

# CARBON PRICING PROPOSALS IN THE 118TH CONGRESS



Jason Ye, Center for Climate and Energy Solutions

There are various market-based approaches to pricing carbon (e.g., carbon tax, cap and trade, clean energy standard). All of these approaches can reduce emissions cost-effectively while driving clean energy innovation. This factsheet compares three carbon tax proposals and two cap-and-invest proposal introduced in the 118th Congress (2023–2024).

Carbon pricing offers a cost-effective way to reduce greenhouse gas emissions. Thirteen states are already pricing carbon, and a number of states are considering similar action. This factsheet summarizes and compares five federal carbon pricing proposals that were introduced in the 118th Congress (2023–2024), highlighting similarities and differences. Three of these proposals would establish a carbon tax (or “carbon fee”), and two would establish a cap-and-trade program (or “cap-and-invest program”). They are:

- Energy Innovation and Carbon Dividend Act of 2023 (H.R. 5744) reintroduced by Rep. Salud Carbajal (D-Calif.) on September 27, 2023
- the Modernizing America with Rebuilding to Kickstart the Economy of the Twenty-first Century with a Historic Infrastructure-Centered Expansion Act of 2023 (MARKET CHOICE Act, H.R. 6665) reintroduced by Reps. Brian Fitzpatrick (R-Pa.) and Salud Carbajal (D-Calif.) on December 7, 2023
- Climate Pollution Standard and Community Investment Act of 2023 (H.R. 9230) introduced by Rep. Paul Tonko (D-N.Y.) on July 30, 2024
- America’s Clean Future Fund Act (S. 5107) introduced by Sen. Dick Durbin (D-Ill.) on September 19, 2024
- Healthy Climate and Family Security Act of 2024 (S. 5495 and H.R. 10418) reintroduced by Sen.

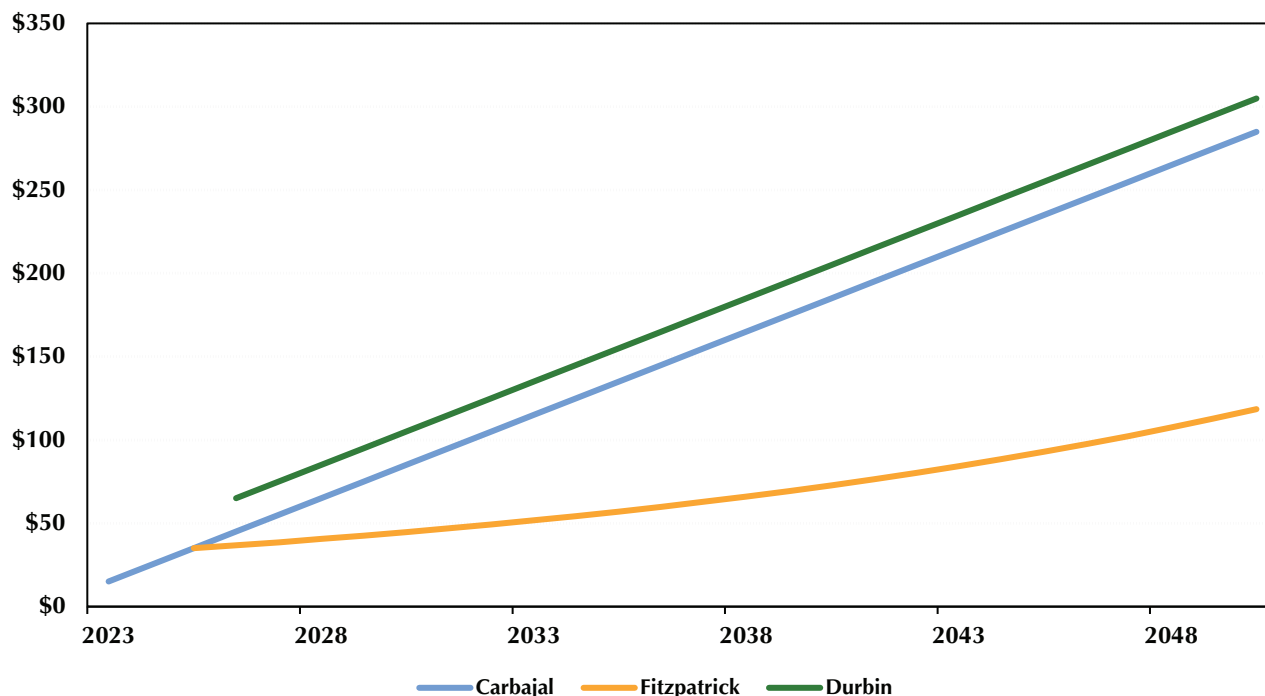
Chris Van Hollen (D-Md.) and Rep. Don Beyer (D-Va.) on December 11, 2024.

While each proposal would establish a price on carbon, they differ in emissions covered. The Fitzpatrick proposal (i.e., the MARKET CHOICE Act) would apply a tax to greenhouse gas emissions from fossil fuels and certain industrial products and processes, while the Carbajal proposal (i.e., the Energy Innovation and Carbon Dividend Act) would apply a tax on carbon dioxide equivalent emissions from fossil fuels and a reduced carbon tax. The Fitzpatrick proposal would also replace the gas and aviation fuel tax with a carbon tax.

Other differences include the starting level of the tax, how quickly it increases over time (see **Figure 1**), and how the revenue is used. The Carbajal proposal, for example, would establish a \$15 per metric ton carbon tax that rises \$10 annually and could rise \$15 annually if annual emission targets are not met. All of the revenues would be rebated back to the American people as a dividend.

The Fitzpatrick proposal would establish a \$35 per metric ton carbon tax that rises at 5 percent over inflation annually and could rise \$4 biennially if emission targets are not met. Revenues would primarily fund infrastructure.

The Durbin proposal would start at \$65 per metric ton and increase \$10 annually, which could rise \$15 to \$25 annually if emissions targets are not met for a given year. The proposal would establish a climate bank to foster innovation and investments in clean energy and

**FIGURE 1: Nominal tax rate for carbon tax proposals (\$/metric ton)**

The figure shows the escalation rate for the carbon tax proposals. It does not reflect any potential changes to the tax due to meeting or not meeting an emissions reduction target. This figure does not include the Tonko cap-and-invest and Van Hollen-Beyer cap-and-dividend proposals since the allowance price will be determined by auction.

climate resilience, provide transition assistance for impacted communities, provide rebates back to the American public, payments for agricultural- and land-based sequestration, and delay the carbon tax to 2026.

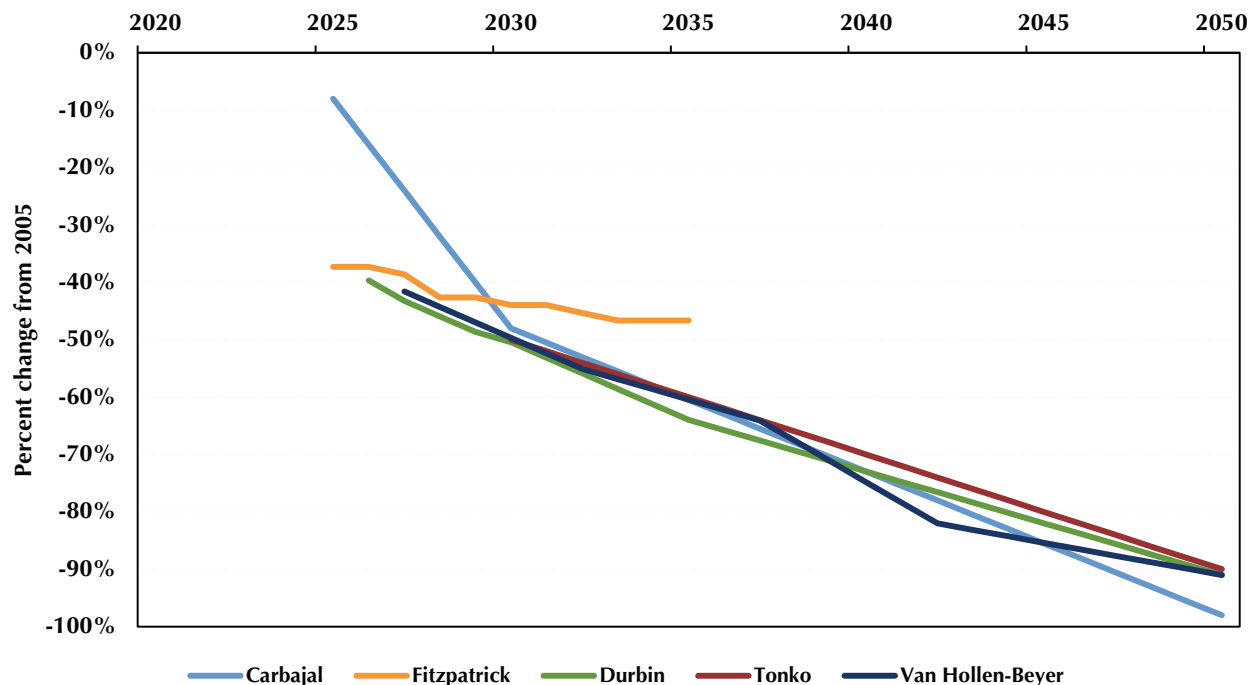
The carbon pricing proposals include an emissions reduction target for covered emissions (see **Figure 2**). The Carbajal proposal has an emissions reduction target of 98 percent below 2005 levels by 2050. The Fitzpatrick proposal also has a cumulative emissions schedule from 2025 to 2035 that would reduce emissions about 46 percent below 2005 levels by 2035. The Durbin proposal has an emissions reduction target of 90 percent below 2018 levels by 2050 (about 91 percent below 2005 levels by 2050).

The proposals also differ in the treatment of greenhouse gas regulations and state programs. The Van Hollen-Beyer proposal would require the EPA administrator, starting four years after enactment, to begin issuing regulations under the Clean Air Act (and any other

applicable law) for greenhouse gas emissions not covered by their proposed cap-and-trade program or those directly attributable to food production. The Fitzpatrick proposal would place a moratorium on most stationary source greenhouse gas regulations under the Clean Air Act. The Fitzpatrick proposal would place a 12-year moratorium of these regulations, which could be lifted in 2029 or 2033 if emissions reduction targets are not met. Under the proposal, if the moratorium is lifted, the Environmental Protection Agency (EPA) administrator would be required to issue regulations to bring greenhouse gas emissions from covered fuels to levels that are at or below emissions reduction targets. Most of the proposals would not preempt state programs while the Fitzpatrick proposal would also offer a declining annual credit to entities covered by both the federal tax and a state greenhouse gas program.

The carbon fee proposals introduced in the 118th Congress also include some provisions to ensure envi-

**FIGURE 2: Emissions reduction target for carbon pricing proposals**



The figure shows the emissions reduction targets relative to 2005 greenhouse gas emissions for three carbon pricing proposals.

ronmental integrity (i.e., provide greater certainty that emissions reduction targets will be met). For example, if the target is not met for a given period, the tax rate goes up or EPA greenhouse gas regulations under the Clean

Air Act could come back into force.

The following table highlights key characteristics of each economy-wide proposal.

**BOX: Sector-specific carbon pricing proposals**

Three sector-specific carbon pricing proposals have been introduced this Congress. While an economywide carbon price provides the most efficient way to reduce emissions, in its absence, these sector-specific proposals apply similar market-based approaches to reduce sectoral emission.

One proposal would reduce carbon dioxide emissions from ocean shipping. In June 2023, Sens. Sheldon Whitehouse (D-R.I.), Alex Padilla (D-Calif.), and Peter Welch (D-Vt.) introduced the International Maritime Pollution Accountability Act of 2023 (S. 1920). This proposal would establish a fee on the lifecycle carbon dioxide emission from large cargo vessels and on the fuel burned on the inbound trip to the United States. Fees—\$150 per metric ton of carbon dioxide, \$6.30 per pound of nitrogen oxides, \$18 per pound of sulfur dioxide, and \$38.90 per pound for fine particulate matter (PM2.5)—would start in 2025 and increase five percent above inflation annually. The revenue from the fees would go toward modernizing the Jones Act fleet with low-carbon vessels, decarbonizing ports, and reducing pollution in port communities.

Two proposals would reduce carbon dioxide emission from private and luxury jet travel. In June 2023, Sens. Sheldon Whitehouse (D-R.I.), Edward Markey (D-Mass.), and Peter Welch (D-Vt.) introduced the Assessing International Requirements to Fuel Aviation’s Impact Reduction Act of 2023 (S. 2599). Of relevance, this proposal would establish a surcharge on domestic flights on private jets based on carbon dioxide emissions. Starting in 2025, the surcharge is \$190 per ton of carbon dioxide, increasing ten percent above inflation annually. Revenue from the proposal would be used to invest in and decarbonize airport infrastructure. In July 2023, Sen. Edward Markey (D-Mass.) and Rep. Nydia Velazquez (D-N.Y.) introduced the Fueling Alternative Transportation with a Carbon Aviation Tax Act of 2023 (S. 2378 and H.R. 4760). This proposal would increase the excise fuel tax for private jets from \$0.22 to \$1.95 per gallon, adjusted annually for inflation. This is equivalent to a \$200 per metric ton of carbon dioxide emissions. Revenues from the proposal would support air monitoring and expand and improve public transportation. At least half of the revenues will go to environmental justice communities.

**TABLE 1: Comparison of carbon pricing proposals**

POLICY FEATURES	SPONSOR(S)	CARBON PRICING MECHANISM	START DATE	REGULATING AUTHORITY
<i>Energy Innovation and Carbon Dividend Act</i>	Rep. Carbajal (D-Calif.)	Carbon Tax	270 days after enactment	U.S. Treasury Department in consultation with EPA
<i>MARKET CHOICE Act</i>	Reps. Fitzpatrick (R-Pa.) and Carbajal (D-Calif.)	Carbon Tax	Jan. 1, 2025	U.S. Treasury Department in consultation with EPA
<i>Climate Pollution Standard and Community Investment Act</i>	Rep. Paul Tonko (D-N.Y.)	Cap and Trade	Jan. 1, 2026	EPA
<i>America's Clean Future Fund Act</i>	Sen. Durbin (D-Ill.)	Carbon Tax	Program benefits would start upon enactment.  Carbon fee would start on Jan. 1, 2026.	U.S. Treasury Department, in consultation with EPA
<i>Healthy Climate and Family Security Act</i>	Sen. Van Hollen (D-Md.) and Rep. Don Beyer (D-Va.)	Cap and Trade	Jan. 1, 2025	U.S. Treasury Department in consultation with EPA

POLICY FEATURES	SUBSTANCES COVERED	POINT OF COVERAGE (I.E., COVERED ENTITY)
<i>Energy Innovation and Carbon Dividend Act</i>	CO <sub>2</sub> equivalent emissions from covered fuels: crude oil, natural gas, and coal.	<p>Covered entities include: refinery, coal mine mouth, those entering pipeline quality natural gas into the transmission system, and any importer of a covered fuels.</p> <p>Exemption for covered fuels used: on a farm for farming purposes and non-fossil fuel GHG emissions which occur on a farm, and by the armed services.</p>
<i>MARKET CHOICE Act</i>	CO <sub>2</sub> equivalent emissions from fossil-fuel combustion and certain industrial products and processes.	<p>Covered fossil fuel entities include: coal mine mouth or coal preparation and processing plant, refineries, and natural gas processing plant or point of sale, and point at which imported fossil fuels enter the United States.</p> <p>Other covered entities include owner/operator of certain large industrial facilities (initial list of 20) or owner/operator of a facility that makes or imports certain products (initial list of 8) and emits more than 25,000 metric tons of CO<sub>2</sub> equivalent annually.</p> <p>The EPA can revise the list of source categories and producers.</p>
<i>Climate Pollution Standard and Community Investment Act</i>	CO <sub>2</sub> , CH <sub>4</sub> (to extent not regulated under the Methane Emissions Reduction Program), N <sub>2</sub> O, SF <sub>6</sub> , HFC (to extent not regulated under Title VI or the American Innovation and Manufacturing (AIM) Act), PFC, NF <sub>3</sub> , and any other GHG designated by the EPA administrator as having a 100-year GWP potential greater than CO <sub>2</sub> .	Covered entities are electricity generators with at least 25 megawatts of nameplate capacity, large stationary sources emitting more than 25,000 tons of CO <sub>2</sub> -equivalent and other specified sources, any geological sequestration site, and natural gas local distribution companies that deliver more than 460 million cubic feet.
<i>America's Clean Future Fund Act</i>	<p>CO<sub>2</sub>-equivalent emissions from covered fuels (crude oil, natural gas, coal), and</p> <p>CO<sub>2</sub> or CH<sub>4</sub> emissions from the energy or industrial sectors (excluding emissions from combustion or use of covered fuel).</p>	<p>Covered entities include: refinery, coal mine mouth, those entering pipeline-quality natural gas into the transmission system, any importer of a covered fuels or fuel products, and facilities emitting at least 25,000 tons of CO<sub>2</sub> or CH<sub>4</sub> in the preceding calendar year.</p> <p>Treasury secretary can add additional entities that transports, sells, or uses a covered fuel in a manner not covered by the fee.</p>
<i>Healthy Climate and Family Security Act</i>	CO <sub>2</sub> emissions from fossil fuel combustion (crude oil, natural gas, coal) or any other combustible fuel sold in the United States.	<p>Covered entity is the first seller of oil, coal, or natural gas into the U.S. market.</p> <p>Participation in the auction of carbon permits is limited to covered entities.</p>

POLICY FEATURES	EMISSION TARGETS AND TIMETABLES																								
<i>Energy Innovation and Carbon Dividend Act</i>	<p>The emission target is equal to the previous year's target minus the percentage listed in the table:</p> <table> <tr> <th>Year</th><th>Emissions Reduction Target (% of 2005 emissions)</th></tr> <tr> <td>2023–2024</td><td>5% per year</td></tr> <tr> <td>2025–2030</td><td>8% per year</td></tr> <tr> <td>2031–2050</td><td>2.5% per year</td></tr> </table> <p>The proposal's emissions reduction target is 98% below 2005 levels by 2050.</p>	Year	Emissions Reduction Target (% of 2005 emissions)	2023–2024	5% per year	2025–2030	8% per year	2031–2050	2.5% per year																
Year	Emissions Reduction Target (% of 2005 emissions)																								
2023–2024	5% per year																								
2025–2030	8% per year																								
2031–2050	2.5% per year																								
<i>MARKET CHOICE Act</i>	<p>The carbon tax can be adjusted if cumulative emissions from covered sources are greater than the specified emissions (million metric tons CO<sub>2</sub> equivalent) below:</p> <table> <tr> <th>Year</th><th>Total Emissions</th></tr> <tr><td>2025</td><td>4,700</td></tr> <tr><td>2026</td><td>9,400</td></tr> <tr><td>2027</td><td>14,000</td></tr> <tr><td>2028</td><td>18,300</td></tr> <tr><td>2029</td><td>22,600</td></tr> <tr><td>2030</td><td>26,800</td></tr> <tr><td>2031</td><td>31,000</td></tr> <tr><td>2032</td><td>35,100</td></tr> <tr><td>2033</td><td>39,100</td></tr> <tr><td>2034</td><td>43,100</td></tr> <tr><td>2035</td><td>47,100</td></tr> </table> <p>The proposal's emission reduction target is about 46% below 2005 levels by 2035.</p>	Year	Total Emissions	2025	4,700	2026	9,400	2027	14,000	2028	18,300	2029	22,600	2030	26,800	2031	31,000	2032	35,100	2033	39,100	2034	43,100	2035	47,100
Year	Total Emissions																								
2025	4,700																								
2026	9,400																								
2027	14,000																								
2028	18,300																								
2029	22,600																								
2030	26,800																								
2031	31,000																								
2032	35,100																								
2033	39,100																								
2034	43,100																								
2035	47,100																								
<i>Climate Pollution Standard and Community Investment Act</i>	<p>Economy-wide goal of net-zero GHG emissions no later than 2050 and seeks to achieve net-negative emissions thereafter.</p> <p>Quantity of allowance based on emission milestones:</p> <table> <tr> <th>Year</th><th>Emissions reduction(% of 2005)</th></tr> <tr><td>2030</td><td>50%</td></tr> <tr><td>2040</td><td>70%</td></tr> <tr><td>2050</td><td>90%</td></tr> </table> <p>Requires the aggregate quantity of GHG emissions from covered entities to decrease at least 2% of 2005 baseline until reaching 90%, at which point the aggregate quantity may remain flat.</p> <p>If the administrator fails to establish annual quantity of allowances before the start of a compliance period, the quantity of allowances would automatically decline by 3.5% of the 2005 baseline annually.</p> <p>The proposal's emissions reduction target is 90% below 2005 levels by 2050.</p>	Year	Emissions reduction(% of 2005)	2030	50%	2040	70%	2050	90%																
Year	Emissions reduction(% of 2005)																								
2030	50%																								
2040	70%																								
2050	90%																								

POLICY FEATURES	EMISSION TARGETS AND TIMETABLES																								
<i>America's Clean Future Fund Act</i>	<p>The carbon tax can be adjusted if cumulative emissions are greater than the cumulative emissions target. The cumulative emissions target is the sum of emission targets. The emission target is as specified below:</p> <table data-bbox="391 386 1062 936"> <tr> <th>Year</th><th>Applicable percentage of 2018 emissions</th></tr> <tr><td>2026</td><td>67%</td></tr> <tr><td>2027</td><td>63%</td></tr> <tr><td>2028</td><td>60%</td></tr> <tr><td>2029</td><td>57%</td></tr> <tr><td>2030</td><td>55%</td></tr> <tr><td>2031</td><td>52%</td></tr> <tr><td>2032</td><td>49%</td></tr> <tr><td>2033</td><td>46%</td></tr> <tr><td>2034</td><td>43%</td></tr> <tr><td>2035</td><td>40%</td></tr> <tr><td>2036–2050</td><td>Reduce additionally by 2% from preceding year.</td></tr> </table> <p>The proposal's emissions reduction target is 91% below 2005 levels by 2050.</p>	Year	Applicable percentage of 2018 emissions	2026	67%	2027	63%	2028	60%	2029	57%	2030	55%	2031	52%	2032	49%	2033	46%	2034	43%	2035	40%	2036–2050	Reduce additionally by 2% from preceding year.
Year	Applicable percentage of 2018 emissions																								
2026	67%																								
2027	63%																								
2028	60%																								
2029	57%																								
2030	55%																								
2031	52%																								
2032	49%																								
2033	46%																								
2034	43%																								
2035	40%																								
2036–2050	Reduce additionally by 2% from preceding year.																								
<i>Healthy Climate and Family Security Act</i>	<p>Quantity of permits based on meeting decadal emission targets:</p> <table data-bbox="391 1056 1062 1299"> <tr> <th>Year</th><th>Emissions Target (% below 2015 levels)</th></tr> <tr><td>2027</td><td>35%</td></tr> <tr><td>2030</td><td>50%</td></tr> <tr><td>2038</td><td>60%</td></tr> <tr><td>2044</td><td>80%</td></tr> <tr><td>2050</td><td>90%</td></tr> </table> <p>The proposal's emission reduction target is 91% below 2015 levels by 2050.</p>	Year	Emissions Target (% below 2015 levels)	2027	35%	2030	50%	2038	60%	2044	80%	2050	90%												
Year	Emissions Target (% below 2015 levels)																								
2027	35%																								
2030	50%																								
2038	60%																								
2044	80%																								
2050	90%																								



POLICY FEATURES	PRICE AND ESCALATION RATE
<i>Energy Innovation and Carbon Dividend Act</i>	<p>Starting at \$15 per metric ton of CO<sub>2</sub> equivalent in 2023.</p> <p>Increasing annually at \$10 per metric ton, and at \$15 per metric ton if emissions reduction target is not met in the previous year (adjusted for inflation).</p> <p>The carbon fee escalation rate will be \$0 for any year after emissions from covered fuels are 90% below 2005 levels.</p> <p>The carbon fee will be phased out once emissions from covered fuels are 90% below 2005 levels, and the monthly carbon dividend payments to an adult has been less than \$20 for 3 consecutive years.</p>
<i>MARKET CHOICE Act</i>	<p>Starting at \$35 per metric ton of CO<sub>2</sub> equivalent in 2025.</p> <p>Increasing annually at 5% above CPI, and starting in 2027, at an additional \$4 per metric ton biennially if cumulative emissions are greater than the emissions schedule.</p> <p>Any covered person that fails to pay a carbon tax for a given year will be subject to a penalty three times the applicable amount for that year.</p>
<i>Climate Pollution Standard and Community Investment Act</i>	<p>Allowance price is determined by auction. The administrator is required to establish an annual quantity of allowances in accordance to meeting emission targets.</p> <p>The administrator is required to hold quarterly auctions, limit how many permits a single participant can purchase at a single auction, sets a minimum price at \$15 in 2026 and increasing 5% over inflation, establish a cost containment reserve (CCR), and establish an emissions containment reserve (ECR).</p> <p>CCR will be filled initially with one year's worth of allowances and may be refilled with unactioned allowances. Unactioned allowances not placed in the CCR must be retired. The administrator must retire an unused initial allowance before adding an unactioned allowance.</p> <p>ECR will be filled annually with 10% of emission allowances established for the calendar year. The administrator must hold these allowances unless auction prices reach a certain threshold.</p> <p>Allowances can be banked for later years. Covered entities are limited to holding allowances no more than 100% of their GHG emissions during the preceding compliance period.</p> <p>A covered entity that fails to demonstrate compliance is liable to a penalty three times the clearing price in the last auction.</p>

POLICY FEATURES	PRICE AND ESCALATION RATE
<i>America's Clean Future Fund Act</i>	<p>Starting at \$65 per metric ton of CO<sub>2</sub> equivalent in 2026.</p> <p>Increasing annually at \$10 per metric ton.</p> <p>Fee is adjusted for inflation (rounded to the nearest whole dollar).</p> <p>If cumulative emission target is not met for the preceding year, then the tax can increase:</p> <ul style="list-style-type: none"> <li>• \$15 for years 2029–2033</li> <li>• \$20 for years 2034–2043</li> <li>• \$25 after 2043.</li> </ul> <p>Starting in 2028, a fee is placed on noncovered fuel emissions equal to the fee rate for a given year.</p> <p>The carbon tax escalation rate will be phased out once emissions from covered fuels are 90% below 2018 levels for three consecutive years.</p>
<i>Healthy Climate and Family Security Act</i>	<p>The carbon permit price is determined by auction. The quantity of permits auctioned is equal to the amount necessary to meet an annual emissions target.</p> <p>The treasury secretary is required to hold at least four auctions a year, limit how many permits a single participant can purchase at a single auction, and set a minimum price for them. Initial minimum price is \$40 for carbon dioxide released when a covered fuel is burned, increasing \$10 annually and adjusted for inflation.</p> <p>A carbon permit can be banked for up to 18 months.</p> <p>Unsold permits at auction expires.</p>

POLICY FEATURES	CREDIT OR REFUND
<i>Energy Innovation and Carbon Dividend Act</i>	Treasury secretary can issue payments to the amounts equivalent to the metric tons of CO <sub>2</sub> that is captured, sequestered, or utilized from combustion of covered fuels in the United States.
MARKET CHOICE Act	Treasury secretary can issue credit or refund in the amounts equivalent to the metric tons of CO <sub>2</sub> that is captured and sequestered from combustion of fossil fuels or use as feedstock that has no associated emissions.
<i>Climate Pollution Standard and Community Investment Act</i>	N/A
<i>America's Clean Future Fund Act</i>	Treasury secretary, in consultation with EPA administrator and energy secretary, can issue payments in the amount of the carbon fee for the utilization (excluding use for enhanced oil or natural gas recovery) or capture and secure storage of carbon dioxide or for direct air capture.  Entities violating air quality regulations are not eligible from the payment.
<i>Healthy Climate and Family Security Act</i>	N/A

POLICY FEATURES	BORDER ADJUSTMENT
<i>Energy Innovation and Carbon Dividend Act</i>	<p>Border adjustment on covered fuels starts at the same time as the carbon fee, and expands to include carbon-intensive products within years of enactment of this act.</p> <p>A carbon border fee will be imposed on imported covered fuels and on carbon-intensive goods. A carbon border fee could be adjusted if a foreign country has a price on carbon.</p> <p>A credit or refund (without interest) is issued to exporters of carbon-intensive goods.</p> <p>Revenues from the program may be used for administering the border adjustment and then for the Green Climate Fund.</p> <p>If the border adjustment is found to violate aspects of treaties that the United States is a party, then the Secretary of State can alter the border adjustment to bring it into compliance with international law.</p> <p>This fee would be suspended by a treaty or international agreement, or by a determination that a country has implemented a climate policy at least equivalent to the U.S. program.</p>
<i>MARKET CHOICE Act</i>	<p>A border tax adjustment is placed on imported covered goods and a rebate of the tax on exported covered goods.</p> <p>Covered goods are those from eligible industrial sectors (manufacturing sectors, or sectors or part of sectors that beneficiates or processes metal ores) or manufactured items for consumption (as determined by the Secretary) that has a GHG intensity of at least 5% and a trade intensity of at least 15%.</p>
<i>Climate Pollution Standard and Community Investment Act</i>	<p>Establishes an International Reserve Allowance Program, which would require importers of covered goods to purchase allowances to cover each emissions from all relevant stages of production. The price for an international reserve allowance is the average of the last four auction clearing prices. Half the revenues generated from the sale of international reserve allowances should be used to supplementing funding for a clean energy rebate program, up to 10% of the revenue to administer this program, and any remaining funds should be divided equally for use of other funds within this Act.</p>
<i>America's Clean Future Fund Act</i>	<p>A carbon border fee adjustment imposed on imported covered fuels and on carbon-intensive goods. The fee could be reduced if a foreign country has policies that have the same effect of reducing emissions as a carbon fee.</p> <p>A refund paid to exporters of carbon-intensive goods.</p>
<i>Healthy Climate and Family Security Act</i>	<p>A carbon equivalency fee imposed on imported carbon-intensive goods.</p> <p>Reimbursement for permit equivalency fee (without interest) paid on exports.</p> <p>This fee would expire when exporting countries, either through an international agreement, adopt equivalent measures, or the fee is waived if a country adopt equivalent measures.</p>

POLICY FEATURES	USE OF REVENUE
<i>Energy Innovation and Carbon Dividend Act</i>	<p>Revenues from the program will be used to provide a monthly dividend to individuals with a valid Social Security number or a taxpayer identification number and is a citizen or lawful resident of the United States.</p> <p>A carbon dividend payment is one pro-rata share for each adult and half a pro-rata share for those under 19 years old, with a limit of 2 children per household.</p> <p>The dividend would be included in determining gross income for tax purposes.</p> <p>The carbon dividend amount will not be considered income when determining eligibility for federal assistance programs.</p>
<i>MARKET CHOICE Act</i>	<p>The bill creates a trust and would allocate three-quarters of the revenue from the program to the trust for the following:</p> <ul style="list-style-type: none"> <li>• 70% for the Federal Highway Trust Fund</li> <li>• 10% to states in the form of grants for low-income households</li> <li>• 4% for flooding mitigation and adaptation infrastructure projects</li> <li>• 3% for displaced energy workers</li> <li>• 2.5% for the Airport and Airway Trust Fund</li> <li>• 2.2% for carbon capture utilization and storage</li> <li>• 1.5% for weatherization programs</li> <li>• 1.5% for Abandoned Mine Reclamation Fund</li> <li>• and the remaining revenues will be used for R&amp;D and other purposes (e.g., Reforestation Trust Fund, support for carbon sequestration, and Leaking Underground Storage Trust Fund).</li> </ul>
<i>Climate Pollution Standard and Community Investment Act</i>	<p>Allocation of emission allowances for: consumer benefit, EITE industries, protecting low-income households, state and Indian tribal government, local governments, hosting high-level nuclear waste, worker and community assistance, frontline communities, negative emission activities (including agricultural and land use practices), and energy innovation.</p>

POLICY FEATURES	USE OF REVENUE
<i>America's Clean Future Fund Act</i>	<p>From fiscal years 2027 to 2036, revenues from the program will be used:</p> <ul style="list-style-type: none"> <li>• 75% of the fund will be used for a dividend and agriculture decarbonization. It would provide a quarterly dividend to individuals with a valid Social Security number or a taxpayer identification number and is a citizen or lawful resident in the United States. The dividend amount will be phased out based on adjusted gross income.</li> <li>• Up to 7% of the dividend could be used to provide transition assistance for agriculture, livestock, and forestry sectors to prepare entry into GHG credit markets.</li> <li>• 15% of the fund will be used for a Climate Change Finance Corporation to finance clean energy and climate resilience activities.</li> <li>• 10% of the fund will be used for transition assistance for impacted communities.</li> <li>• Initial funding for these programs will be appropriated (e.g., fiscal years 2025 and 2026) and will be paid back over 18 years once the carbon fee goes into effect.</li> </ul>
<i>Healthy Climate and Family Security Act</i>	<p>Revenue from the program will be used to provide a monthly dividend to individuals with a valid Social Security number (other than a nonresident alien) who are legally residing in the United States.</p> <p>Any individual may opt out of receiving the trust fund dividend payment.</p> <p>The dividend would be excluded in determining gross income for tax purposes.</p>

POLICY FEATURES	TREATMENT OF FEDERAL GHG REGULATIONS	TREATMENT OF EXISTING STATE PROGRAMS
<i>Energy Innovation and Carbon Dividend Act</i>	Not specified.	Does not preempt state GHG programs.
<i>MARKET CHOICE Act</i>	<p>This bill will establish a rolling moratorium for most stationary source GHG regulations under the Clean Air Act upon enactment of this act that will expire on January 1, 2037.</p> <p>The moratorium is lifted if emissions exceed the specified emissions levels for 2028 or 2032.</p>	Starting in 2025, a covered entity will receive a credit for payment(s) on GHG emissions made under state programs. The amount of the credit will start at 100% of the amount paid under the state program, and then decline 20% annually. No credits will be provided beyond the fifth year.
<i>Climate Pollution Standard and Community Investment Act</i>	Not specified.	Not specified.
<i>America's Clean Future Fund Act</i>	Not specified.	Not specified.
<i>Healthy Climate and Family Security Act</i>	Starting four years after enactment of this act, the EPA Administrator is required to start issuing regulations under the Clean Air Act (and any other applicable law) for GHG emissions not covered by their proposed cap-and-trade program or those directly attributable to food production	Does not preempt state and regional GHG programs.

POLICY FEATURES	OTHER RELEVANT ITEMS
<i>Energy Innovation and Carbon Dividend Act</i>	<p>Ten years after enactment of this act, the National Academies of Science is required to prepare a report to review the carbon fee program's impacts and efficacy in meeting the emission reduction targets, and to make recommendations to reduce emissions in economic sectors where carbon emissions have not decreased.</p> <p>The Energy Secretary shall enter into an agreement with the National Academies of Science and the EPA Administrator to conduct a study and make recommendations on the carbon fee impact on the use of biomass as an energy source and the resulting impact on carbon sinks and biodiversity.</p>
<i>MARKET CHOICE Act</i>	<p>Extends the 45Q tax credit by 2 years. Modifies 48A tax credit for advanced coal projects.</p> <p>Would establish a bipartisan National Climate Commission to prepare a report to Congress with analysis and recommendations for reducing GHG emissions.</p>
<i>Climate Pollution Standard and Community Investment Act</i>	N/A
<i>America's Clean Future Fund Act</i>	<p>Would require the National Academies of Science to conduct a study every five years and make recommendations for meeting emission reduction goals.</p> <p>Would require Council on Environmental Quality to establish a nature-based carbon sequestration target, and develop strategies for meeting that target and protecting those ecosystems.</p>
<i>Healthy Climate and Family Security Act</i>	<p>The cap-and-trade program should be implemented ensure carbon reductions are accompanied by commensurate reductions in emissions from co-pollutants impact frontline communities.</p> <p>Quadrennial report to Congress on any recommended revisions to decadal emission targets.</p>



The Center for Climate and Energy Solutions (C2ES) is an independent, nonpartisan, nonprofit organization working to forge practical solutions to climate change. We advance strong policy and action to reduce greenhouse gas emissions, promote clean energy, and strengthen resilience to climate impacts.