

115TH CONGRESS
2D SESSION

S. 2352

To cap the emissions of greenhouse gases through a requirement to purchase carbon permits, to distribute the proceeds of such purchases to eligible individuals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 29, 2018

Mr. VAN HOLLEN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To cap the emissions of greenhouse gases through a requirement to purchase carbon permits, to distribute the proceeds of such purchases to eligible individuals, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Healthy Climate and
5 Family Security Act of 2018”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) Carbon dioxide and other greenhouse gas
2 emissions continue to rise. In 2013, CO₂ levels in
3 the atmosphere reached 400 parts per million for the
4 first time in human history. Ten of the world's
5 warmest years on record have occurred since 2000,
6 and 2016 was the warmest year ever recorded.

7 (2) The warming of our planet has led to more
8 frequent, dangerous and expensive extreme weather
9 events, including heat waves, storms, fires, droughts,
10 floods and tornadoes.

11 (3) More than 97 percent of climate scientists
12 agree that our planet is warming, primarily because
13 of the extraction and burning of fossil fuels.

14 (4) The atmosphere is a common resource that
15 belongs equally to all.

16 (5) Stabilizing the climate can and must be
17 done in a way that supports vibrant economic
18 growth and a thriving middle class.

19 (6) Legislation to address climate change and
20 accelerate the transition to a clean energy economy
21 must be fair, transparent and built to last.

1 **SEC. 3. AUCTION OF CARBON PERMITS AND DISTRIBUTION**
 2 **OF HEALTHY CLIMATE DIVIDENDS.**

3 (a) IN GENERAL.—The Internal Revenue Code of
 4 1986 is amended by adding at the end the following new
 5 subtitle:

6 **“Subtitle L—Auction of Carbon**
 7 **Permits and Distribution of**
 8 **Healthy Climate Dividends**

“Chapter 101. Cap and Dividend Program Rules.

“Chapter 102. Healthy Climate Dividends.

“Chapter 103. Border Adjustments.

9 **“CHAPTER 101—CAP AND DIVIDEND**
 10 **PROGRAM RULES**

“Sec. 9901. Definitions.

“Sec. 9902. Carbon permits.

“Sec. 9903. Auctions.

“Sec. 9904. Compliance obligation.

“Sec. 9905. Penalty for noncompliance.

“Sec. 9906. Carbon capture and sequestration.

“Sec. 9907. Trading.

“Sec. 9908. Banking and borrowing.

11 **“SEC. 9901. DEFINITIONS.**

12 “For purposes of this subtitle:

13 “(1) ADMINISTRATOR.—The term ‘Adminis-
 14 trator’ means the Administrator of the Environ-
 15 mental Protection Agency.

16 “(2) CARBON PERMIT.—The term ‘carbon per-
 17 mit’ means a carbon permit established by the Sec-
 18 retary under section 9902(a).

1 “(3) COVERED ENTITY.—The term ‘covered en-
2 tity’ means—

3 “(A) in the case of crude oil—

4 “(i) a refinery operating in the United
5 States which is designed to serve the pri-
6 mary purpose of processing liquid fuel
7 from crude oil, and

8 “(ii) any importer of any petroleum or
9 petroleum product (not including crude oil)
10 into the United States,

11 “(B) in the case of coal—

12 “(i) any coal mine operating in the
13 United States, and

14 “(ii) any importer of coal into the
15 United States, and

16 “(C) in the case of natural gas—

17 “(i) any person required to submit a
18 report to the Energy Information Agency
19 on Form 176 by reason of delivering nat-
20 ural gas to an end user, and

21 “(ii) any natural gas processor not de-
22 scribed in clause (i) with respect to sales of
23 natural gas in the United States.

24 “(4) COVERED FUEL.—The term ‘covered fuel’
25 means crude oil, natural gas, coal, or any other

1 product derived therefrom for use as a combustible
2 fuel offered for sale in United States markets.

3 “(5) CRUDE OIL.—The term ‘crude oil’ includes
4 crude oil condensates, natural gasoline, shale oil, any
5 bitumen or bituminous mixture, any oil derived from
6 a bitumen or bituminous mixture, and any oil de-
7 rived from kerogen-bearing sources.

8 “(6) FAIR MARKET VALUE.—The term ‘fair
9 market value’ means the average auction price for
10 carbon permits during the 4 quarters immediately
11 preceding a failure to surrender, when required
12 under section 9904, the required number of carbon
13 permits under such section.

14 “(7) STATE.—The term ‘State’ means the sev-
15 eral States, the District of Columbia, the Common-
16 wealth of Puerto Rico, the United States Virgin Is-
17 lands, Guam, American Samoa, the Commonwealth
18 of the Northern Mariana Islands, and any other
19 commonwealth, territory, or possession of the United
20 States.

21 “(8) VINTAGE YEAR.—The term ‘vintage year’
22 means the calendar year for which a carbon permit
23 is established under section 9902.

1 **“SEC. 9902. CARBON PERMITS.**

2 “(a) IN GENERAL.—The Secretary, in consultation
3 with the Administrator, shall establish a separate quantity
4 of carbon permits for calendar year 2019 and each cal-
5 endar year thereafter, as set forth under subsection (b).

6 “(b) EMISSIONS REDUCTION SCHEDULE.—

7 “(1) IN GENERAL.—The quantity of carbon
8 permits established by the Secretary, in consultation
9 with the Administrator, under subsection (a) for any
10 calendar year before 2050 that is between the near-
11 est target years specified in paragraph (2) preceding
12 and succeeding such calendar year shall be the quan-
13 tity of such permits that represents an equal, pro
14 rata reduction from the preceding year to the suc-
15 ceeding year.

16 “(2) TARGETS.—

17 “(A) INITIAL TARGET.—The quantity of
18 carbon permits established for 2019 shall be
19 equal to 12.5 percent less than the number of
20 metric tons of carbon dioxide emitted in the
21 United States in 2005.

22 “(B) DECADAL TARGETS.—The quantity
23 of carbon permits established for—

24 “(i) 2020 shall be equal to 20 percent
25 less than the number of metric tons of car-

1 bon dioxide emitted in the United States in
2 2005,

3 “(ii) 2025 shall be equal to 30 percent
4 less than the number of metric tons of car-
5 bon dioxide emitted in the United States in
6 2005,

7 “(iii) 2030 shall be equal to 40 per-
8 cent less than the number of metric tons
9 of carbon dioxide emitted in the United
10 States in 2005,

11 “(iv) 2035 shall be equal to 50 per-
12 cent less than the number of metric tons
13 of carbon dioxide emitted in the United
14 States in 2005,

15 “(v) 2040 shall be equal to 60 percent
16 less than the number of metric tons of car-
17 bon dioxide emitted in the United States in
18 2005,

19 “(vi) 2045 shall be equal to 70 per-
20 cent less than the number of metric tons
21 of carbon dioxide emitted in the United
22 States in 2005, and

23 “(vii) 2050 shall be equal to 80 per-
24 cent less than the number of metric tons

1 of carbon dioxide emitted in the United
2 States in 2005.

3 “(3) REPORTS.—

4 “(A) CALENDAR YEAR 2048.—In 2048 the
5 Secretary, after consultation with the Adminis-
6 trator, will submit a report to Congress making
7 recommendations concerning the program es-
8 tablished under this subtitle for years after
9 2050, including the quantity of carbon permits
10 to be established and any reductions that may
11 be necessary to ensure a healthy climate.

12 “(B) AVERTING CATASTROPHIC CLIMATIC
13 IMPACT.—The Secretary shall report to Con-
14 gress if the Secretary, after consultation with
15 the Administrator, determines the emissions re-
16 ductions targets under this subsection should be
17 revised in order to avert catastrophic climate
18 impacts. Such report shall include rec-
19 ommended revisions to the existing emissions
20 reduction schedule and the basis for those rec-
21 ommendations.

22 “(c) IDENTIFICATION NUMBERS.—The Secretary
23 shall assign to each carbon permit established under sub-
24 section (a) a unique identification number that includes
25 the vintage year for that carbon permit.

1 “(d) LEGAL STATUS OF CARBON PERMITS.—

2 “(1) IN GENERAL.—A carbon permit does not
3 constitute a property right.

4 “(2) TERMINATION OR LIMITATION.—Nothing
5 in this subtitle or any other provision of law shall be
6 construed to limit or alter the authority of the
7 United States, including the Secretary acting pursu-
8 ant to statutory authority, to terminate or limit a
9 carbon permit.

10 “(3) OTHER PROVISIONS UNAFFECTED.—Noth-
11 ing in this subtitle relating to carbon permits issued
12 under this section shall affect the application of any
13 other provision of law to a covered entity (including
14 the Clean Air Act), or the responsibility for a cov-
15 ered entity to comply with any such provision of law.
16 Regional and State greenhouse gas initiatives are
17 not preempted by this subtitle.

18 “(e) REGULATIONS.—Not later than December 31,
19 2018, the Secretary shall promulgate regulations to carry
20 out the provisions of this subtitle.

21 **“SEC. 9903. AUCTIONS.**

22 “(a) PERIODIC AUCTIONS.—The Secretary shall con-
23 duct periodic public auctions of carbon permits established
24 under section 9902(a). The Secretary shall conduct at

1 least 4 such auctions in each year for which carbon per-
2 mits are established.

3 “(b) AUCTION RULES.—The Secretary shall—

4 “(1) limit auction participation only to covered
5 entities,

6 “(2) establish a limit on the amount of carbon
7 permits that can be purchased by a single entity at
8 each auction and an aggregate limit on the total
9 amount of permits that can be held by a single enti-
10 ty at any one time that—

11 “(A) reflects anticipated sector and partici-
12 pant demand,

13 “(B) prevents speculation, manipulation,
14 or hoarding of permits, and

15 “(C) does not interfere with normal mar-
16 ket competition, and

17 “(3) have the authority to set a minimum per-
18 mit price at auction.

19 “(c) UNSOLD PERMITS.—Any carbon permit unsold
20 at auction may be offered at the next quarterly auction
21 in the calendar year. Any carbon permit unsold after the
22 last auction for a calendar year shall be transferred to the
23 reserve established under section 9908.

1 **“SEC. 9904. COMPLIANCE OBLIGATION.**

2 “(a) IN GENERAL.—Not later than April 1, 2019,
3 and April 1 of each year thereafter, a covered entity shall
4 surrender to the Secretary a quantity of carbon permits
5 at least as great as the number of metric tons of carbon
6 dioxide that the Secretary, in consultation with the Ad-
7 ministrator, determines would be emitted by the combus-
8 tion of covered fuels with respect to which the covered en-
9 tity made the first sale in United States markets during
10 the previous calendar year.

11 “(b) USE TREATED AS SALE.—For purposes of sub-
12 section (a), consumption for an emitting use by the cov-
13 ered entity of covered fuels produced by the covered entity
14 shall be treated as a first sale.

15 “(c) EXEMPTION.—A covered entity shall not have to
16 surrender a carbon permit for the sale of a covered fuel
17 consumed for a non-emitting use, as defined and verified
18 by the Secretary in consultation with the Administrator,
19 unless such covered fuel is sold to a person issued carbon
20 permits under section 9906.

21 **“SEC. 9905. PENALTY FOR NONCOMPLIANCE.**

22 “(a) IN GENERAL.—Any covered entity that fails for
23 any year to surrender, by the deadline described in section
24 9904, one or more of the carbon permits due pursuant
25 to such section shall be liable for payment to the Secretary
26 of a penalty in the amount described in subsection (b).

1 “(b) AMOUNT.—The amount of a penalty required to
2 be paid under subsection (a) shall be equal to the product
3 obtained by multiplying—

4 “(1) the number of carbon permits that the cov-
5 ered entity failed to surrender by the deadline, by

6 “(2) 3 times the fair market value of carbon
7 permits issued for emissions occurring in the cal-
8 endar year for which the carbon permits were due.

9 “(c) TIMING.—A penalty required under this section
10 shall be immediately due and payable to the Secretary,
11 without demand, in accordance with regulations promul-
12 gated by the Secretary, which shall be issued not later
13 than 1 year after the date of enactment of this subtitle.

14 “(d) NO EFFECT ON LIABILITY.—A penalty due and
15 payable by the covered entity under this section shall not
16 diminish the liability of the covered entity for any fine,
17 penalty, or assessment against the covered entity for the
18 same violation under any other provision of law.

19 “(e) PENALTY NOT DEDUCTIBLE.—No deduction
20 shall be allowed under subtitle A for a penalty paid under
21 this section.

22 **“SEC. 9906. CARBON CAPTURE AND SEQUESTRATION.**

23 “(a) IN GENERAL.—The Secretary shall issue a car-
24 bon permit to any person who the Secretary, in consulta-
25 tion with the Administrator, determines has safely and

1 verifiably captured and sequestered carbon dioxide from
2 the combustion of covered fuels in the United States.

3 “(b) QUANTITY.—The quantity of each permit issued
4 under subsection (a) shall be in the amount equivalent to
5 the number of metric tons of carbon dioxide so captured
6 and sequestered.

7 “(c) COORDINATION.—The quantity of permits
8 issued under this section shall be in addition to the quan-
9 tity of permits established under section 9902(a).

10 **“SEC. 9907. TRADING.**

11 “(a) PERMITTED TRANSACTIONS.—The lawful holder
12 of a carbon permit may—

13 “(1) hold the carbon permit, subject to the lim-
14 its established by the Secretary under section
15 9903(b)(2), or

16 “(2) sell, exchange, or transfer the carbon per-
17 mit to a covered entity consistent with the limits es-
18 tablished by the Secretary under section 9903(b)(2).

19 “(b) EFFECTIVENESS OF CARBON PERMIT TRANS-
20 FERS.—No transfer of a carbon permit shall be effective
21 until a written certification of the transfer, signed by a
22 responsible official of the transferor, is received and re-
23 corded by the Secretary in accordance with regulations
24 promulgated under section 9902(e).

1 “(c) CARBON PERMIT TRACKING SYSTEM.—The reg-
2 ulations promulgated under section 9902(e) shall include
3 a system for issuing, recording, holding, and tracking car-
4 bon permits that shall specify all necessary procedures and
5 requirements for an orderly and competitive functioning
6 of the carbon permit system. Such regulations shall pro-
7 vide for appropriate publication of the information in the
8 system on the Internet.

9 **“SEC. 9908. BANKING AND BORROWING.**

10 “(a) BANKING.—A carbon permit may be used to
11 meet the compliance obligation requirements of section
12 9904 for emissions in—

13 “(1) the vintage year for the carbon permit, or

14 “(2) any calendar year subsequent to the vin-
15 tage year for the carbon permit in accordance with
16 subsection (b).

17 “(b) RESERVE.—The Secretary shall establish a re-
18 serve for carbon permits. Carbon permits transferred into
19 the reserve shall be available in the manner determined
20 by the Secretary when the Secretary determines that price
21 point for carbon permits determined under subsection (d)
22 is met and additional carbon permit supply is needed to
23 stabilize the auction price. Permits in the reserve shall be
24 used on a first in, first out basis.

1 “(c) EXPIRATION.—A carbon permit shall not expire
2 unless—

3 “(1) it is surrendered to the Secretary under
4 section 9904 or section 9907(a)(3),

5 “(2) it has remained in the reserve for 5 years
6 after being transferred into the reserve, or

7 “(3) the Secretary determines by regulation
8 that expiration is necessary to ensure the authen-
9 ticity and integrity of carbon permits or the carbon
10 permit tracking system.

11 “(d) BORROWING FUTURE VINTAGE YEAR CARBON
12 PERMITS.—

13 “(1) IN GENERAL.—If the auction price for car-
14 bon permits increases by more than 50 percent
15 above the average auction price for carbon permits
16 during the preceding two years (or, if before the
17 third year for which auctions are conducted, the av-
18 erage auction price for carbon permits during the
19 preceding auctions), the Secretary shall auction as
20 many additional carbon permits as are necessary to
21 stabilize the auction price.

22 “(2) SPECIAL RULES.—

23 “(A) COORDINATION WITH RESERVE.—Ad-
24 ditional permits may not be auctioned under
25 paragraph (1) until after all available permits

1 in the reserve for carbon permits established
2 under subsection (b) have been used.

3 “(B) REDUCTION IN VINTAGE YEAR PER-
4 MITS.—Any carbon permits made available
5 under this subsection shall result in an equiva-
6 lent reduction in the aggregate amount of car-
7 bon permits made available in vintage years
8 2030 through 2050 as set forth in section
9 9902, and the Secretary shall reduce the num-
10 ber of carbon permits by an equal percentage in
11 each of those vintage years.

12 **“CHAPTER 102—HEALTHY CLIMATE**
13 **DIVIDENDS**

“Sec. 9911. Healthy Climate Trust Fund.

“Sec. 9912. Healthy Climate Dividend Payments.

“Sec. 9913. Transparency.

14 **“SEC. 9911. HEALTHY CLIMATE TRUST FUND.**

15 “(a) ESTABLISHMENT.—There is established in the
16 Treasury of the United States a trust fund to be known
17 as the ‘Healthy Climate Trust Fund’, consisting of such
18 amounts as may be appropriated to such trust fund as
19 provided for in this section.

20 “(b) TRANSFERS.—

21 “(1) PROCEED AMOUNTS.—There are appro-
22 priated to the Healthy Climate Trust Fund amounts
23 equivalent to funds received as proceeds under sec-
24 tion 9903.

1 “(2) PENALTY AMOUNTS.—There are appro-
2 priated to the Healthy Climate Trust Fund amounts
3 equivalent to funds received as penalties under sec-
4 tion 9905.

5 “(c) EXPENDITURES.—

6 “(1) ADMINISTRATIVE EXPENSES.—Such
7 amounts as may be necessary from the Healthy Cli-
8 mate Trust Fund shall be available to pay the ad-
9 ministrative expenses necessary to carry out this sec-
10 tion for each month, but not exceeding the amount
11 of interest credited to the trust fund under section
12 9602.

13 “(2) HEALTHY CLIMATE DIVIDEND PAY-
14 MENTS.—Amounts in the Healthy Climate Trust
15 Fund not used under paragraph (1) for any month
16 shall be available for making Healthy Climate Divi-
17 dend Payments under section 9912.

18 **“SEC. 9912. HEALTHY CLIMATE DIVIDEND PAYMENTS.**

19 “(a) IN GENERAL.—For purposes of this section:

20 “(1) HEALTHY CLIMATE DIVIDEND PAY-
21 MENT.—The term ‘Healthy Climate Dividend Pay-
22 ment’ means the individual pro-rata share, as deter-
23 mined by the Secretary, of amounts available for any
24 quarter in the Healthy Climate Trust Fund under
25 section 9911(c)(2). For purposes of the preceding

1 sentence, the amounts available for any quarter shall
2 be the fraction of the total amount made available
3 from an auction conducted under section 9903—

4 “(A) the numerator of which is 1, and

5 “(B) the denominator of which is the num-
6 ber of quarters in the period beginning with the
7 quarter in which such auction is conducted and
8 ending with the quarter before the quarter in
9 which the next such auction is scheduled to be
10 conducted.

11 “(2) ELIGIBLE INDIVIDUAL.—

12 “(A) IN GENERAL.—The term ‘eligible in-
13 dividual’ means, with respect to any quarter,
14 any individual with a valid social security num-
15 ber (other than a nonresident alien individual)
16 who is lawfully present in the United States for
17 such quarter, as determined and verified by the
18 Secretary in consultation with any other Fed-
19 eral entity the Secretary determines appro-
20 priate.

21 “(B) OPT OUT.—An individual may elect
22 not to be treated as an eligible individual.

23 “(b) PAYMENT OF HEALTHY CLIMATE DIVIDEND.—

24 From amounts made available under section 9911(c)(2),
25 the Secretary shall make a Healthy Climate Dividend Pay-

1 ment not later than the end of the calendar quarter fol-
2 lowing the calendar quarter in which such amounts are
3 appropriated to the Healthy Climate Trust Fund under
4 section 9911 to each individual who is an eligible indi-
5 vidual for that quarter. Such payments shall be made by
6 electronic means to the maximum extent practicable.

7 “(c) EXCLUSION FROM GROSS INCOME.—Gross in-
8 come shall not include any Healthy Climate Dividend paid
9 under this section.

10 “(d) REGULATIONS.—The Secretary shall prescribe
11 such regulations and other guidance as may be necessary
12 or appropriate to carry out this section.

13 **“SEC. 9913. TRANSPARENCY.**

14 “(a) REPORT TO CONGRESS.—Not later than June
15 30, 2019, and at least annually thereafter, the Secretary
16 shall transmit to Congress a report accounting for the dis-
17 position of amounts in the Healthy Climate Trust Fund
18 in the previous calendar year.

19 “(b) HEALTHY CLIMATE TRUST FUND WEBSITE.—
20 Not later than 90 days after the date of the enactment
21 of this subtitle, the Secretary shall establish and maintain
22 a website to provide the public with information on the
23 disposition of any amounts in the Healthy Climate Trust
24 Fund.

1 **“CHAPTER 103—BORDER ADJUSTMENTS**

“Sec. 9921. Carbon equivalency fee.

“Sec. 9922. Definitions.

“Sec. 9923. Sense of Congress.

2 **“SEC. 9921. CARBON EQUIVALENCY FEE.**

3 “(a) IMPORTS.—The Secretary shall impose carbon
4 equivalency fees to be collected by the Commissioner re-
5 sponsible for U.S. Customs and Border Control on imports
6 of carbon-intensive goods. The amount of the carbon
7 equivalency fee shall be equal to the cost that domestic
8 producers of a comparable carbon-intensive good incur as
9 a result of—

10 “(1) prices paid in the acquisition of carbon
11 permits by covered entities under this subtitle, and

12 “(2) carbon equivalency fees paid by importers
13 of carbon-intensive goods used in the production of
14 the comparable carbon-intensive good.

15 “(b) PAYMENTS TO EXPORTERS.—The Secretary
16 shall pay without interest to persons exporting from the
17 United States carbon-intensive goods produced in the
18 United States. The amount of the payment shall be equal
19 to the cost that domestic producers of the carbon-intensive
20 good incur as a result of—

21 “(1) prices paid in the acquisition of carbon
22 permits by covered entities under this subtitle, and

1 “(2) carbon equivalency fees paid by importers
2 of carbon-intensive goods used in the production of
3 the comparable carbon-intensive good.

4 “(c) EXPIRATION.—This section shall cease to have
5 effect at such time as and to the extent that—

6 “(1) an international agreement requiring coun-
7 tries that emit greenhouse gases and produce car-
8 bon-intensive goods for export markets to adopt
9 equivalent measures comes into effect, or

10 “(2) the country of export has implemented
11 equivalent measures, as determined by the Sec-
12 retary, in consultation with the Secretary of State.

13 **“SEC. 9922. DEFINITIONS.**

14 “In this chapter:

15 “(1) CARBON-INTENSIVE GOOD.—The term
16 ‘carbon-intensive good’ means a good that, as identi-
17 fied by the Secretary, in consultation with the Ad-
18 ministrator, by rule—

19 “(A) is a primary product, or

20 “(B) is a manufactured item in which one
21 or more primary products are inputs and the
22 cost of production of which in the United States
23 is significantly increased by reason of the re-
24 quirements under this subtitle.

1 “(2) PRIMARY PRODUCT.—The term ‘primary
2 product’ means—

3 “(A) iron, steel, steel mill products (includ-
4 ing pipe and tube), aluminum, cement, glass
5 (including flat, container, and specialty glass
6 and fiberglass), pulp, paper, chemicals, or in-
7 dustrial ceramics, and

8 “(B) any other manufactured product that
9 the Secretary, in consultation with the Adminis-
10 trator, determines—

11 “(i) is sold for purposes of further
12 manufacture, and

13 “(ii) generates, in the course of the
14 manufacture of the product, direct and in-
15 direct greenhouse gas emissions that are
16 comparable (on an emissions-per-dollar of
17 output basis) to emissions generated in the
18 manufacture or production of a primary
19 product identified in subparagraph (A).

20 “(3) EQUIVALENT MEASURE.—The term ‘equiv-
21 alent measure’ means a tax, or other regulatory re-
22 quirement that imposes a cost, on manufacturers of
23 carbon-intensive goods located outside the United
24 States, by reason of greenhouse gas emissions in the
25 production of such goods by such manufacturers, ap-

1 proximately equal to the cost imposed by this sub-
 2 title on manufacturers of comparable carbon-inten-
 3 sive goods located in the United States.

4 **“SEC. 9923. SENSE OF CONGRESS.**

5 “It is the sense of Congress that the United States
 6 should work proactively under the United Nations Frame-
 7 work Convention on Climate Change and in other appro-
 8 priate fora, to establish binding agreements committing all
 9 major greenhouse gas emitting countries and countries
 10 with globally competitive producers of carbon-intensive
 11 goods to contribute equitably to the reduction of global
 12 greenhouse gas emissions on a schedule and order of mag-
 13 nitude necessary to stabilize the climate.”.

14 (b) CLERICAL AMENDMENT.—The table of subtitles
 15 for the Internal Revenue Code of 1986 is amended by add-
 16 ing at the end the following new item:

“Subtitle L. Auction of Carbon Permits and Distribution of Healthy Climate
 Dividends”.

17 **SEC. 4. NON-AUCTION GREENHOUSE GASES.**

18 (a) DEFINITIONS.—In this section:

19 (1) The term “Administrator” means the Ad-
 20 ministrator of the Environmental Protection Agency.

21 (2) The term “non-auction greenhouse gas” re-
 22 fers to the gases included on the list in effect under
 23 subsection (b).

24 (b) LIST OF NON-AUCTION GREENHOUSE GASES.—

1 (1) INITIAL LIST.—Not later than 2 years after
2 the date of the enactment of this Act, the Adminis-
3 trator, by rule, shall finalize and publish a list
4 that—

5 (A) consists of the anthropogenically emit-
6 ted gases that are determined by the Adminis-
7 trator to contribute to global warming; and

8 (B) excludes gases to the extent they are—

9 (i) carbon dioxide emitted by the com-
10 bustion of a covered fuel (as such term is
11 defined in section 9901 of the Internal
12 Revenue Code of 1986, as added by section
13 3(a) of this Act); or

14 (ii) directly attributable to the produc-
15 tion of animals for food or food products.

16 (2) UPDATES.—The Administrator shall peri-
17 odically review and, as appropriate, update the list
18 under paragraph (1).

19 (c) REGULATIONS.—

20 (1) IN GENERAL.—Under the authorities vested
21 in the Administrator by the Clean Air Act (42
22 U.S.C. 7401 et seq.) and any other applicable law
23 (other than this section), the Administrator shall
24 promulgate regulations addressing the contribution
25 of non-auction greenhouse gases to global warming.

1 (2) INTERNATIONAL COMPETITIVENESS.—In
2 promulgating regulations under this subsection, the
3 Administrator shall take into consideration the effect
4 of such regulations on the international competitive-
5 ness of businesses and industries of the United
6 States.

7 (d) SCHEDULE.—

8 (1) IN GENERAL.—The regulations under sub-
9 section (c) shall ensure that—

10 (A) not later than 4 years after the date
11 of enactment of this Act, requirements take ef-
12 fect to regulate sources which, collectively, emit
13 not less than 25 percent of non-auction green-
14 house gases emitted in the United States;

15 (B) not later than 6 years after the date
16 of enactment of this Act, requirements take ef-
17 fect to regulate sources which, collectively, emit
18 not less than 50 percent of non-auction green-
19 house gases emitted in the United States;

20 (C) not later than 8 years after the date
21 of enactment of this Act, requirements take ef-
22 fect to regulate sources which, collectively, emit
23 not less than 75 percent of non-auction green-
24 house gases emitted in the United States; and

1 (D) not later than 10 years after the date
2 of enactment of this Act, requirements take ef-
3 fect to regulate sources which, collectively, emit
4 100 percent of non-auction greenhouse gases
5 emitted in the United States.

6 (2) BASELINE.—The percentages specified in
7 paragraph (1) shall be applied relative to the aggre-
8 gate quantity of non-auction greenhouse gases emit-
9 ted in the United States during the calendar year in
10 which the initial list under subsection (b)(1) is re-
11 quired to be finalized by such subsection.

12 (e) PRIORITIES.—In determining priorities for regu-
13 lating the emissions of non-auction greenhouse gases
14 under subsection (c), the Administrator shall consider—

15 (1) the degree to which the gases involved con-
16 tribute to global warming; and

17 (2) the speed with which a given reduction
18 would contribute to stabilizing the climate.

19 (f) CITIZEN SUITS.—The provisions of section 304
20 of the Clean Air Act (42 U.S.C. 7604) shall apply with
21 respect to a violation of a requirement under this section,
22 or the failure of the Administrator to perform a non-dis-
23 cretionary act or duty under this section, to the same ex-
24 tent and in the same manner as such provisions apply with
25 respect to a violation described in subsection (a) of such

1 section 304 or a failure to perform a non-discretionary act
2 or duty described in such subsection.

3 (g) REPORT TO CONGRESS.—Not later than 2 years
4 after the date of the enactment of this Act, the Adminis-
5 trator shall submit a report to the Congress identifying
6 any additions or modifications to statutory provisions
7 which are needed for the Administrator to effectively ad-
8 dress the contribution of non-auction greenhouse gases to
9 global warming.

10 **SEC. 5. DISCLOSURE OF INFORMATION.**

11 (a) LIMITED DISCLOSURE OF IDENTITY.—Subsection
12 (l) of section 6103 of the Internal Revenue Code of 1986
13 is amended by adding at the end the following new para-
14 graph:

15 “(23) LIMITED DISCLOSURE OF IDENTITY IN-
16 FORMATION RELATING TO HEALTHY CLIMATE DIVI-
17 DEND PAYMENTS.—

18 “(A) DEPARTMENT OF THE TREASURY.—
19 Individual identity information shall, without
20 written request, be open to inspection by or dis-
21 closure to officers and employees of the Depart-
22 ment of the Treasury whose official duties re-
23 quire such inspection or disclosure for purposes
24 of section 9912.

1 “(B) COMMISSIONER OF SOCIAL SECU-
2 RITY.—The Commissioner of Social Security
3 shall, on written request, disclose to officers
4 and employees of the Department of the Treas-
5 ury individual identity information which has
6 been disclosed to the Social Security Adminis-
7 tration as provided by paragraph (1) or (5).

8 “(C) RESTRICTION ON DISCLOSURE.—In-
9 formation disclosed under this paragraph shall
10 be disclosed only for purposes of, and to the ex-
11 tent necessary in, carrying out section 9912.”.

12 (b) CONFORMING AMENDMENTS.—Section
13 6103(p)(3)(A) of the Internal Revenue Code of 1986 is
14 amended by striking “or (18)” and inserting “, (23), or
15 (21)”.

16 **SEC. 6. EFFECTIVE DATE.**

17 The amendments made by this Act shall take effect
18 on the date of the enactment of this Act.

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