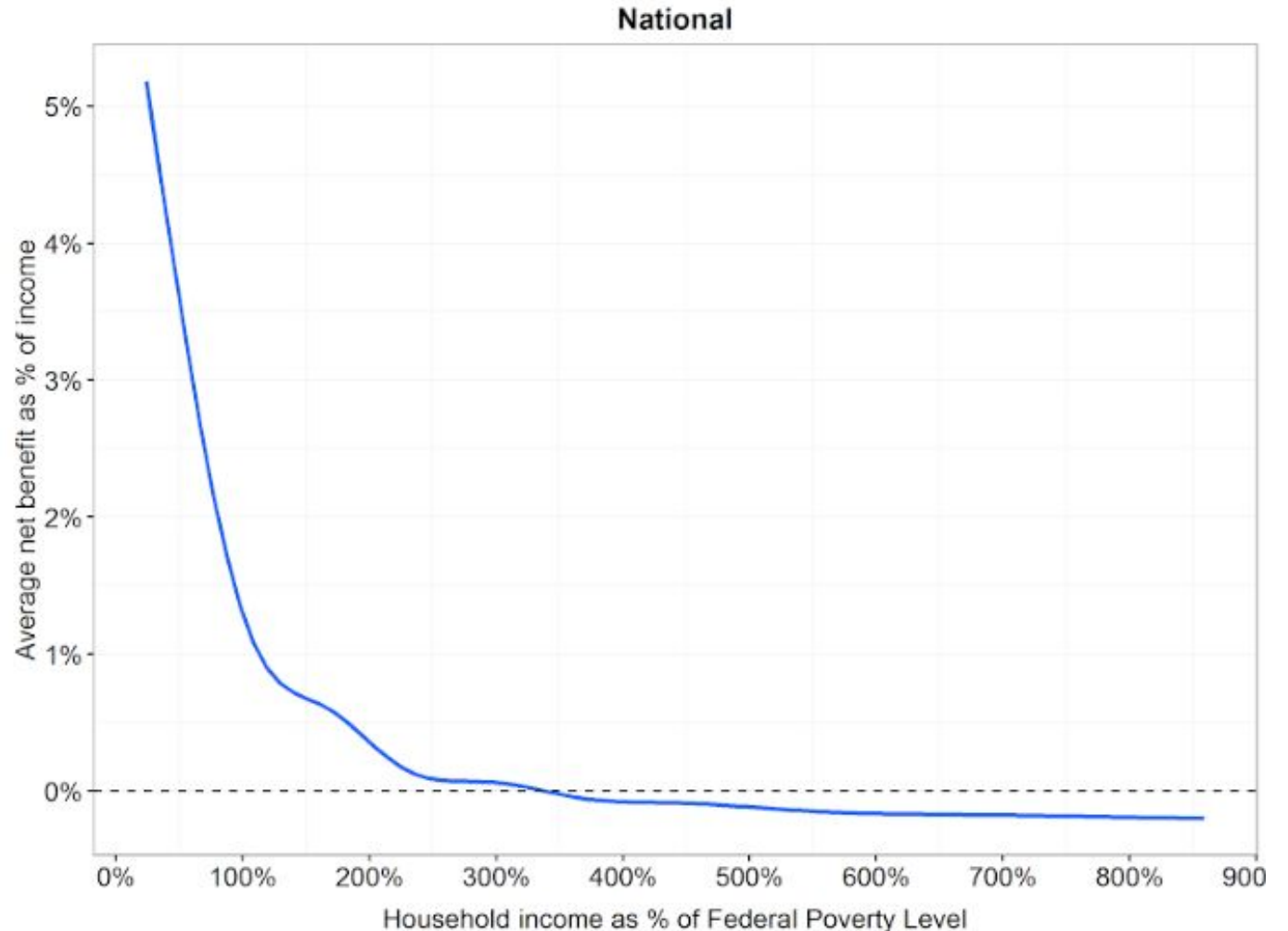


# The Carbon Dividend

## Protecting the Poor and Middle Class

### Considerations:

- Benefits middle and lower income
- Higher Income households pay more



# Energy Innovation AND Carbon Dividend Act

## 3. Border Carbon Adjustment

Imported goods will pay a border carbon adjustment, and goods exported from the United States will receive a refund.



# Energy Innovation AND Carbon Dividend Act

## 4. Limited Regulatory Adjustment

**Senate:** calls for an EPA review after 6 years.

**House:** prevents new regulations by the EPA on covered emissions, but if emission targets are not being met after 10 years regulatory authority over these emissions would be restored.

Neither impacts regulations on any other pollutants, including auto mileage standards, water quality and more.



# Energy Innovation AND Carbon Dividend Act

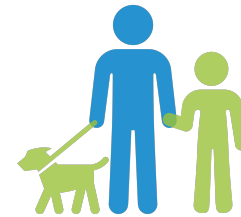
## What Will It Do?



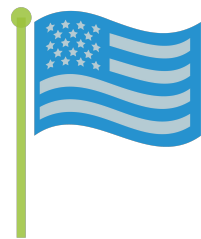
Effective



Creates Jobs



Good for People



Bipartisan



Revenue Neutral



# Our Asks for you today

- Consider a **Dutchess County EMC** supporting resolution
  - Mirrored on what Columbia County EMC passed last year
- Write an individual letter of support for the legislation
  - form letters provided - cookies for everyone that writes a letter!
- If you are interested in learning more... get engaged with a local chapter
  - Mid-Hudson South meets in Beacon every 2nd Thursday
  - Mid-Hudson meets at Bard every 3rd Saturday
  - Sign up sheet provided

# Thank You!

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Sean Dague

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***Phone:*** 845-401-0719

***Chapter:*** Mid Hudson South



**Citizens' Climate Lobby**

[www.citizensclimatelobby.org](http://www.citizensclimatelobby.org)

# Q&A

The following is an attempt to capture and record answers from the Q&A portion of the presentation

# Questions

**Q1:** Is the Dividend considered taxable income?

**A1:** Yes. The dividend is taxable income. The reason for this is because of current PAYGO rules in congress. However, for the purposes of means test programs (like SNAP and other benefits) the income from the dividend is not counted.



# Questions

**Q2:** Who is paying the fee? Is it where the fuels are burned?

**A2:** Exactly where the fee is collected is left for the EPA administrator to determine. The policy suggestion has always been “as far upstream as possible”. From the bill (sec 9907 (b). 1.):

“the identification of an effective point in the production, distribution, or use of a covered fuel or fluorinated greenhouse gas for collecting such carbon fee or fluorinated greenhouse gas fee, in such a manner so as to minimize administrative burden and maximize the extent to which full fuel cycle greenhouse gas emissions from covered fuels or fluo-ri-nat-ed greenhouse gases have the carbon fee or fluo-ri-nat-ed greenhouse gas fee levied upon them”

# Questions

**Q3:** What is the impact on the lower income folks?

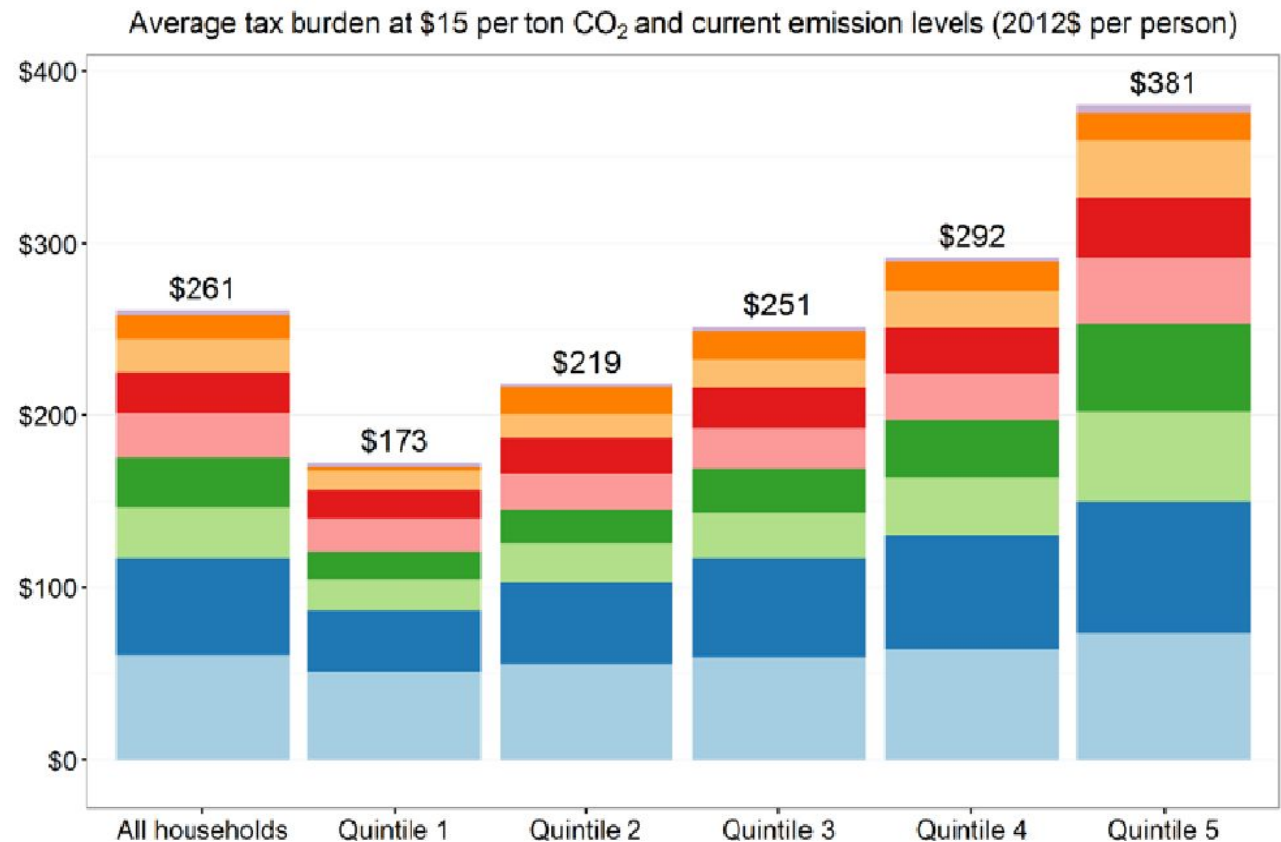
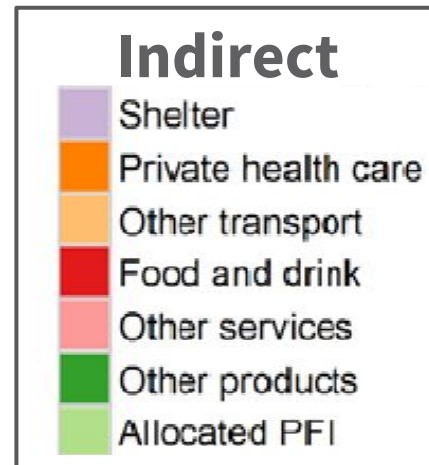
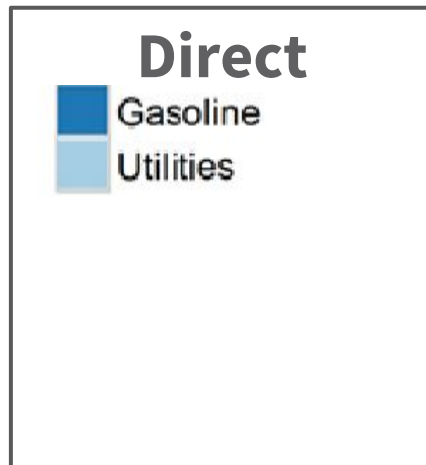
**A3:** Lower and middle income folks tend to come out ahead. The following slides from our Carbon Fee and Dividend simulator give a sense of that.

*Note: the CF&D simulator was for model legislation before the bill so the numbers may shift slightly. Notably all children, not just the 2 per household, receive dividends in the actual bill.*

# Carbon Fee & Dividend Calculator

## Carbon footprint

- Where is it?
- **Direct** energy (40-50%)
- **Indirect** energy (50-60%)



# Case Study #1



Photo: Wikimedia Commons

## The Nowicki family Arlington Heights, Illinois

*individuals represented are fictitious*

- **Chuck**, 32, works as an electrician, **Mary**, 30, stays home to care for their 3 kids
- Family income is **\$62,000**
- The Nowickis' **home** is a modest gas-heated brick bungalow
- Chuck **drives** a 2010 Ford F-150 pickup and Mary drives a 2011 Ford minivan

***Let's run their numbers!***



# Case Study #1



*Photo: Wikimedia Commons*

## **The Nowicki family** **Arlington Heights, Illinois**

*individuals represented are fictitious*

### **Carbon Fee and Dividend Calculator**

Tell us a little bit about your household and get a  
personalized estimate of the impact on your  
budget.

Carbon fee and dividend will reduce emissions by making it more expensive to pollute. To help offset higher prices for consumers, revenue generated by the carbon fee would be returned to households as a monthly dividend.

This calculator estimates the impact of both the carbon fee and dividend for your specific household for the first year's fee of \$15/ton.

[Get Started](#)

# Case Study #1



Photo: Wikimedia Commons

## The Nowicki family Arlington Heights, Illinois

*individuals represented are fictitious*

### Tell us a little bit about your household

CCL does not collect this data, it is only input to perform the calculations for the user and not retained in any form by CCL.

How many adults (age 18+) live in your home?

[Explain this](#)

2



How many minors live in your home?

3



Household Income: \$62,000

[Explain this](#)



NEXT

# Case Study #1



Photo: Wikimedia Commons

## The Nowicki family Arlington Heights, Illinois

*individuals represented are fictitious*

What's your zip code?

[Explain this](#)

60005

What type of home do you live in?

[Explain this](#)

Stand-alone house ▼

How many vehicles does your household own?

2 ▼

What kind of fuel is used most to heat your home?

[Explain this](#)

Natural gas ▼

NEXT



# Case Study #1



Photo: Wikimedia Commons

## The Nowicki family Arlington Heights, Illinois

*individuals represented are fictitious*

Almost done. Just a couple more questions about your spending.

Use the sliders below to tell us how much your household spends on gasoline and utilities each month. If you aren't sure, just leave the sliders at their initial values, which are reasonable guesses based on your information.

The Nowickis actually spend about **\$360** per month on gasoline

How much is your average monthly gasoline expenditure? \$ 360

[Explain this](#)



How much is your average monthly electricity bill? \$ 92

[Explain this](#)



Mary is strict about turning off lights, so their average bill is **\$92**

What is your average monthly natural gas expenditure? \$ 105

[Explain this](#)



But with a bunch of kids running in & out, gas bills average **\$105**

SHOW RESULTS

# Case Study #1



Photo: Wikimedia Commons

## The Nowicki family Arlington Heights, Illinois

*individuals represented are fictitious*

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[Explain this](#)



How much is your average monthly electricity bill? \$ 92

[Explain this](#)



What is your average monthly natural gas expenditure? \$ 105

[Explain this](#)



SHOW RESULTS



# Case Study #1



Photo: Wikimedia Commons

## The Nowicki family Arlington Heights, Illinois

*individuals represented are fictitious*

- **Bottom line:** the Nowickis come out **\$6** ahead. During that first year, that's **\$72** extra money
- Even if they don't make any lifestyle changes, that should grow by about **\$48** each succeeding year\*
- If they decide to **invest** some of that money in, say, new windows, they should be able to make back that cost from what they save on **heating** bills, and do it a lot faster than they could without the carbon dividend! Chuck has also heard that Ford is planning to start selling a **hybrid** pickup ...

\* Assuming the carbon fee grows by \$10 per ton each year



# Case Study #2



*Photo courtesy of EUR This N That*

## The Triplett family Birmingham, Alabama

- **Betty**, 40, works at a retail store  
Adult son **Ricky**, 19, works in fast food & helps take care of 12-year-old sister **Sheila**
- Family income is **\$26,000**
- The Triplett family lives in a city **apartment**, where they pay their own utilities
- They have **one car**, a 2002 Jeep Liberty that Ricky drives

*individuals represented are fictitious*

# Case Study #2



**The Triplett family**  
**Birmingham, Alabama**

- With just the **one car**, the family spends **\$120** a month on gasoline, about \$20 below average.
- Betty is strict about saving **electricity**, and the family only has two small window air conditioners, so their electric bills are well below average at **\$97** per month.
- They pay their own **heating** bill, and with an old drafty apartment that sets them back over \$100 in the winter months, averaged over the year it comes to about **\$38** per month.

*individuals represented are fictitious*

# Case Study #2



*Photo courtesy of EUR This N That*

## The Triplett family Birmingham, Alabama

- **Bottom line:** the Triplett's dividends total **\$71**, but their carbon fee costs are only **\$38** so their net benefit is **\$35** a month. During that first year, they come out **\$420** ahead
- **Finances:** that's **1.6%** of their annual income, and it should grow by **\$280** each succeeding year\*
- **Impact:** time to look for a nicer apartment! And maybe Ricky can afford to cut back his work hours and get **enrolled** at Lawson State ...

\* Assuming the carbon fee grows by \$10 per ton each year

*individuals represented are fictitious*

# Other Case Studies



## George & Irma Waters Columbus, Nebraska

- Retired couple, sold farm but kept house in rural Nebraska
- One car, 2010 Chevy Impala
- Family income \$35,000
- Bottom line: **+\$12** per month

*individuals represented are fictitious*



## Maria González Melbourne, Florida

- 77-year-old widow, lives in retirement complex
- Doesn't drive
- Income \$38,000
- Bottom line: **+\$7** per month



## Howard & Shelly Glass New York, New York

- Young professionals with baby, Manhattan apartment
- No car (occasionally rent)
- Family income \$106,000
- Bottom line: **+\$18** per month



# Questions

**Q4:** What about petroleum that's used to make shingles or other products?

**A4:** This bill is focused on fuels that are burned for emissions. Petroleum that goes into products is not accounted for. In the shingles case there may be complexity based on the emissions of the industrial process to make those. This probably comes back to the rulemaking by the EPA administrator referenced previously.

# Questions

**Q5:** When you said “good for people” what do you mean there?

**A5:** In addition to direct money in pockets, the modeling of the emissions reduction shows that something on the order of 13,000 premature deaths a year would be prevented. Air pollution increases the risks of heart disease and other illnesses, and cleaner air means less of this. Poorer communities, where fossil fuel infrastructure is usually placed, would see most of these benefits.

# Questions

**Q6:** Do we have evidence from other countries about how this works?

**A6:** While many other countries have instituted a carbon price, and that has been shown to reduce emissions, none except Canada has a dividend (this passed in 2018). What you do with the fees on carbon matters a lot on impacts to the economy and people.



# Questions

**Q7:** Is the premise that we are using too much fuel? I think most people don't have much flexibility on how much they drive or heat their homes. And poor people can't afford to just go buy a new car with better miles/gallon.

**A7:** Remember the summer of \$4 gasoline? People were abandoning SUVs and switching to more fuel-efficient vehicles, consolidating trips into town, and carpooling more. As a poor person's car reaches the point where it needs to be replaced, over time the cheapest option will become something that doesn't use carbon fuel. The goal is not simply to drive better efficiency with existing systems, but rather to convert off of carbon-based fuels entirely. If this approach just drives efficiency, it hasn't worked. At the industrial level, it will drive innovation on how industry makes things. On a household level, conversion from oil furnaces to heat pumps is a good example.

# Questions

**Q8:** What is the impact on rural compared to urban areas?

**A8:** There are two studies we can offer with that detail, including one at the zip-code level.

- [REMI Study](#)
- [Household Impact Study](#)

# Questions

**Q9:** Are you concerned that this will cause the same kind of uproar that we saw in France with the Yellow Vest movement?

**A9:** France instituted a rising carbon tax, but does not have a dividend. The rural poor felt the brunt of this, and it caused mass protests this past fall.

We see this as further proof for why a **Carbon Dividend** is key part of a effective carbon price. One that does not leave the poor and rural behind.

# Questions

**Q10:** Is the dividend tiered by income bracket?

**A10:** No. There are two reasons.

The first, flat rate payments are lower overhead to administer.

Secondly, we only assess people's income once a year during tax season. We believe strongly that a dividend on a monthly basis is critical for most lower and middle income households. They don't have the buffer to wait out and get money back at the end of the year. The complexity with doing Dividends monthly, but also based on annual income is something we try to avoid.

# Questions

**Q11:** How would the Carbon Dividend be distributed to households?

**A11:** The system would be administered by the Department of the Treasury. For everyone that files taxes, it would come the same way you get a tax refund. For about 85% of folks that's via Direct Deposit if it's on file, or a check mailed to your house. The government is actually quite good at mailing checks.

For folks that don't file taxes, there would be a simple form to fill out to get their Dividend payments sent out.

# Questions

**Q12:** What did the Columbia County EMC do? What is your ask of us?

**A12:** The Columbia County EMC passed a statement of support (example provided in packet handed out). Our ask to the Dutchess County EMC is to see if something equivalent could be done. It does help move our members of congress when they can see this kind of support from municipal groups and community leaders. You are the subject matter experts in what's possible.

We'd also like to work with you to know which municipalities within the County might also pass a statement of support at the town/city level. Which individually elected representatives we should talk to. And advice in working towards a memorandum at the Dutchess County Legislature level.