

113TH CONGRESS
2D SESSION

H. R. 5271

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 HOUSE OF REPRESENTATIVES

JULY 30, 2014

Mr. VAN HOLLEN (for himself, Mr. CARTWRIGHT, Mr. LOWENTHAL, Mr. CONNOLLY, Mr. BLUMENAUER, Mr. HOLT, Ms. NORTON, Mr. GRIJALVA, Mr. WELCH, and Mr. THOMPSON of California) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, 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 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 2014”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds the following:

3 (1) Carbon dioxide and other greenhouse gas
4 emissions continue to rise, with CO₂ in the atmos-
5 phere reaching 400 parts per million in 2013 for the
6 first time in human history.

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.

22 **SEC. 3. AUCTION OF CARBON PERMITS AND DISTRIBUTION**
23 **OF HEALTHY CLIMATE DIVIDENDS.**

24 (a) IN GENERAL.—The Internal Revenue Code of
25 1986 is amended by adding at the end the following new
26 subtitle:

1 **“Subtitle L—Auction of Carbon**
 2 **Permits and Distribution of**
 3 **Healthy Climate Dividends**

“Chapter 101. Cap and Dividend Program Rules.

“Chapter 102. Healthy Climate Dividends.

“Chapter 103. Border Adjustments.

4 **“CHAPTER 101—CAP AND DIVIDEND**
 5 **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.

6 **“SEC. 9901. DEFINITIONS.**

7 “For purposes of this subtitle:

8 “(1) ADMINISTRATOR.—The term ‘Adminis-
 9 trator’ means the Administrator of the Environ-
 10 mental Protection Agency.

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

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

16 “(A) in the case of crude oil—

17 “(i) a refinery operating in the United
 18 States which is designed to serve the pri-

1 many purpose of processing liquid fuel
2 from crude oil, and

3 “(ii) any importer of any petroleum or
4 petroleum product (not including crude oil)
5 into the United States,

6 “(B) in the case of coal—

7 “(i) any coal mine operating in the
8 United States, and

9 “(ii) any importer of coal into the
10 United States, and

11 “(C) in the case of natural gas—

12 “(i) any person required to submit a
13 report to the Energy Information Agency
14 on Form 176 by reason of delivering nat-
15 ural gas to an end user, and

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

19 “(4) COVERED FUEL.—The term ‘covered fuel’
20 means crude oil, natural gas, coal, or any other
21 product derived therefrom for use as a combustible
22 fuel offered for sale in United States markets.

23 “(5) CRUDE OIL.—The term ‘crude oil’ includes
24 crude oil condensates, natural gasoline, shale oil, any
25 bitumen or bituminous mixture, any oil derived from

1 a bitumen or bituminous mixture, and any oil de-
2 rived from kerogen-bearing sources.

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

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

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

19 **“SEC. 9902. CARBON PERMITS.**

20 “(a) IN GENERAL.—The Secretary, in consultation
21 with the Administrator, shall establish a separate quantity
22 of carbon permits for calendar year 2015 and each cal-
23 endar year thereafter, as set forth under subsection (b).

24 “(b) EMISSIONS REDUCTION SCHEDULE.—

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

10 “(2) TARGETS.—

11 “(A) INITIAL TARGET.—The quantity of
12 carbon permits established for 2016 shall be
13 equal to 10 percent less than the number of
14 metric tons of carbon dioxide emitted in the
15 United States in 2005.

16 “(B) DECADAL TARGETS.—The quantity
17 of carbon permits established for—

18 “(i) 2020 shall be equal to 20 percent
19 less than the number of metric tons of car-
20 bon dioxide emitted in the United States in
21 2005;

22 “(ii) 2025 shall be equal to 30 percent
23 less than the number of metric tons of car-
24 bon dioxide emitted in the United States in
25 2005;

1 “(iii) 2030 shall be equal to 40 per-
2 cent less than the number of metric tons
3 of carbon dioxide emitted in the United
4 States in 2005;

5 “(iv) 2035 shall be equal to 50 per-
6 cent less than the number of metric tons
7 of carbon dioxide emitted in the United
8 States in 2005;

9 “(v) 2040 shall be equal to 60 percent
10 less than the number of metric tons of car-
11 bon dioxide emitted in the United States in
12 2005;

13 “(vi) 2045 shall be equal to 70 per-
14 cent less than the number of metric tons
15 of carbon dioxide emitted in the United
16 States in 2005; and

17 “(vii) 2050 shall be equal to 80 per-
18 cent less than the number of metric tons
19 of carbon dioxide emitted in the United
20 States in 2005.

21 “(3) REPORTS.—

22 “(A) CALENDAR YEAR 2048.—In 2048 the
23 Secretary, after consultation with the Adminis-
24 trator, will submit a report to Congress making
25 recommendations concerning the program es-

1 tablished under this subtitle for years after
2 2050, including the quantity of carbon permits
3 to be established and any reductions that may
4 be necessary to ensure a healthy climate.

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

15 “(c) IDENTIFICATION NUMBERS.—The Secretary
16 shall assign to each carbon permit established under sub-
17 section (a) a unique identification number that includes
18 the vintage year for that carbon permit.

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

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

22 “(2) TERMINATION OR LIMITATION.—Nothing
23 in this subtitle or any other provision of law shall be
24 construed to limit or alter the authority of the
25 United States, including the Secretary acting pursu-

1 ant to statutory authority, to terminate or limit a
2 carbon permit.

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

11 “(e) REGULATIONS.—Not later than June 30, 2015,
12 the Secretary shall promulgate regulations to carry out the
13 provisions of this subtitle.

14 **“SEC. 9903. AUCTIONS.**

15 “(a) PERIODIC AUCTIONS.—The Secretary shall con-
16 duct periodic public auctions of carbon permits established
17 under section 9902(a). The Secretary shall conduct at
18 least 4 such auctions in each year for which carbon per-
19 mits are established.

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

21 “(1) limit auction participation only to covered
22 entities;

23 “(2) establish a limit on the amount of carbon
24 permits that can be purchased by a single entity at
25 each auction and an aggregate limit on the total

1 amount of permits that can be held by a single enti-
2 ty at any one time that—

3 “(A) reflects anticipated sector and partici-
4 pant demand;

5 “(B) prevents speculation, manipulation,
6 or hoarding of permits; and

7 “(C) does not interfere with normal mar-
8 ket competition; and

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

11 “(c) UNSOLD PERMITS.—Any carbon permit unsold
12 at auction may be offered at the next quarterly auction
13 in the calendar year. Any carbon permit unsold after the
14 last auction for a calendar year shall be transferred to the
15 reserve established under section 9908.

16 **“SEC. 9904. COMPLIANCE OBLIGATION.**

17 “(a) IN GENERAL.—Not later than April 1, 2017,
18 and April 1 of each year thereafter, a covered entity shall
19 surrender to the Secretary a quantity of carbon permits
20 at least as great as the number of metric tons of carbon
21 dioxide that the Secretary, in consultation with the Ad-
22 ministrator, determines would be emitted by the combus-
23 tion of covered fuels with respect to which the covered en-
24 tity made the first sale in United States markets during
25 the previous calendar year.

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

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

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

12 “(a) IN GENERAL.—Any covered entity that fails for
13 any year to surrender, by the deadline described in section
14 9904, one or more of the carbon permits due pursuant
15 to such section shall be liable for payment to the Secretary
16 of a penalty in the amount described in subsection (b).

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

20 “(1) the number of carbon permits that the cov-
21 ered entity failed to surrender by the deadline; by

22 “(2) 3 times the fair market value of carbon
23 permits issued for emissions occurring in the cal-
24 endar year for which the carbon permits were due.

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

6 “(d) NO EFFECT ON LIABILITY.—A penalty due and
7 payable by the covered entity under this section shall not
8 diminish the liability of the covered entity for any fine,
9 penalty, or assessment against the covered entity for the
10 same violation under any other provision of law.

11 “(e) PENALTY NOT DEDUCTIBLE.—No deduction
12 shall be allowed under subtitle A for a penalty paid under
13 this section.

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

15 “(a) IN GENERAL.—The Secretary shall issue a car-
16 bon permit to any person who the Secretary, in consulta-
17 tion with the Administrator, determines has safely and
18 verifiably captured and sequestered carbon dioxide from
19 the combustion of covered fuels in the United States.

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

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

4 **“SEC. 9907. TRADING.**

5 “(a) PERMITTED TRANSACTIONS.—The lawful holder
6 of a carbon permit may—

7 “(1) hold the carbon permit, subject to the lim-
8 its established by the Secretary under section
9 9903(b)(2); or

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

13 “(b) EFFECTIVENESS OF CARBON PERMIT TRANS-
14 FERS.—No transfer of a carbon permit shall be effective
15 until a written certification of the transfer, signed by a
16 responsible official of the transferor, is received and re-
17 corded by the Secretary in accordance with regulations
18 promulgated under section 9902(e).

19 “(c) CARBON PERMIT TRACKING SYSTEM.—The reg-
20 ulations promulgated under section 9902(e) shall include
21 a system for issuing, recording, holding, and tracking car-
22 bon permits that shall specify all necessary procedures and
23 requirements for an orderly and competitive functioning
24 of the carbon permit system. Such regulations shall pro-

1 vide for appropriate publication of the information in the
2 system on the Internet.

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

4 “(a) BANKING.—A carbon permit may be used to
5 meet the compliance obligation requirements of section
6 9904 for emissions in—

7 “(1) the vintage year for the carbon permit; or

8 “(2) any calendar year subsequent to the vin-
9 tage year for the carbon permit in accordance with
10 subsection (b).

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

19 “(c) EXPIRATION.—A carbon permit shall not expire
20 unless—

21 “(1) it is surrendered to the Secretary under
22 section 9904 or section 9907(a)(3);

23 “(2) it has remained in the reserve for 5 years
24 after being transferred into the reserve; or

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

5 “(d) BORROWING FUTURE VINTAGE YEAR CARBON
6 PERMITS.—

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

16 “(2) SPECIAL RULES.—

17 “(A) COORDINATION WITH RESERVE.—Ad-
18 ditional permits may not be auctioned under
19 paragraph (1) until after all available permits
20 in the reserve for carbon permits established
21 under subsection (b) have been used.

22 “(B) REDUCTION IN VINTAGE YEAR PER-
23 MITS.—Any carbon permits made available
24 under this subsection shall result in an equiva-
25 lent reduction in the aggregate amount of car-

1 bon permits made available in vintage years
 2 2030 through 2050 as set forth in section
 3 9902, and the Secretary shall reduce the num-
 4 ber of carbon permits by an equal percentage in
 5 each of those vintage years.

6 **“CHAPTER 102—HEALTHY CLIMATE**
 7 **DIVIDENDS**

“Sec. 9911. Healthy Climate Trust Fund.

“Sec. 9912. Healthy Climate Dividend Payments.

“Sec. 9913. Transparency.

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

9 “(a) ESTABLISHMENT.—There is established in the
 10 Treasury of the United States a trust fund to be known
 11 as the ‘Healthy Climate Trust Fund’, consisting of such
 12 amounts as may be appropriated to such trust fund as
 13 provided for in this section.

14 “(b) TRANSFERS.—

15 “(1) PROCEED AMOUNTS.—There are appro-
 16 priated to the Healthy Climate Trust Fund amounts
 17 equivalent to funds received as proceeds under sec-
 18 tion 9903.

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

23 “(c) EXPENDITURES.—

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

8 “(2) HEALTHY CLIMATE DIVIDEND PAY-
 9 MENTS.—Amounts in the Healthy Climate Trust
 10 Fund not used under paragraph (1) for any month
 11 shall be available for making Healthy Climate Divi-
 12 dend Payments under section 9912.

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

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

15 “(1) HEALTHY CLIMATE DIVIDEND PAY-
 16 MENT.—The term ‘Healthy Climate Dividend Pay-
 17 ment’ means the individual pro-rata share, as deter-
 18 mined by the Secretary, of amounts available for any
 19 quarter in the Healthy Climate Trust Fund under
 20 section 9911(c)(2). For purposes of the preceding
 21 sentence, the amounts available for any quarter shall
 22 be the fraction of the total amount made available
 23 from an auction conducted under section 9903—

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

1 “(B) the denominator of which is the num-
2 ber of quarters in the period beginning with the
3 quarter in which such auction is conducted and
4 ending with the quarter before the quarter in
5 which the next such auction is scheduled to be
6 conducted.

7 “(2) ELIGIBLE INDIVIDUAL.—

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

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

19 “(b) PAYMENT OF HEALTHY CLIMATE DIVIDEND.—
20 From amounts made available under section 9911(c)(2),
21 the Secretary shall make a Healthy Climate Dividend Pay-
22 ment not later than the end of the calendar quarter fol-
23 lowing the calendar quarter in which such amounts are
24 appropriated to the Healthy Climate Trust Fund under
25 section 9911 to each individual who is an eligible indi-

vidual for that quarter. Such payments shall be made by
electronic means to the maximum extent practicable.

“(c) **EXCLUSION FROM GROSS INCOME.**—Gross income shall not include any Healthy Climate Dividend paid under this section.

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

“SEC. 9913. TRANSPARENCY.

“(a) **REPORT TO CONGRESS.**—Not later than February 1, 2017, and at least annually thereafter, the Secretary shall transmit to Congress a report accounting for the disposition of amounts in the Healthy Climate Trust Fund in the previous calendar year.

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

“CHAPTER 103—BORDER ADJUSTMENTS

“Sec. 9921. Carbon equivalency fee.

“Sec. 9922. Definitions.

“Sec. 9923. Sense of Congress.

“SEC. 9921. CARBON EQUIVALENCY FEE.

“(a) **IMPORTS.**—The Secretary shall impose carbon equivalency fees to be collected by the Commissioner re-

1 sponsible for U.S. Customs and Border Control on imports
2 of carbon-intensive goods. The amount of the carbon
3 equivalency fee shall be equal to the cost that domestic
4 producers of a comparable carbon-intensive good incur as
5 a result of—

6 “(1) prices paid in the acquisition of carbon
7 permits by covered entities under this subtitle; and

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

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

17 “(1) prices paid in the acquisition of carbon
18 permits by covered entities under this subtitle; and

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

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

24 “(1) an international agreement requiring coun-
25 tries that emit greenhouse gases and produce car-

1 bon-intensive goods for export markets to adopt
2 equivalent measures comes into effect; or

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

6 **“SEC. 9922. DEFINITIONS.**

7 “In this chapter:

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

12 “(A) is a primary product; or

13 “(B) is a manufactured item in which one
14 or more primary products are inputs and the
15 cost of production of which in the United States
16 is significantly increased by reason of the re-
17 quirements under this subtitle.

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

20 “(A) iron, steel, steel mill products (includ-
21 ing pipe and tube), aluminum, cement, glass
22 (including flat, container, and specialty glass
23 and fiberglass), pulp, paper, chemicals, or in-
24 dustrial ceramics; and

1 “(B) any other manufactured product that
2 the Secretary, in consultation with the Adminis-
3 trator, determines—

4 “(i) is sold for purposes of further
5 manufacture; and

6 “(ii) generates, in the course of the
7 manufacture of the product, direct and in-
8 direct greenhouse gas emissions that are
9 comparable (on an emissions-per-dollar of
10 output basis) to emissions generated in the
11 manufacture or production of a primary
12 product identified in subparagraph (A).

13 “(3) EQUIVALENT MEASURE.—The term ‘equiv-
14 alent measure’ means a tax, or other regulatory re-
15 quirement that imposes a cost, on manufacturers of
16 carbon-intensive goods located outside the United
17 States, by reason of greenhouse gas emissions in the
18 production of such goods by such manufacturers, ap-
19 proximately equal to the cost imposed by this sub-
20 title on manufacturers of comparable carbon-inten-
21 sive goods located in the United States.

22 **“SEC. 9923. SENSE OF CONGRESS.**

23 “It is the sense of Congress that the United States
24 should work proactively under the United Nations Frame-
25 work Convention on Climate Change and in other appro-

1 priate fora, to establish binding agreements committing all
 2 major greenhouse gas emitting countries and countries
 3 with globally competitive producers of carbon-intensive
 4 goods to contribute equitably to the reduction of global
 5 greenhouse gas emissions on a schedule and order of mag-
 6 nitude necessary to stabilize the climate.”.

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

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

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

11 (a) DEFINITIONS.—In this section:

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

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

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

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

22 (A) consists of the anthropogenically emit-
 23 ted gases that are determined by the Adminis-
 24 trator to contribute to global warming; and

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

2 (i) carbon dioxide emitted by the com-
3 bustion of a covered fuel (as such term is
4 defined in section 9901 of the Internal
5 Revenue Code of 1986, as added by section
6 3(a) of this Act); or

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

9 (2) UPDATES.—The Administrator shall peri-
10 odically review and, as appropriate, update the list
11 under paragraph (1).

12 (c) REGULATIONS.—

13 (1) IN GENERAL.—Under the authorities vested
14 in the Administrator by the Clean Air Act (42
15 U.S.C. 7401 et seq.) and any other applicable law
16 (other than this section), the Administrator shall
17 promulgate regulations addressing the contribution
18 of non-auction greenhouse gases to global warming.

19 (2) INTERNATIONAL COMPETITIVENESS.—In
20 promulgating regulations under this subsection, the
21 Administrator shall take into consideration the effect
22 of such regulations on the international competitive-
23 ness of businesses and industries of the United
24 States.

25 (d) SCHEDULE.—

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

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

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

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

18 (D) not later than 10 years after the date
19 of enactment of this Act, requirements take ef-
20 fect to regulate sources which, collectively, emit
21 100 percent of non-auction greenhouse gases
22 emitted in the United States.

23 (2) BASELINE.—The percentages specified in
24 paragraph (1) shall be applied relative to the aggre-
25 gate quantity of non-auction greenhouse gases emit-

1 ted in the United States during the calendar year in
2 which the initial list under subsection (b)(1) is re-
3 quired to be finalized by such subsection.

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

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

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

11 (f) CITIZEN SUITS.—The provisions of section 304
12 of the Clean Air Act (42 U.S.C. 7604) shall apply with
13 respect to a violation of a requirement under this section,
14 or the failure of the Administrator to perform a non-dis-
15 cretionary act or duty under this section, to the same ex-
16 tent and in the same manner as such provisions apply with
17 respect to a violation described in subsection (a) of such
18 section 304 or a failure to perform a non-discretionary act
19 or duty described in such subsection.

20 (g) REPORT TO CONGRESS.—Not later than 2 years
21 after the date of the enactment of this Act, the Adminis-
22 trator shall submit a report to the Congress identifying
23 any additions or modifications to statutory provisions
24 which are needed for the Administrator to effectively ad-

1 dress the contribution of non-auction greenhouse gases to
2 global warming.

3 **SEC. 5. DISCLOSURE OF INFORMATION.**

4 (a) LIMITED DISCLOSURE OF IDENTITY.—Subsection
5 (l) of section 6103 of the Internal Revenue Code of 1986
6 is amended by adding at the end the following new para-
7 graph:

8 “(23) LIMITED DISCLOSURE OF IDENTITY IN-
9 FORMATION RELATING TO HEALTHY CLIMATE DIVI-
10 DEND PAYMENTS.—

11 “(A) DEPARTMENT OF THE TREASURY.—
12 Individual identity information shall, without
13 written request, be open to inspection by or dis-
14 closure to officers and employees of the Depart-
15 ment of the Treasury whose official duties re-
16 quire such inspection or disclosure for purposes
17 of section 9912.

18 “(B) COMMISSIONER OF SOCIAL SECUR-
19 ITY.—The Commissioner of Social Security
20 shall, on written request, disclose to officers
21 and employees of the Department of the Treas-
22 ury individual identity information which has
23 been disclosed to the Social Security Adminis-
24 tration as provided by paragraph (1) or (5).

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

5 (b) CONFORMING AMENDMENTS.—Section
6 6103(p)(3)(A) of the Internal Revenue Code of 1986 is
7 amended by striking “or (18)” and inserting “, (23), or
8 (21)”.

9 **SEC. 6. EFFECTIVE DATE.**

10 The amendments made by this Act shall take effect
11 on the date of the enactment of this Act.

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