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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TAXATION -- CARBON PRICING AND GREEN ENERGY INVESTMENT
ACT OF 2015

Introduced By: Representatives McKiernan, Regunberg, Handy, Blazejewski, and
Marshall

Date Introduced: March 12, 2015

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "TAXATION" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 70

4 CARBON PRICING AND GREEN ENERGY INVESTMENT ACT OF 2015

5 **44-70-1. Short title.** – This chapter shall be known and may cited as the "Carbon Pricing
6 and Green Energy Investment Act of 2015."

7 **44-70-2. Definitions.** – The following terms shall have the following meanings for the
8 purposes of this chapter:

9 (1) "Fossil fuel" means coal, natural gas, and any petroleum product, which is entered
10 into the state for the purpose of burning to provide mechanical or thermal energy. Fossil fuels do
11 not include renewable biomass or waste vegetable oil biodiesel.

12 (2) "Carbon dioxide equivalent" ("CO₂e") means a unit of measure denoting the
13 equivalent mass of carbon dioxide that produces the same amount of global warming impact as a
14 certain mass of any greenhouse gas.

15 (3) "Carbon price" means the excise tax imposed by this chapter.

16 (4) "Clean energy fund" means the fund established under this chapter.

17 (5) "Employer" means any legal person, state agency, or local government body who has
18 employees working in the state.

1 (6) "Green energy" means renewable energy generated by renewable sources including
2 sun, wind and water.

3 (7) "Green energy technology" means all devices, processes and methods that support the
4 generation or storage of green energy.

5 (8) "Petroleum product" means propane, gasoline, unleaded gasoline, kerosene, number 2
6 heating oil, diesel fuel, kerosene base jet fuel, and number 4, number 5 and number 6 residual oil
7 for utility and non-utility uses, and all petroleum derivatives, whether in bond or not, which are
8 commonly burned to produce heat, power, electricity or motion or which are commonly
9 processed to produce synthetic gas for burning.

10 (9) "Resident" shall have the same meaning as defined in § 31-1-18(b).

11 **44-70-3. Carbon pricing.** – (a) An excise tax shall be collected on the first point of entry
12 within the state of all fossil fuels, at the rate specified in subsection (b) of this section.

13 (b) The rate in 2016 shall be fifteen cents (\$0.15) per ton of CO₂e that would be released
14 by burning the fuel sold. The rate in every future calendar year shall be the rate in the previous
15 calendar year plus five cents (\$0.05) real 2015 dollars, as calculated before the beginning of each
16 calendar year.

17 (c) The director of revenue shall calculate and publish the rate in current dollars for each
18 year, by January 1 of each year.

19 (d) In sales where greenhouse gas emissions from the relevant fossil fuels are to be
20 permanently sequestered and not released into the atmosphere, charges on the relevant fossil fuels
21 shall be reduced in proportion to the amount of CO₂e that is to be sequestered. The office of
22 energy resources shall ensure that in such cases, the emissions are actually sequestered and not
23 released into the atmosphere.

24 (e) Fees shall also be collected, at the same rate specified in subsection (b) of this section,
25 on the release of methane or other greenhouse gases due to the transport or usage of fossil fuels,
26 or due to any industrial process. The office of energy resources shall study such non-combustion
27 releases of greenhouse gases and adopt rules relating to which entities are liable for fees under
28 this subsection. The office of energy resources shall also estimate the average amount of CO₂e
29 released in the form of escaped methane due to the extraction or transportation of natural gas
30 before natural gas enters Rhode Island, and shall add an additional charge to the carbon price on
31 the first point of entry within the state of all natural gas, based on the rate specified in subsection
32 (b) of this section.

33 (f) The department of revenue and office of energy resources, in consultation as
34 necessary with other state departments and offices, shall adopt any rules and practices necessary

1 and expedient to carry out this section, in accordance with chapter 35 of title 42.

2 **44-70-4. Clean energy fund.** – (a) There is hereby created a restricted receipt account in
3 the general fund to be known as the clean energy fund. Unexpended balances and any earnings
4 thereon shall not revert to the general fund but shall remain solely in the clean energy fund. The
5 clean energy fund shall be used solely to carry out the provisions of this chapter, and to help
6 residents and employers transition to cleaner energy options and mitigate any potential economic
7 harm from the carbon price imposed by this chapter.

8 (b) All charges collected under § 44-70-3 shall be deposited in the clean energy fund.

9 (c) Proceeds from the clean energy fund may only be used for the purposes described in §
10 44-70-5.

11 **44-70-5. Clean energy fund uses.** – (a) The department of revenue may use funds from
12 the clean energy fund for any of the following options:

13 (1) Paying for administrative costs associated with collecting the charges, administering
14 the clean energy fund, and carrying out the other responsibilities assigned to the office of energy
15 resources and department of revenue under this chapter, provided that no more than five percent
16 (5%) of the proceeds in any year may be used for such costs;

17 (2) Coordinating, investing and in development of research, demonstration, and early
18 commercialization of green energy technologies which are deemed to be commercially valuable
19 and may be put to commercial use within ten (10) years.

20 (3) Funding programs to assist the installation of wind, solar, energy storage, energy
21 efficiency, or other green energy; or

22 (4) Investing in public transportation systems or other systems accepted by civil
23 engineers to reduce carbon emissions.

24 (b) One hundred percent (100%) of the proceeds into the clean energy fund each year
25 must be returned to the state economy through one of the four (4) options in subsection (a) of this
26 section.

27 (c) The director of revenue shall publish a document by December 31 of each year
28 showing the exact expenditures from the clean energy fund in the past year.

29 SECTION 2. This act shall take effect on January 1, 2016.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO TAXATION -- CARBON PRICING AND GREEN ENERGY INVESTMENT
ACT OF 2015

- 1 This act would impose an excise tax on all fossil fuels entering the state for the purpose
- 2 of funding a "clean energy fund."
- 3 This act would take effect on January 1, 2016.

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