

116TH CONGRESS
1ST SESSION

H. R. 4058

To amend the Internal Revenue Code of 1986 to impose a tax on greenhouse gas emissions, accordingly reduce tax rates on payroll, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 25, 2019

Mr. ROONEY of Florida (for himself and Mr. LIPINSKI) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to impose a tax on greenhouse gas emissions, accordingly reduce tax rates on payroll, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Stemming Warming and Augmenting Pay Act of 2019”
6 or the “SWAP Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.

TITLE I—GREENHOUSE GAS EMISSIONS

- Sec. 101. Treatment of greenhouse gas emissions.

TITLE II—CARBON REDUCED PAYROLL TAX

- Sec. 201. Carbon reduced payroll tax.

TITLE III—DISTRIBUTION OF REVENUES FROM TAXATION OF GREENHOUSE GAS EMISSIONS

- Sec. 301. Establishment of the Carbon Trust Fund.
- Sec. 302. Appropriations from the Carbon Trust Fund.

TITLE IV—AMENDMENTS TO FEDERAL ENVIRONMENTAL STATUTES

- Sec. 401. Amendments to the Clean Air Act.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) Climate change threatens global stability
4 and our national economy.

5 (2) Carbon emissions are a significant contrib-
6 utor to these threats and must be addressed.

7 (3) The United States private sector can face
8 these challenges and be a global leader in tech-
9 nology, innovation, and efficiency.

10 (4) A price on carbon levels the economic play-
11 ing field and spurs adoption of less carbon-intensive
12 practices and technologies.

13 (5) Recycling revenues back to employers and
14 employees will neutralize the potential impacts of a
15 tax.

1 **TITLE I—GREENHOUSE GAS**
 2 **EMISSIONS**

3 **SEC. 101. TREATMENT OF GREENHOUSE GAS EMISSIONS.**

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

6 **“Subtitle L—Greenhouse Gas**
 7 **Emissions**

 “PART 1. TAXATION OF GREENHOUSE GAS EMISSIONS

 “PART 2. TAX ADJUSTMENTS FOR IMPORTS AND EXPORTS OF GREENHOUSE
 GAS INTENSIVE PRODUCTS

8 **“PART 1—TAXATION OF GREENHOUSE GAS**
 9 **EMISSIONS**

“Sec. 9901. Imposition of tax on combusted fossil fuel greenhouse gas emis-
 sions.

“Sec. 9902. Imposition of tax on greenhouse gas emissions from certain indus-
 trial processes.

“Sec. 9903. Imposition of tax on greenhouse gas emissions from certain prod-
 uct uses.

“Sec. 9904. Calculation of taxable emissions.

“Sec. 9905. Credit for State payments.

“Sec. 9906. Penalties for nonpayment.

“Sec. 9907. Definitions.

10 **“SEC. 9901. IMPOSITION OF TAX ON COMBUSTED FOSSIL**
 11 **FUEL GREENHOUSE GAS EMISSIONS.**

12 “(a) IN GENERAL.—There is hereby imposed a tax
 13 on fossil fuels produced within, or imported into, the
 14 United States.

15 “(b) RATE OF TAX.—

16 “(1) GREENHOUSE GASES THAT WOULD BE RE-
 17 LEASED IF THE FOSSIL FUEL WERE COMBUSTED.—

18 The tax imposed by subsection (a) shall be the appli-

1 cable amount per ton of carbon dioxide equivalent of
2 all greenhouse gases that would be released if the
3 fossil fuel were combusted.

4 “(2) APPLICABLE AMOUNT OF CARBON DIOXIDE
5 EQUIVALENT EMISSIONS.—For purposes of para-
6 graph (1)—

7 “(A) For calendar year 2021, the term
8 ‘applicable amount’ means \$30 per metric ton
9 of carbon dioxide equivalent emissions.

10 “(B) For each calendar year after 2021,
11 the term ‘applicable amount’ means the sum
12 of—

13 “(i) the applicable amount for the pre-
14 vious calendar,

15 “(ii) the sum of—

16 “(I) 5 percentage points, plus

17 “(II) a percentage increase in the
18 previous year’s tax rate equal to the
19 increase in the Consumer Price Index
20 for the previous calendar year, plus

21 “(iii) the increase, if any, required by
22 paragraph (3).

23 “(C) CONSUMER PRICE INDEX FOR ANY
24 CALENDAR YEAR.—For purposes of subpara-
25 graph (B), the Consumer Price Index for the

1 previous calendar year is the average of the
2 Consumer Price Index for all-urban consumers
3 published by the Department of Labor as of the
4 close of the 12-month period ending on August
5 31 of such calendar year. For purposes of the
6 preceding sentence, the revision of the Con-
7 sumer Price Index which is most consistent
8 with the Consumer Price Index for calendar
9 year 1986 shall be used.

10 “(3) ADJUSTMENT BASED ON EMISSION LEV-
11 ELS.—

12 “(A) IN GENERAL.—If, for calendar year
13 2023 and every second calendar year thereafter
14 through calendar year 2031, the cumulative
15 amount of emissions with respect to the cal-
16 endar year reported under subparagraph (B)
17 exceeds the cumulative amount of emissions
18 specified for such calendar year in subpara-
19 graph (C), then the increase required by this
20 paragraph for the calendar year beginning on
21 the next January 1 following the determination
22 in subparagraph (B) shall be \$3 per metric ton.

23 “(B) ANNUAL REPORT.—Not later than
24 March 30, 2021, and annually thereafter, the
25 Secretary and the Administrator shall jointly

1 determine and report the emissions during the
2 calendar year ending on the preceding Decem-
3 ber 31 from sources subject to taxation under
4 this part. The report shall specify whether the
5 cumulative amount of annual emissions re-
6 ported for the period beginning in calendar year
7 2021 and ending at the end of the preceding
8 calendar year exceeds the emission levels speci-
9 fied in subparagraph (C).

10 “(C) EMISSION SCHEDULE.—The emission
11 schedule specified in this subparagraph is as
12 follows:

13 “(i) The total emissions through cal-
14 endar year 2021 are 5,000 million metric
15 tons of carbon dioxide equivalent.

16 “(ii) The total emissions through cal-
17 endar year 2022 are 9,800 million metric
18 tons of carbon dioxide equivalent.

19 “(iii) The total emissions through cal-
20 endar year 2023 are 14,600 million metric
21 tons of carbon dioxide equivalent.

22 “(iv) The total emissions through cal-
23 endar year 2024 are 19,200 million metric
24 tons of carbon dioxide equivalent.

1 “(v) The total emissions through cal-
2 endar year 2025 are 23,800 million metric
3 tons of carbon dioxide equivalent.

4 “(vi) The total emissions through cal-
5 endar year 2026 are 28,300 million metric
6 tons of carbon dioxide equivalent.

7 “(vii) The total emissions through cal-
8 endar year 2027 are 32,700 million metric
9 tons of carbon dioxide equivalent.

10 “(viii) The total emissions through
11 calendar year 2028 are 37,000 million
12 metric tons of carbon dioxide equivalent.

13 “(ix) The total emissions through cal-
14 endar year 2029 are 41,300 million metric
15 tons of carbon dioxide equivalent.

16 “(x) The total emissions through cal-
17 endar year 2030 are 45,500 million metric
18 tons of carbon dioxide equivalent.

19 “(xi) The total emissions through cal-
20 endar year 2031 are 49,700 million metric
21 tons of carbon dioxide equivalent.

22 “(c) BY WHOM PAID.—The tax imposed by sub-
23 section (a) shall be paid by the owner of the fossil fuel
24 at the point of taxation.

25 “(d) POINT OF TAXATION.—

1 “(1) For fossil fuels produced within the United
2 States, the point of taxation shall be—

3 “(A) for coal, the mine mouth or, for
4 washed coal, the exit from the coal preparation
5 and processing plant,

6 “(B) for petroleum products, the exit point
7 from the refinery, and

8 “(C) for natural gas, the exit from the gas
9 processing plant or, for natural gas that is not
10 treated at a gas processing plant, the point of
11 sale to the person who combusts the gas or in-
12 corporates it into a product that is not intended
13 for combustion.

14 “(2) For any fossil fuel imported into the
15 United States, the point of taxation shall be the
16 point at which it first enters the United States.

17 “(e) EXEMPTIONS.—

18 “(1) EXEMPTION FOR NONCOMBUSTIVE
19 USES.—

20 “(A) REFUND FOR REDUCTION OR ELIMI-
21 NATION OF EMISSIONS.—Any manufacturer of a
22 product that incorporates a fossil fuel that has
23 been taxed under this section who can dem-
24 onstrate to the Secretary that the fossil fuel has
25 been transformed via the manufacture of the

1 product so that the fossil fuel’s emissions will
2 be reduced or eliminated over the product’s life-
3 time shall be entitled to a refund of the tax
4 paid under this section on the proportion of the
5 emissions reduced thereby, as determined by
6 the Secretary.

7 “(B) RULE.—The Secretary, in consulta-
8 tion with the Administrator, shall establish by
9 rule the criteria and process by which product
10 manufacturers can demonstrate that the condi-
11 tions in subparagraph (A) have been satisfied.

12 “(C) PUBLICATION OF REGULATIONS.—
13 The Secretary shall publish the regulations re-
14 quired by this subsection no later than one year
15 prior to the start of the calendar year referred
16 to in section 9901(b)(2)(A). The Secretary may
17 not collect the tax imposed by this section for
18 any calendar year that begins less than one
19 year after the regulations are published.

20 “(2) EXEMPTION FOR CARBON CAPTURE AND
21 STORAGE.—

22 “(A) REFUND FOR SEQUESTERS.—Any
23 person who sequesters greenhouse gas emissions
24 resulting from the combustion of fossil fuel that
25 has passed through a point of taxation shall be

1 entitled to a refund of the tax imposed by this
2 section. Emissions that are used for enhanced
3 oil recovery shall be entitled for such refund
4 provided that these emissions meet all of the
5 criteria applicable to other emissions that qual-
6 ify for such refund. No refund shall be recog-
7 nized for any amount of greenhouse gas which
8 has been credited under section 45Q.

9 “(B) RULE.—The Secretary shall establish
10 by rule the procedures by which to apply for
11 such refunds and such refunds shall be paid
12 within six months of the Secretary receiving an
13 approvable application.

14 “(C) TIME OF REFUND.—The Secretary
15 may not refund any amounts under this para-
16 graph until such time as the Secretary has pub-
17 lished the regulations described in section
18 45Q(d)(2).

19 “(3) REPORT TO CONGRESS.—The Secretary
20 shall, by January 1st of each calendar year, report
21 the total amount of refunds awarded in the previous
22 fiscal year under this subsection and shall include,
23 as appropriate, the amounts refunded under para-
24 graphs (1) and (2).

1 **“SEC. 9902. IMPOSITION OF TAX ON GREENHOUSE GAS**
2 **EMISSIONS FROM CERTAIN INDUSTRIAL**
3 **PROCESSES.**

4 “(a) IN GENERAL.—There is hereby imposed a tax
5 on industrial process greenhouse gas emissions by certain
6 source categories.

7 “(b) LIST OF SOURCE CATEGORIES.—

8 “(1) INITIAL LIST.—The Congress establishes
9 for purposes of this section a list of source cat-
10 egories subject to this section as follows:

11 “(A) Iron and steel production and met-
12 allurgical coke production.

13 “(B) Underground coal mining.

14 “(C) Coal preparation and processing
15 plants.

16 “(D) Refineries.

17 “(E) Cement production.

18 “(F) Petrochemical production.

19 “(G) Lime production.

20 “(H) Ammonia production.

21 “(I) Aluminum production.

22 “(J) Soda ash production.

23 “(K) Ferroalloy production.

24 “(L) Phosphoric acid production.

25 “(M) Glass production.

26 “(N) Zinc production.

1 “(O) Lead production.

2 “(P) Magnesium production and pro-
3 cessing.

4 “(Q) Nitric acid production.

5 “(R) Adipic acid production.

6 “(S) Semiconductor manufacture.

7 “(T) Electrical transmission and distribu-
8 tion.

9 “(2) REVISION OF THE LIST.—The Adminis-
10 trator shall review the list of source categories estab-
11 lished by this subsection not less than once every
12 five years to determine if they should continue to be
13 listed and publish the results of that review. The Ad-
14 ministrator may, if appropriate, add any source cat-
15 egories to this list by rule.

16 “(3) REMOVAL OF A SOURCE CATEGORY FROM
17 THE LIST.—The Administrator may remove a source
18 category from this list only if—

19 “(A) the total emissions from the entire
20 source category which are taxable under this
21 section have been less than 250,000 metric tons
22 of carbon dioxide equivalent per year for each
23 of three consecutive years,

24 “(B) the average emissions from facilities
25 in the source category which are taxable under

1 this section have been less than 25,000 metric
2 tons of carbon dioxide equivalent per year for
3 each of the years referred in subparagraph (A),
4 and

5 “(C) the Administrator determines that
6 there is no reasonable possibility that the total
7 emissions from the entire source category which
8 are taxable under this section will exceed
9 250,000 metric tons per year of carbon dioxide
10 equivalent within any of the five years following
11 such determination.

12 “(4) ADDITION OF A SOURCE CATEGORY TO
13 THE LIST.—The Administrator may add a source
14 category to this list only if the Administrator deter-
15 mines that—

16 “(A) the total emissions from the entire
17 source category which are taxable under this
18 section have been greater than 250,000 metric
19 tons per year of carbon dioxide equivalent in
20 any two years out of the preceding five years,

21 “(B) the average emissions from facilities
22 in the source category which are taxable under
23 this section have been greater than 25,000 met-
24 ric tons per year of carbon dioxide equivalent in
25 the years in which emissions from the entire

1 source category have been greater than 250,000
2 tons per year, and

3 “(C) there is a reasonable possibility that
4 the total emissions from the entire source cat-
5 egory which are taxable under this section will
6 be greater than 250,000 metric tons per year of
7 carbon dioxide equivalent in any year within the
8 next five years following such determination.

9 “(5) The Administrator may add a source cat-
10 egory to the list that has previously been removed
11 pursuant to paragraph (3) if the addition of the
12 source category otherwise meets the requirements
13 per paragraph (4).

14 “(c) RATE OF TAX.—The rate of tax shall be the
15 same as the rate given in section 9901(b)(2).

16 “(d) BY WHOM PAID.—The tax imposed by sub-
17 section (a) shall be paid by the owner or operator of the
18 point of taxation.

19 “(e) POINT OF TAXATION.—The point of taxation
20 shall be any facility in a source category which emits more
21 than 25,000 metric tons of carbon dioxide equivalent sub-
22 ject to taxation under this section in any calendar year.

1 **“SEC. 9903. IMPOSITION OF TAX ON GREENHOUSE GAS**
2 **EMISSIONS FROM CERTAIN PRODUCT USES.**

3 “(a) IN GENERAL.—There is hereby imposed a tax
4 on non-fossil-fuel-greenhouse-gas emissions by certain
5 manufactured products when used for their intended pur-
6 poses that are manufactured within or imported into, the
7 United States.

8 “(b) LIST OF PRODUCTS.—

9 “(1) INITIAL LIST.—The Congress establishes
10 for purposes of this section a list of products subject
11 to this section as follows:

12 “(A) Fuel ethanol.

13 “(B) Industrial carbonates.

14 “(C) Carbon dioxide urea.

15 “(D) Soda ash.

16 “(E) Nitrous oxide.

17 “(F) Ozone depleting substances, but not
18 if the United States has ratified the Kigali
19 Amendment to the Montreal Protocol and is
20 subject to Article 2J, paragraph 1 of the
21 Amended Montreal Protocol.

22 “(G) Biodiesel.

23 “(H) Solid biomass fuels.

24 “(2) REVISION OF THE LIST.—The Adminis-
25 trator shall review the list of products established by
26 this subsection not less than once every five years to

1 determine if they should continue to be listed and
2 publish the results of that review. The Administrator
3 may, if appropriate, add any product to this list by
4 rule.

5 “(3) REMOVAL OF A PRODUCT FROM THE
6 LIST.—The Administrator may remove a product
7 from this list only if—

8 “(A) the total emissions from all of the
9 product used within the United States has been
10 less than 250,000 metric tons per year of car-
11 bon dioxide equivalent for each of three con-
12 secutive years, and

13 “(B) the Administrator determines that
14 there is no reasonable possibility that the total
15 emissions from all of the product used in the
16 United States will exceed 250,000 metric tons
17 per year of carbon dioxide equivalent within any
18 of the five years following such determination.

19 “(4) ADDITION OF A PRODUCT TO THE LIST.—
20 The Administrator may add a product to this list
21 only if the Administrator determines that—

22 “(A) the total emissions from all of the
23 product used within the United States has been
24 greater than 250,000 metric tons per year of

1 carbon dioxide equivalent in any two years out
2 of the preceding five years, and

3 “(B) there is a reasonable possibility that
4 the total emissions from all of the product used
5 within the United States will be greater than
6 250,000 metric tons per year of carbon dioxide
7 equivalent in any year within the next five years
8 following such determination.

9 “(5) The Secretary may add a product to the
10 list that has previously been removed pursuant to
11 paragraph (3) if the addition of the product other-
12 wise meets the requirements of paragraph (4).

13 “(c) RATE OF TAX.—The rate of tax shall be the
14 same as the rate given in section 9901(b)(2).

15 “(d) BY WHOM PAID.—The tax imposed by sub-
16 section (a) shall be paid—

17 “(1) for products manufactured in the United
18 States, by the owner or operator of the point of tax-
19 ation, and

20 “(2) for products imported into the United
21 States, by the owner of the product when it enters
22 the United States.

23 “(e) POINT OF TAXATION.—The point of taxation
24 shall be—

1 “(1) for products manufactured in the United
2 States, the manufacturing facility,

3 “(2) for products imported into the United
4 States, the point at which it first enters the United
5 States, and

6 “(3) for domestically produced biomass fuel,
7 any facility that emits from combusted biomass fuel
8 more than 25,000 metric tons of carbon dioxide
9 equivalent greenhouse gases in a year.

10 **“SEC. 9904. CALCULATION OF TAXABLE EMISSIONS.**

11 “(a) HOW TO CALCULATE TAXABLE EMISSIONS.—
12 In consultation with the Department of Energy, the Ad-
13 ministrator shall establish by rule (and may, from time
14 to time, revise) the method by which taxable emissions
15 under this part shall be calculated.

16 “(b) CATEGORIES AND SUBCATEGORIES CONSID-
17 ERED.—For purposes of calculating emissions taxable
18 under—

19 “(1) section 9901, the Administrator shall de-
20 termine by rule the amount of carbon dioxide equiv-
21 alent that would be emitted if each fossil fuel were
22 combusted, and the Administrator may establish by
23 rule such subcategories of each fuel and the means
24 by which it is combusted as the Administrator deems
25 appropriate,

1 “(2) section 9902, the Administrator may de-
2 termine by rule such subcategories of any industrial
3 process category listed in subsection 9902(b) as the
4 Administrator deems appropriate, and

5 “(3) section 9903, for fuel ethanol, biodiesel,
6 and solid biomass fuels the Administrator shall de-
7 termine by rule the amount of carbon dioxide equiv-
8 alent that would be emitted based on the lifecycle
9 greenhouse gas emissions of the product, and the
10 Administrator may determine by rule such subcat-
11 egories of manufactured products listed in sub-
12 section 9903(b) as the Administrator deems appro-
13 priate.

14 “(c) METHODS.—Where greenhouse gas emissions
15 subject to taxation under any section of this part are com-
16 bined with greenhouse gas emissions subject to taxation
17 under any other section of this part, the Administrator
18 shall ensure, to the greatest degree possible, that the
19 methods required to determine the emissions taxable
20 under any section of this part do not include any emissions
21 taxable under any other section of this part.

22 “(d) METHOD COST DIFFERENCES.—The Adminis-
23 trator shall not require the use of any method to calculate
24 taxable emissions whereby the difference in cost of the
25 method compared to the next cheapest alternative method

1 is greater than the amount of the tax that would be paid
2 on the additional emissions determined by the more expen-
3 sive method.

4 “(e) PUBLICATION OF REGULATIONS.—The Adminis-
5 trator shall publish the regulations required by this section
6 no later than January 1, 2020. The Secretary may not
7 collect the tax imposed by any section in this part for any
8 calendar year that begins less than one year after the reg-
9 ulations applicable to each such section are published.

10 **“SEC. 9905. CREDIT FOR STATE PAYMENTS.**

11 “(a) CREDIT FOR PAYMENTS.—The Secretary shall
12 allow any person who is required to make payment for
13 greenhouse gas emissions under this part a credit for pay-
14 ments made on those emissions required under any State
15 law in the following manner:

16 “(1) For the year given in section
17 9901(b)(2)(A), a credit equal to 100 percent of the
18 amount paid pursuant to requirements of State law.

19 “(2) For the first year following the year used
20 in paragraph (1), a credit equal to 80 percent of the
21 amount paid pursuant to requirements of State law.

22 “(3) For the second year following the year
23 used in paragraph (1), a credit equal to 60 percent
24 of the amount paid pursuant to requirements of
25 State law.

1 “(4) For the third year following the year used
2 in paragraph (1), a credit equal to 40 percent of the
3 amount paid pursuant to requirements of State law.

4 “(5) For the fourth year following the year
5 used in paragraph (1), a credit equal to 20 percent
6 of the amount paid pursuant to requirements of
7 State law.

8 “(b) NO CREDIT.—For all years following the year
9 used in paragraph (5), no credit shall be allowed.

10 **“SEC. 9906. PENALTIES FOR NONPAYMENT.**

11 “Any person who fails to comply with the require-
12 ments of section 9901, 9902, or 9903 shall be liable for
13 payment to the Secretary, without demand, of a penalty
14 in the amount equal to 3 times the applicable amount
15 specified by those sections for the same tax year as the
16 year in which the person failed to comply with such re-
17 quirements.

18 **“SEC. 9907. DEFINITIONS.**

19 “Unless otherwise provided, the definitions provided
20 herein are applicable to all provisions of this subtitle.

21 “(1) ADMINISTRATOR.—The term ‘Adminis-
22 trator’ means the Administrator of the Environ-
23 mental Protection Agency.

24 “(2) CARBON DIOXIDE EQUIVALENT.—The
25 term ‘carbon dioxide equivalent’ means the number

1 of metric tons of CO₂ emissions with the same glob-
2 al warming potential over a 100-year period as one
3 metric ton of another greenhouse gas.

4 “(3) COAL.—The term ‘coal’ means any of the
5 recognized classifications and ranks of coal, includ-
6 ing anthracite, bituminous, semibituminous, subbitu-
7 minous, lignite, and peat.

8 “(4) COAL PREPARATION AND PROCESSING
9 PLANT.—The term ‘coal preparation and processing
10 plant’ means any facility (excluding underground
11 mining operations) which prepares coal by one or
12 more of the following processes: breaking, crushing,
13 screening, wet or dry cleaning, and thermal drying.

14 “(5) ENHANCED OIL RECOVERY.—The term
15 ‘enhanced oil recovery’ has the meaning defined at
16 section 1.193–1(b)(2) of title 26, Code of Federal
17 Regulations, as of the date of enactment of this Act.

18 “(6) FACILITY.—The term ‘facility’ means any
19 physical property, plant, building, structure, source,
20 or stationary equipment located on one or more con-
21 tiguous or adjacent properties in actual physical con-
22 tact or separated solely by a public roadway or other
23 public right-of-way and under common ownership or
24 common control, that emits or may emit any green-
25 house gas.

1 “(7) FOSSIL FUEL.—The term ‘fossil fuel’
2 means coal, petroleum products, or natural gas.

3 “(8) GREENHOUSE GAS.—The term ‘greenhouse
4 gas’ means carbon dioxide, nitrous oxide, methane,
5 hydrofluorocarbons, perfluorocarbons, and sulfur
6 hexafluoride.

7 “(9) GREENHOUSE GAS EFFECTS.—The term
8 ‘greenhouse gas effects’ means the adverse effects of
9 greenhouse gases on health or welfare caused by the
10 greenhouse gas’s heat-trapping potential or its effect
11 on ocean acidification.

12 “(10) LIFECYCLE GREENHOUSE GAS EMIS-
13 SIONS.—The term ‘lifecycle greenhouse gas emis-
14 sions’ has the meaning given that term in section
15 211 of the Clear Air Act (42 U.S.C. 7545(o)(1)(H)).

16 “(11) NATURAL GAS.—The term ‘natural gas’
17 means any fuel consisting in whole or in part of nat-
18 ural gas, including components of natural gas such
19 as methane and ethane; liquid petroleum gas; syn-
20 thetic gas derived from coal, petroleum, or natural
21 gas liquids; or any mixture of natural gas and syn-
22 thetic gas.

23 “(12) PETROLEUM PRODUCTS.—The term ‘pe-
24 troleum products’ means unfinished oils, liquefied
25 petroleum gases, pentanes plus, aviation gasoline,

1 motor gasoline, naphtha-type jet fuel, kerosene-type
2 jet fuel, kerosene, distillate fuel oil, residual fuel oil,
3 petrochemical feedstocks, special naphthas, lubri-
4 cants, waxes, petroleum coke, asphalt, road oil, still
5 gas, and miscellaneous products obtained from the
6 processing of crude oil (including lease condensate),
7 natural gas, and other hydrocarbon compounds. The
8 term does not include natural gas, liquefied natural
9 gas, biofuels, methanol, and other nonpetroleum
10 fuels.

11 “(13) PUBLISH.—The term ‘publish’ means
12 publication in the Federal Register.

13 “(14) REFINERY.—The term ‘refinery’ means
14 any facility engaged in producing gasoline, kerosene,
15 distillate fuel oils, residual fuel oils, lubricants, or
16 other products through distillation of petroleum or
17 through redistillation, cracking or reforming of un-
18 finished petroleum derivatives.

19 “(15) OWNER.—The term ‘owner’ with respect
20 to any fossil fuel means any person who has legal
21 title to the fossil fuel.

22 “(16) OWNER OR OPERATOR.—The term ‘owner
23 or operator’ with respect to any fossil fuel means
24 any person who has legal title to the fossil fuel.

1 “(17) SEQUESTERS.—The term ‘sequesters’
2 means the permanent storage of carbon dioxide or
3 other greenhouse gas such that it does not escape
4 into the atmosphere, and is in compliance with the
5 regulations issued pursuant to section 45Q(d)(2).

6 “(18) SOLID BIOMASS.—The term ‘solid bio-
7 mass’ means nonfossilized and biodegradable organic
8 material originating from plants, animals, or micro-
9 organisms, including products, byproducts, residues
10 and waste from agriculture, forestry and related in-
11 dustries as well as the nonfossilized and biodegrad-
12 able organic fractions of industrial and municipal
13 wastes, but does not include gases and liquids recov-
14 ered from the decomposition of nonfossilized and
15 biodegradable organic material.

16 “(19) SOURCE CATEGORY.—The term ‘source
17 category’ means any category or subcategory regu-
18 lated under part 60 of title 40, Code of Federal Reg-
19 ulations, or part 90 of title 40, Code of Federal Reg-
20 ulations.

21 **“PART 2—TAX ADJUSTMENTS FOR IMPORTS AND**
22 **EXPORTS OF GREENHOUSE GAS INTENSIVE**
23 **PRODUCTS**

“Sec. 9911. Purposes.

“Sec. 9912. Definitions.

“Sec. 9913. Notification of foreign countries.

“Sec. 9914. Border tax adjustment rate.

1 **“SEC. 9911. PURPOSES.**

2 “(a) PURPOSES OF PART.—The purposes of this part
3 are—

4 “(1) to promote a strong global effort to signifi-
5 cantly reduce greenhouse gas emissions, and

6 “(2) to prevent carbon leakage.

7 “(b) ADDITIONAL PURPOSES OF PART.—The pur-
8 poses of this part are additionally—

9 “(1) to provide a rebate to exporters in domes-
10 tic eligible industrial sectors for the greenhouse gas
11 emission costs of the owners and operators incurred
12 under this title, but not for costs associated with
13 other related or unrelated market dynamics,

14 “(2) to ensure that imports from other coun-
15 tries, and, in particular, fast-growing developing
16 countries, do not enjoy competitive advantages be-
17 cause of the carbon tax liability of domestic manu-
18 facturers, and therefore increase their emissions,

19 “(3) to encourage foreign countries to take sub-
20 stantial action with respect to their greenhouse gas
21 emissions, and

22 “(4) to ensure that the measures described in
23 this subpart are designed and implemented in a
24 manner consistent with applicable international
25 agreements to which the United States is a party.

1 **“SEC. 9912. DEFINITIONS.**

2 “In this part:

3 “(1) CARBON LEAKAGE.—The term ‘carbon
4 leakage’ means any substantial increase (as deter-
5 mined by the Secretary) in greenhouse gas emissions
6 by entities located in other countries caused by a
7 cost of production increase in the United States re-
8 sulting from implementation of this title.

9 “(2) BORDER TAX ADJUSTMENT.—The term
10 ‘border tax adjustment’ means the levying of a tax
11 on imported covered goods equivalent to the amount
12 of tax paid pursuant to part 1 of this subtitle in the
13 manufacture of comparable domestic manufactured
14 goods, and the rebating of the tax paid pursuant to
15 part 1 of this subtitle that has been paid on covered
16 goods exported from the United States.

17 “(3) BORDER TAX ADJUSTMENT RATE.—The
18 term ‘border tax adjustment rate’ means the amount
19 of tax that would be paid on a covered good pro-
20 duced in the United States in the current year.

21 “(4) COMMISSIONER.—The term ‘Commis-
22 sioner’ means the Commissioner of United States
23 Customs and Border Protection.

24 “(5) COVERED GOOD.—The term ‘covered good’
25 means a good that is—

1 “(A) entered under a heading or sub-
2 heading of the Harmonized Tariff Schedule of
3 the United States that corresponds to the
4 NAICS code for an eligible industrial sector, as
5 established in the concordance between NAICS
6 codes and the Harmonized Tariff Schedule of
7 the United States prepared by the United
8 States Census Bureau, or

9 “(B) a manufactured item for consump-
10 tion.

11 “(6) ELIGIBLE INDUSTRIAL SECTOR.—The
12 term ‘eligible industrial sector’ means an industrial
13 sector determined by the Secretary under section
14 9913.

15 “(7) INDUSTRIAL SECTOR.—The term ‘indus-
16 trial sector’ means any sector that—

17 “(A) is in the manufacturing sector (as de-
18 fined in NAICS codes 31, 32, and 33), or

19 “(B) is part of, or an entire sector that
20 beneficiates or otherwise processes (including
21 agglomeration) metal ores, including iron and
22 copper ores, soda ash, and phosphate. The term
23 ‘industrial sector’ does not include any part of
24 a sector that extracts fossil fuels, metal ores,
25 soda ash, or phosphate.

1 “(8) MANUFACTURED ITEM FOR CONSUMP-
2 TION.—The term ‘manufactured item for consump-
3 tion’ means any good—

4 “(A) that includes in substantial quantities
5 one or more goods like the goods produced by
6 an eligible industrial sector, and

7 “(B) for which the Secretary has deter-
8 mined, with the concurrence of the Commis-
9 sioner, that the application of the border tax
10 adjustment program pursuant to this part is
11 technically and administratively feasible and ap-
12 propriate to achieve the purposes of this part,
13 taking into account the greenhouse gas inten-
14 sity, and where appropriate the trade intensity,
15 of the industrial sector that produces the good,
16 as measured consistent with section 9913 and
17 the ability of the producers to recover cost in-
18 creases in the marketplace and other appro-
19 priate factors.

20 “(9) NAICS.—The term ‘NAICS’ means the
21 North American Industrial Classification System of
22 2002.

23 “(10) OUTPUT.—The term ‘output’ means the
24 total tonnage or other standard unit of production

1 (as determined by the Secretary) produced by an en-
2 tity in an industrial sector.

3 **“SEC. 9913. NOTIFICATION OF FOREIGN COUNTRIES.**

4 “(a) IN GENERAL.—As soon as practicable after the
5 date of the enactment of the Stemming Warming and
6 Augmenting Pay Act of 2019, the President shall notify
7 each foreign country—

8 “(1) requesting the foreign country to take ap-
9 propriate measures to limit the greenhouse gas emis-
10 sions of the foreign country, and

11 “(2) indicating that a border tax adjustment
12 may apply to covered goods imported into and ex-
13 ported from the United States.

14 “(b) LISTS.—

15 “(1) IN GENERAL.—Not later than 1 year after
16 the date of the enactment of the Stemming Warm-
17 ing and Augmenting Pay Act of 2019, the Secretary
18 shall promulgate a rule designating, based on the
19 criteria under subsection (c)(2), industrial sectors
20 where covered products are liable for the border tax
21 adjustment.

22 “(2) CONTENT.—The list shall include the
23 amount of the border tax adjustment rate for each
24 covered good in the following calendar year pursuant
25 to section 9914.

1 “(3) SUBSEQUENT LISTS.—Not later than Jan-
2 uary 31 of each calendar year after the calendar
3 year in which the Stemming Warming and Aug-
4 menting Pay Act of 2019 is enacted, the Secretary
5 shall publish in the Federal Register an updated
6 version of the list published under paragraph (1).

7 “(c) ELIGIBLE INDUSTRIAL SECTORS.—

8 “(1) PRESUMPTIVELY ELIGIBLE INDUSTRIAL
9 SECTORS.—

10 “(A) ELIGIBILITY CRITERIA.—

11 “(i) IN GENERAL.—

12 “(I) Imported covered goods are
13 liable under this part if they are pro-
14 duced in the United States in an in-
15 dustrial sector that is included in a 6-
16 digit classification of the NAICS that
17 meets the criteria in both clauses (ii)
18 and (iii).

19 “(II) Exported covered goods are
20 eligible under this part if they are
21 produced in the United States in an
22 industrial sector that is included in a
23 6-digit classification of the NAICS
24 that meets the criteria in clause (ii).

1 “(ii) GREENHOUSE GAS INTENSITY.—

2 As determined by the Secretary, an indus-
3 trial sector meets the criteria of this clause
4 if the United States industrial sector has a
5 greenhouse gas intensity of at least 5 per-
6 cent, calculated by dividing—

7 “(I) the number of metric tons of
8 carbon dioxide equivalent greenhouse
9 gas emissions (including direct emis-
10 sions from fuel combustion, process
11 emissions, and indirect emissions from
12 the generation of electricity used to
13 produce the output of the sector) of
14 the sector based on data described in
15 subparagraph (C), multiplied by the
16 applicable rate in section 9901(b)(2),
17 by

18 “(II) the value of the shipments
19 of the sector, based on data described
20 in subparagraph (C).

21 “(iii) TRADE INTENSITY.—As deter-
22 mined by the Secretary, an industrial sec-
23 tor meets the criteria of this clause if the
24 industrial sector has a trade intensity of at
25 least 15 percent, calculated by dividing—

1 “(I) the value of the total im-
2 ports and exports of the sector, by

3 “(II) the value of the shipments
4 plus the value of imports of the sec-
5 tor, based on data described in sub-
6 paragraph (C).

7 “(B) METAL AND PHOSPHATE PRODUC-
8 TION CLASSIFIED UNDER MORE THAN ONE
9 NAICS CODE.—For purposes of this section, the
10 Secretary shall—

11 “(i) aggregate data for the
12 beneficiation or other processing (including
13 agglomeration) of metal ores, including
14 iron and copper ores, soda ash, or phos-
15 phate with subsequent steps in the process
16 of metal and phosphate manufacturing, re-
17 gardless of the NAICS code under which
18 the activity is classified, and

19 “(ii) aggregate data for the manufac-
20 turing of steel with the manufacturing of
21 steel pipe and tube made from purchased
22 steel in a nonintegrated process.

23 “(C) DATA SOURCES.—

24 “(i) VALUE OF SHIPMENTS.—

1 “(I) IN GENERAL.—The Sec-
2 retary shall determine the value of
3 shipments under this subsection from
4 data from the United States Census
5 Annual Survey of Manufacturers.

6 “(II) AVERAGE DATA AVAIL-
7 ABLE.—The Secretary shall use the
8 average of data from the most recent
9 3 years for which the data are avail-
10 able.

11 “(III) AVERAGE DATA NOT
12 AVAILABLE.—If data described in sub-
13 clause (II) are unavailable, the Sec-
14 retary shall make a determination
15 based on—

16 “(aa) data from the most
17 detailed industrial classification
18 level of the Manufacturing En-
19 ergy Consumption Survey of the
20 Energy Information Administra-
21 tion, and

22 “(bb) data from the most re-
23 cent Economic Census of the
24 United States.

1 “(IV) DATA NOT AVAILABLE FOR
2 SECTOR.—If data from the Manufac-
3 turing Energy Consumption Survey or
4 Economic Census are unavailable for
5 any sector at the 6-digit classification
6 level in the NAICS, the Secretary may
7 use available Manufacturing Energy
8 Consumption Survey or Economic
9 Census data pertaining to a broader
10 industrial category classified in the
11 NAICS.

12 “(V) DATA NOT AVAILABLE FOR
13 PROCESSING.—If data relating to the
14 beneficiation or other processing (in-
15 cluding agglomeration) of metal ores
16 (including iron and copper ores, soda
17 ash, or phosphate) are not available
18 from the specified data sources, the
19 Secretary—

20 “(aa) shall use the best
21 available Federal or State gov-
22 ernment data, and

23 “(bb) may use, to the extent
24 necessary, representative data
25 submitted by entities that per-

1 form the beneficiation or other
2 processing (including agglomer-
3 ation), in making a determina-
4 tion.

5 “(ii) IMPORTS AND EXPORTS.—

6 “(I) IN GENERAL.—The Sec-
7 retary shall base the value of imports
8 and exports under this subsection on
9 United States International Trade
10 Commission data.

11 “(II) AVERAGE DATA AVAIL-
12 ABLE.—The Secretary shall use the
13 average of data from the three most
14 recent years for which the data are
15 available.

16 “(III) AVERAGE DATA NOT
17 AVAILABLE.—If data from the United
18 States International Trade Commis-
19 sion are unavailable for any sector at
20 the 6-digit classification level in the
21 NAICS, the Secretary may use United
22 States International Trade Commis-
23 sion data pertaining to a broader in-
24 dustrial category classified in the
25 NAICS.

1 “(iii) PERCENTAGES.—The Secretary
2 shall round the greenhouse gas intensity
3 and trade intensity percentages under sub-
4 paragraph (A) to the nearest whole num-
5 ber.

6 “(iv) GREENHOUSE GAS EMISSION
7 CALCULATIONS.—When calculating the
8 metric tons of carbon dioxide equivalent
9 greenhouse gas emissions for each sector
10 under subparagraph (A)(ii)(I), the Sec-
11 retary—

12 “(I) shall use the best available
13 data from the three most recent years
14 for which the data are available, and

15 “(II) may, to the extent nec-
16 essary with respect to a sector, use
17 economic and engineering models and
18 the best available information on tech-
19 nology performance levels for the sec-
20 tor.

21 “(2) ADMINISTRATIVE DETERMINATION OF AD-
22 DITIONAL ELIGIBLE INDUSTRIAL SECTORS.—

23 “(A) UPDATED TRADE INTENSITY DATA.—
24 The Secretary shall designate as liable for bor-

1 der tax adjustment rate on imported products
2 under this part an industrial sector that—

3 “(i) met the greenhouse gas intensity
4 criteria in paragraph (1)(A)(ii) as of the
5 date of promulgation of the rule under
6 paragraph (1), and

7 “(ii) meets the trade intensity criteria
8 established under paragraph (1)(A)(iii),
9 using data sources described in paragraph
10 (1)(C) from any year after the passage of
11 this Act.

12 “(B) INDIVIDUAL SHOWING PETITION.—

13 “(i) PETITION.—In addition to des-
14 ignation under subparagraph (A), the
15 owner or operator of an entity or a group
16 of entities that collectively produce not less
17 than 80 percent of the average annual
18 value of shipments from within the sector
19 of the group consistent with subclause (I),
20 that manufacture similar products in an
21 industrial sector may petition the Sec-
22 retary to designate as eligible industrial
23 sectors under this part an entity or a
24 group of entities that—

1 “(I) represent a sector using a
2 standard product classification, and

3 “(II) meet the respective import
4 and/or export eligibility criteria in
5 paragraph (1)(A)(i).

6 “(ii) DATA.—In making a determina-
7 tion under this subparagraph, the Sec-
8 retary shall consider—

9 “(I) data submitted by the peti-
10 tioner,

11 “(II) data solicited by the Sec-
12 retary from other entities in the sec-
13 tor, and

14 “(III) data specified in para-
15 graph (1)(C).

16 “(iii) BASIS OF SUBSECTOR DETER-
17 MINATION.—

18 “(I) IN GENERAL.—Except as
19 provided in subclause (II), the Sec-
20 retary shall determine an entity or
21 group of entities to be a subsector of
22 a 6-digit section of the NAICS code
23 based only on the products manufac-
24 tured and not the industrial process

1 by which the products are manufac-
2 tured.

3 “(II) TYPE OF MATERIAL.—The
4 Secretary may determine an entity or
5 group of entities that manufacture a
6 product from primarily virgin material
7 to be a separate subsector from an-
8 other entity or group of entities that
9 manufacture the same product pri-
10 marily from recycled material.

11 “(iv) USE OF MOST RECENT DATA.—
12 In determining whether to designate a sec-
13 tor or subsector as an eligible industrial
14 sector under this subparagraph, the Sec-
15 retary shall use the most recent data avail-
16 able from the sources described in para-
17 graph (1)(C), rather than the data from
18 the years specified in paragraph (1)(C), to
19 determine the trade intensity of the sector
20 or subsector, but only for determining the
21 trade intensity.

22 “(v) FINAL ACTION.—The Secretary
23 shall take final action on a petition de-
24 scribed in this subparagraph not later than

1 180 days after the date the completed peti-
2 tion is received by the Secretary.

3 “(3) CESSATION OF QUALIFYING ACTIVITIES.—
4 If, as determined by the Secretary, an industrial sec-
5 tor or a covered good within the sector is no longer
6 liable to be designated under this section, the Com-
7 missioner shall cease to apply the border tax adjust-
8 ment on the relevant covered goods with effect from
9 January 1 of the following year.

10 **“SEC. 9914. BORDER TAX ADJUSTMENT RATE.**

11 “(a) ESTABLISHMENT.—Not later than January 1,
12 2020, the Secretary, with the concurrence of the Commis-
13 sioner, shall promulgate regulations—

14 “(1) establishing the products which are liable
15 for, and requiring payment of, the border tax adjust-
16 ment rate,

17 “(2) establishing a general methodology for cal-
18 culating the level of the border tax adjustment rate
19 that a domestic importer of any covered good must
20 submit and the rebate that an exporter will receive,

21 “(3) establishing an administrative process
22 whereby any determination by the Secretary under
23 this subsection may be appealed,

24 “(4) exempting from this section products that
25 originate from—

1 “(A) any country that the United Nations
2 has identified as among the least developed of
3 developing countries, or

4 “(B) any country that the President has
5 determined to be responsible for less than 0.5
6 percent of total global greenhouse gas emissions
7 and less than 5 percent of global production in
8 the eligible industrial sector,

9 “(5) specifying the procedures that the Com-
10 missioner will apply for the declaration and entry of
11 covered goods with respect to the eligible industrial
12 sector into the customs territory of the United
13 States, and

14 “(6) establishing procedures that prevent cir-
15 cumvention of the carbon tax liability for covered
16 goods that are manufactured or processed in more
17 than one foreign country.

18 “(b) PRESIDENTIAL DISCRETION.—The President
19 may elect not to levy the border tax adjustment for an
20 eligible industrial sector or for specific products within
21 that sector if the President determines and certifies to
22 Congress that the program would not be in the national
23 interest, economic interest or environmental interest of the
24 United States.

1 “(c) LIMITATION ON IMPOSITION OF TAX.—A border
2 tax adjustment pursuant to this subpart may not be im-
3 posed with respect to any calendar year that begins less
4 than one year after regulations are published under sub-
5 section (a).”.

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

“Subtitle L. Greenhouse Gas Emissions”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to emissions after December 31,
11 2019.

12 **TITLE II—CARBON REDUCED** 13 **PAYROLL TAX**

14 **SEC. 201. CARBON REDUCED PAYROLL TAX.**

15 (a) IN GENERAL.—Notwithstanding any other provi-
16 sion of law—

17 (1) with respect to any taxable year which be-
18 gins after December 31, 2020, the rate of tax under
19 section 1401(a) of the Internal Revenue Code of
20 1986 shall be 12.4 percent minus the reduced car-
21 bon rate, and

22 (2) with respect to remuneration received after
23 December 31, 2020—

24 (A) the rate of tax under 3101(a) of such
25 Code shall be 6.2 percent minus one-half of the

1 reduced carbon rate (including for purposes of
2 determining the applicable percentage under
3 sections 3201(a) and 3211(a)(1) of such Code),
4 and

5 (B) the rate of tax under subsection (a) of
6 section 3111 of such Code shall be 6.2 percent
7 minus one-half of the reduced carbon rate (in-
8 cluding for purposes of subsections (e) and (f)
9 of such section and determining the applicable
10 percentage under section 3221(a) of such
11 Code).

12 (b) COORDINATION WITH DEDUCTIONS FOR EM-
13 PLOYMENT TAXES.—

14 (1) DEDUCTION IN COMPUTING NET EARNINGS
15 FROM SELF-EMPLOYMENT.—For purposes of apply-
16 ing section 1402(a)(12) of the Internal Revenue
17 Code of 1986, the rate of tax imposed by subsection
18 1401(a) of such Code shall be determined without
19 regard to the reduction in such rate under this sec-
20 tion.

21 (2) INDIVIDUAL DEDUCTION.—In the case of
22 the taxes imposed by section 1401 of such Code for
23 any taxable year which begins in the payroll tax car-
24 bon period, the deduction under section 164(f) with
25 respect to such taxes shall be equal to the sum of—

1 (A) one-half of the portion of such taxes
2 attributable to the tax imposed by section
3 1401(a) (determined after the application of
4 this section), plus

5 (B) one-half of the portion of such taxes
6 attributable to the tax imposed by section
7 1401(b).

8 (c) REDUCED CARBON RATE.—For purposes of this
9 section—

10 (1) IN GENERAL.—The term “reduced carbon
11 rate” means the number of percentage points deter-
12 mined by the Secretary to be—

13 (A) 1 percentage point in the case of any
14 taxable year which begins during calendar year
15 2021, and

16 (B) in the case of any taxable year begin-
17 ning in a calendar year beginning after calendar
18 year 2021, the number of percentage points de-
19 termined by the Secretary to be, for the cal-
20 endar year the product of—

21 (i) 12.4, and

22 (ii) 52.5 percent of amounts of esti-
23 mated taxes received in the Treasury
24 under subtitle L of the Internal Revenue
25 Code of 1986 (relating to greenhouse gas

1 emissions), divided by estimated taxes that
2 would have been received in the Treasury
3 with respect to a calendar year under sec-
4 tions 1401(a), 3101(a), 3111(a), and the
5 applicable percentage of such taxes under
6 3201(a), 3211(a)(1), and 3221(a), were
7 this section not in effect.

8 (2) ESTIMATES.—For purposes of paragraph
9 (1), the determination of amounts received in the
10 Treasury shall be made on the basis of estimates by
11 the Secretary of the Treasury (or the Secretary’s
12 delegate), and proper adjustments shall be made in
13 the amounts subsequently estimated to the extent
14 prior estimates were in excess of or less than actual
15 receipts.

16 (3) PUBLICATION OF REDUCED CARBON
17 RATE.—Not later than October 31 of each calendar
18 year, the Secretary shall publish the reduced carbon
19 rate determined under this subsection for the suc-
20 ceeding calendar year.

21 (d) EMPLOYER NOTIFICATION.—The Secretary of
22 the Treasury shall notify employers of the payroll tax holi-
23 day period in any manner the Secretary deems appro-
24 priate.

25 (e) TRANSFERS OF FUNDS.—

1 (1) TRANSFERS TO FEDERAL OLD-AGE AND
2 SURVIVORS INSURANCE TRUST FUND.—There are
3 hereby appropriated to the Federal Old-Age and
4 Survivors Trust Fund and the Federal Disability In-
5 surance Trust Fund established under section 201
6 of the Social Security Act (42 U.S.C. 401) amounts
7 equal to the reduction in revenues to the Treasury
8 by reason of the application of subsection (a).
9 Amounts appropriated by the preceding sentence
10 shall be transferred from the general fund at such
11 times and in such manner as to replicate to the ex-
12 tent possible the transfers which would have oc-
13 curred to such Trust Fund had such amendments
14 not been enacted.

15 (2) TRANSFERS TO SOCIAL SECURITY EQUIVA-
16 LENT BENEFIT ACCOUNT.—There are hereby appro-
17 priated to the Social Security Equivalent Benefit Ac-
18 count established under section 15A(a) of the Rail-
19 road Retirement Act of 1974 (45 U.S.C. 231n–1(a))
20 amounts equal to the reduction in revenues to the
21 Treasury by reason of the application of subsection
22 (a)(2). Amounts appropriated by the preceding sen-
23 tence shall be transferred from the general fund at
24 such times and in such manner as to replicate to the
25 extent possible the transfers which would have oc-

1 curred to such Account had such amendments not
2 been enacted.

3 (3) COORDINATION WITH OTHER FEDERAL
4 LAWS.—For purposes of applying any provision of
5 Federal law other than the provisions of the Internal
6 Revenue Code of 1986, the rate of tax in effect
7 under section 3101(a) of such Code shall be deter-
8 mined without regard to the reduction in such rate
9 under this section.

10 (f) SPECIAL RULE.—Not later than October 1 of
11 each fiscal year beginning after fiscal year 2021 (January
12 1, 2021 in the case of fiscal year 2021), from amounts
13 in the general fund of the Treasury not otherwise appro-
14 priated, the Commissioner of Social Security shall pay an
15 amount, equal to 7.5 percent of amounts of taxes received
16 in the Treasury under subtitle L of the Internal Revenue
17 Code of 1986 (relating greenhouse gas emissions), to be
18 distributed equally among each individual entitled to
19 monthly insurance benefits under title II of the Social Se-
20 curity Act, or to an annuity under section 2 of the Rail-
21 road Retirement Act of 1974 for the first month of each
22 year.

1 **TITLE III—DISTRIBUTION OF**
2 **REVENUES FROM TAXATION**
3 **OF GREENHOUSE GAS EMIS-**
4 **SIONS**

5 **SEC. 301. ESTABLISHMENT OF THE CARBON TRUST FUND.**

6 (a) CREATION OF TRUST FUND.—There is hereby
7 created in the Treasury of the United States a trust fund
8 to be known as the “CARBON Trust Fund”.

9 (b) TRANSFERS TO TRUST FUND.—There are hereby
10 appropriated to the CARBON Trust Fund amounts equiv-
11 alent to 15 percent of the taxes received in the Treasury
12 under subtitle L of the Internal Revenue Code of 1986
13 (as added by title I of this Act).

14 **SEC. 302. APPROPRIATIONS FROM THE CARBON TRUST**
15 **FUND.**

16 Amounts in the CARBON Trust Fund for a fiscal
17 year shall be available, as provided by appropriation Acts,
18 as follows:

19 (1) Fifty percent of such amounts shall be
20 available for State block grants to be used to offset
21 higher energy costs for low-income households.

22 (2) Fifty percent of such amounts shall be
23 available for climate adaptation, carbon sequestra-
24 tion, energy efficiency, and advanced R&D pro-
25 grams.

1 **TITLE IV—AMENDMENTS TO**
2 **FEDERAL ENVIRONMENTAL**
3 **STATUTES**

4 **SEC. 401. AMENDMENTS TO THE CLEAN AIR ACT.**

5 (a) IN GENERAL.—Title III of the Clean Air Act (42
6 U.S.C. 7601) is amended by adding at the end the fol-
7 lowing:

8 **“SEC. 330. MORATORIUM AGAINST CERTAIN REGULATIONS**
9 **BASED ON GREENHOUSE GAS EFFECTS.**

10 “(a) FUELS.—Unless specifically authorized in sec-
11 tion 202, 211, 213, 231, or this section, after a fossil fuel
12 has passed through a point of taxation as provided in sec-
13 tion 9901(d) of the Internal Revenue Code of 1986, sub-
14 ject to subsection (g), the Administrator shall not publish
15 or enforce any rule limiting the emission of greenhouse
16 gases from the combustion of that fuel under this Act (or
17 impose any requirement on any State to limit such emis-
18 sion) on the basis of the emission’s greenhouse gas effects.

19 “(b) EMISSIONS.—Unless specifically authorized in
20 section 202, 211, 213, 231, or this section, if emission
21 of any greenhouse gas is subject to taxation pursuant to
22 any of sections 9902 through 9903 of the Internal Rev-
23 enue Code of 1986, the Administrator shall not publish
24 or enforce any rule limiting such emission under this Act
25 (or impose any requirement on any State to limit such

1 emission) on the basis of the emission’s greenhouse gas
2 effects.

3 “(c) AUTHORIZED REGULATION.—Notwithstanding
4 subsections (a) and (b), nothing in this section limits the
5 Administrator’s authority pursuant to any other provision
6 of this Act—

7 “(1) to limit the emission of any greenhouse
8 gas because of any adverse impact on health or wel-
9 fare other than its greenhouse gas effects;

10 “(2) in limiting emissions as described in para-
11 graph (1), to consider the collateral benefits of lim-
12 iting the emissions because of greenhouse gas ef-
13 fects;

14 “(3) to limit the emission of any other pollutant
15 that is not a greenhouse gas that the Administrator
16 determines by rule has heat-trapping properties; or

17 “(4) to take any action with respect to any
18 greenhouse gas other than limiting its emission, in-
19 cluding—

20 “(A) monitoring, reporting, and record-
21 keeping requirements;

22 “(B) conducting or supporting investiga-
23 tions; and

24 “(C) information collection.

1 “(d) EXCEPTION FOR CERTAIN GREENHOUSE GAS
2 EMISSIONS.—Notwithstanding subsections (a) and (b),
3 nothing in this section limits the Administrator’s authority
4 to regulate greenhouse gas emissions from—

5 “(1) facilities that are subject to—

6 “(A) subparts 0000 or 0000a of part
7 60 of title 40, Code of Federal Regulations, as
8 in effect on January 1, 2018, or

9 “(B) would be subject to either subpart
10 0000 or subpart 0000a if those subparts ap-
11 plied to such facilities regardless of the date on
12 which construction, modification, or reconstruc-
13 tion commenced, and

14 “(2) POTW Treatment Plants (as defined in
15 section 403.3(r) of title 40, Code of Federal Regula-
16 tions).

17 “(e) DEFINITIONS.—In this section, the terms
18 ‘greenhouse gas’ and ‘greenhouse gas effects’ have the
19 meanings given to those terms in section 9907 of the In-
20 ternal Revenue Code of 1986.

21 “(f) MORATORIUM EXPIRATION.—The moratoria on
22 the Administrator publishing or enforcing rules limiting
23 the emission of greenhouse gases in subsections (a) and
24 (b) and section 211(c)(5) of this Act shall expire on Janu-
25 ary 1, 2034.

1 “(g) EXCEPTIONS.—

2 “(1) 2024.—Notwithstanding subsections (a)
3 and (b) and section 211(c)(5) of this Act, if the Ad-
4 ministrator determines by March 30, 2026, pursuant
5 to the report required by section 9901(b)(3)(B) of
6 the Internal Revenue Code of 1986, that total green-
7 house gas emissions subject to taxation under sec-
8 tions 9901 through 9903 of such Code during the
9 period 2021 through 2025 exceed the emission level
10 specified in section 9901(b)(3)(C) of such Code for
11 calendar year 2025, then beginning on October 1,
12 2026, the prohibition in subsections (a) and (b) and
13 section 211(c)(5) of this Act on publishing or enforce-
14 ing rules limiting the emission of greenhouse gases
15 (and imposing any requirement on any State to limit
16 such emission) shall not apply.

17 “(2) 2028.—Notwithstanding subsections (a)
18 and (b) and section 211(c)(5) of this Act, if the Ad-
19 ministrator determines by March 30, 2030, pursuant
20 to the report required by section 9901(b)(3)(B) of
21 the Internal Revenue Code of 1986, that total green-
22 house gas emissions subject to taxation under sec-
23 tions 9901 through 9903 of such Code during the
24 period 2021 through 2029 exceed the emission level
25 specified in section 9901(b)(3)(C) of such Code for

1 calendar year 2029, then beginning on October 1,
2 2030, the prohibition in subsections (a) and (b) and
3 section 211(c)(5) of this Act on publishing or enforce-
4 ing rules limiting the emission of greenhouse gases
5 (and imposing any requirement on any State to limit
6 such emission) shall not apply.”.

7 (b) NEW MOTOR VEHICLES AND NEW MOTOR VEHI-
8 CLE ENGINES.—Section 202(b) of the Clean Air Act (42
9 U.S.C. 7521(b)) is amended—

10 (1) by redesignating the second paragraph (3)
11 (as redesignated by section 230(4)(C) of Public Law
12 101–549 (104 Stat. 2529)) as paragraph (4); and

13 (2) by adding at the end the following:

14 “(5) Notwithstanding section 330(a), the Ad-
15 ministrator may—

16 “(A) limit the emission of any greenhouse
17 gas (as defined in section 9907 of the Internal
18 Revenue Code of 1986) on the basis of the
19 emission’s greenhouse gas effects (as defined in
20 section 9907 of the Internal Revenue Code of
21 1986) from any class or classes of new motor
22 vehicles or new motor vehicle engines subject to
23 regulation under subsection (a)(1); and

1 “(B) grant a waiver under section
2 209(b)(1) for standards for the control of
3 greenhouse gas emissions.”.

4 (c) FUELS.—Section 211(c) of the Clean Air Act (42
5 U.S.C. 7545(c)) is amended by adding at the end the fol-
6 lowing new paragraph:

7 “(5) Except as required in section 211(o), the Admin-
8 istrator shall not, pursuant to this subsection, impose on
9 any manufacturer, processor, or distributor of fuel any re-
10 quirement for the purpose of reducing the emission of any
11 greenhouse gas (as defined in section 9907 of the Internal
12 Revenue Code of 1986) produced by combustion of the
13 fuel on the basis of the emission’s greenhouse gas effects
14 (as defined in section 9907 of the Internal Revenue Code
15 of 1986).”.

16 (d) NONROAD ENGINES AND VEHICLES EMISSIONS
17 STANDARDS.—Section 213 of the Clean Air Act (42
18 U.S.C. 7547) is amended by adding at the end the fol-
19 lowing:

20 “(e) GREENHOUSE GAS EMISSIONS.—Notwith-
21 standing subsections (a) and (b) of section 330, the Ad-
22 ministrator may limit the emission of any greenhouse gas
23 (as defined in section 9907 of the Internal Revenue Code
24 of 1986) on the basis of the emission’s greenhouse gas
25 effects (as defined in section 9907 of the Internal Revenue

1 Code of 1986) from any nonroad engines and nonroad ve-
2 hicles subject to regulation under this section.”.

3 (e) AIRCRAFT EMISSION STANDARDS.—Section 231
4 of the Clean Air Act (42 U.S.C. 757) is amended by add-
5 ing at the end the following new subsection:

6 “(d) Notwithstanding subsections (a) and (b) of sec-
7 tion 330, the Administrator may limit the emission of any
8 greenhouse gas (as defined in section 9907 of the Internal
9 Revenue Code of 1986) on the basis of the emission’s
10 greenhouse gas effects (as defined in section 9907 of the
11 Internal Revenue Code of 1986) from any class or classes
12 of aircraft engines, so long as any such limitation is not
13 more stringent than the standards adopted by the Inter-
14 national Civil Aviation Organization.”.

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