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(Original Signature of Member)

112TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to reduce emissions of carbon dioxide by imposing a tax on primary fossil fuels based on their carbon content.

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IN THE HOUSE OF REPRESENTATIVES

Mr. STARK introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_  
\_\_\_\_\_

**A BILL**

To amend the Internal Revenue Code of 1986 to reduce emissions of carbon dioxide by imposing a tax on primary fossil fuels based on their carbon content.

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 “Save Our Climate Act  
5 of 2011”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

1           (1) The Intergovernmental Panel on Climate  
2           Change (IPCC) has concluded that human emissions  
3           of greenhouse gases, particularly carbon dioxide are  
4           responsible for global climate change.

5           (2) The IPCC has estimated that global tem-  
6           peratures will rise between 3.2–7.2 degrees Fahr-  
7           enheit in the next 100 years if carbon dioxide emis-  
8           sions are not dramatically reduced.

9           (3) An increase of even a few degrees could  
10          have major adverse impacts on both the natural and  
11          man-made environments, due to rising sea-levels, in-  
12          tensification of weather events, mass extinction of  
13          species, and scarcity of water.

14          (4) The United States is responsible for nearly  
15          18 percent of the world's annual carbon dioxide  
16          emissions, equaling approximately 5.5 billion metric  
17          tons of carbon dioxide per year.

18          (5) In order to stabilize the earth's climate and  
19          prevent catastrophic global climate change, the level  
20          of worldwide carbon dioxide emissions needs to be  
21          reduced 80 percent below 1990 levels by 2050.

22          (6) A tax on the carbon content of fossil fuels  
23          will create incentives for investment and develop-  
24          ment of low and zero carbon alternatives, thereby re-



1           “(1) IN GENERAL.—The amount of tax imposed  
2           by subsection (a) on any taxable fuel shall be an  
3           equivalent amount to \$10 per ton of carbon dioxide  
4           produced by combustion in such fuel, as determined  
5           by the Secretary in consultation with the Secretary  
6           of Energy.

7           “(2) ANNUAL INCREASE IN AMOUNT OF TAX.—  
8           For each calendar year beginning after 2011 which  
9           is not the year after a target attainment year, para-  
10          graph (1) shall be applied by substituting for ‘\$10’  
11          the following: ‘the amount in effect under this para-  
12          graph for the preceding calendar year, increased by  
13          \$10’.

14          “(3) RATE FREEZE AFTER TARGET ATTAIN-  
15          MENT.—For each calendar year after a target at-  
16          tainment year, the amount in effect under para-  
17          graph (1) shall be the amount in effect under para-  
18          graph (1) for the preceding calendar year.

19          “(4) TARGET ATTAINMENT YEAR.—For pur-  
20          poses of paragraph (2), a calendar year is a target  
21          attainment year if the level of carbon dioxide emis-  
22          sions in the United States for the calendar year does  
23          not exceed 20 percent of the level of carbon dioxide  
24          emissions in the United States for calendar year

1 1990, as determined by the Energy Information Ad-  
2 ministration, Department of Energy.

3 “(b) TAXABLE FUEL.—For purposes of this section,  
4 the term ‘taxable fuel’ means—

5 “(1) coal (including lignite and peat),

6 “(2) petroleum and any petroleum product (as  
7 defined in section 4612(a)(3)),

8 “(3) natural gas, and

9 “(4) biomass, municipal solid waste, and any  
10 organic material other than coal, petroleum, and  
11 natural gas that is sold for the purpose of energy  
12 production, as determined by the Secretary of En-  
13 ergy,

14 which is extracted, manufactured, or produced in the  
15 United States or entered into the United States for con-  
16 sumption, use, or warehousing.

17 “(c) OTHER DEFINITIONS.—For purposes of this  
18 section—

19 “(1) UNITED STATES.—The term ‘United  
20 States’ has the meaning given such term by section  
21 4612(a)(4).

22 “(2) IMPORTER.—The term ‘importer’ means  
23 the person entering the taxable fuel for consumption,  
24 use, or warehousing.

1           “(3) TON.—The term ‘ton’ means 2,000  
2           pounds. In the case of any taxable fuel which is a  
3           gas, the term ‘ton’ means the amount of such gas  
4           in cubic feet which is the equivalent of 2,000 pounds  
5           on a molecular weight basis.

6           “(d) EXCEPTION.—No tax shall be imposed by sub-  
7           section (a) on the sale or in-kind exchange of any taxable  
8           fuel for deposit in the Strategic Petroleum Reserve estab-  
9           lished under part B of title I of the Energy Policy and  
10          Conservation Act.

11          “(e) SPECIAL RULES.—

12           “(1) ONLY 1 TAX IMPOSED WITH RESPECT TO  
13           ANY PRODUCT.—No tax shall be imposed by sub-  
14           section (a) with respect to a taxable fuel if, with re-  
15           spect to such fuel, the person who would be liable  
16           for such tax establishes that a prior tax imposed by  
17           such subsection has been imposed and no refund or  
18           credit with respect to such tax is allowed under sub-  
19           section (g).

20           “(2) FRACTIONAL PART OF TON.—In the case  
21           of a fraction of a ton, the tax imposed by subsection  
22           (a) shall be the same fraction of the amount of such  
23           tax imposed on a whole ton.

24           “(3) USE AND CERTAIN EXCHANGES BY MANU-  
25           FACTURER, ETC.—

1           “(A) USE TREATED AS SALE.—If any per-  
2           son manufactures, produces, or imports any  
3           taxable fuel and uses such fuel, then such per-  
4           son shall be liable for tax under subsection (a)  
5           in the same manner as if such fuel were sold  
6           by such person.

7           “(B) SPECIAL RULES FOR INVENTORY EX-  
8           CHANGES.—

9           “(i) IN GENERAL.—Except as pro-  
10          vided in this subparagraph, in any case in  
11          which a manufacturer, producer, or im-  
12          porter of a taxable fuel exchanges such  
13          fuel as part of an inventory exchange with  
14          another person—

15               “(I) such exchange shall not be  
16               treated as a sale, and

17               “(II) such other person shall, for  
18               purposes of subsection (a), be treated  
19               as the manufacturer, producer, or im-  
20               porter of such fuel.

21           “(ii) REGISTRATION REQUIREMENT.—  
22          Clause (i) shall not apply to any inventory  
23          exchange unless—

24               “(I) both parties are registered  
25               with the Secretary as manufacturers,

1 producers, or importers of taxable  
2 fuels, and

3 “(II) the person receiving the  
4 taxable fuel has, at such time as the  
5 Secretary may prescribe, notified the  
6 manufacturer, producer, or importer  
7 of such person’s registration number  
8 and the internal revenue district in  
9 which such person is registered.

10 “(iii) INVENTORY EXCHANGE.—For  
11 purposes of this subparagraph, the term  
12 ‘inventory exchange’ means any exchange  
13 in which 2 persons exchange property  
14 which is, in the hands of each person,  
15 property described in section 1221(a)(1).

16 “(f) REFUND OR CREDIT FOR CERTAIN USES.—

17 “(1) MANUFACTURE OR PRODUCTION OF AN-  
18 OTHER TAXABLE FUEL.—Under regulations pre-  
19 scribed by the Secretary, if—

20 “(A) a tax under subsection (a) was paid  
21 with respect to any taxable fuel, and

22 “(B) such fuel was used by any person in  
23 the manufacture or production of any other  
24 substance which is a taxable fuel,

1 then a credit or refund (without interest) shall be al-  
2 lowed, in the same manner as if it were an overpay-  
3 ment of tax imposed by subsection (a), to such per-  
4 son in an amount equal to the tax so paid.

5 “(2) EMBEDDED OR SEQUESTERED CARBON.—  
6 Under regulations prescribed by the Secretary, if—

7 “(A) a tax under subsection (a) was paid  
8 with respect to any taxable fuel,

9 “(B) a person uses such fuel in the manu-  
10 facture or production of any substance which is  
11 not a taxable fuel, and

12 “(C) in the process of such manufacture or  
13 production, carbon in such fuel is embedded or  
14 sequestered,

15 then a credit or refund (without interest) shall be al-  
16 lowed to such person in the same manner as if it  
17 were an overpayment of tax imposed by subsection  
18 (a). The amount of such credit or refund shall be an  
19 amount equal to the amount of tax in effect under  
20 subsection (a) with respect to such fuel for the cal-  
21 endar year in which such manufacture or production  
22 occurred, determined on the basis of carbon so em-  
23 bedded or sequestered.

24 “(3) LIMITATION.—In any case to which para-  
25 graph (1) or (2) applies, the amount of any such

1 credit or refund shall not exceed the amount of tax  
2 imposed by subsection (a) on the taxable fuel used  
3 in such manufacture or production (or which would  
4 have been imposed by such subsection on such other  
5 fuel but for subsection (h)).

6 “(g) EXEMPTION FOR EXPORTS OF TAXABLE  
7 FUELS.—

8 “(1) TAX-FREE SALES.—

9 “(A) IN GENERAL.—No tax shall be im-  
10 posed by subsection (a) on the sale by the man-  
11 ufacturer or producer of any taxable fuel for ex-  
12 port or for resale by the purchaser to a second  
13 purchaser for export.

14 “(B) PROOF OF EXPORT REQUIRED.—  
15 Rules similar to the rules of section 4221(b)  
16 shall apply for purposes of subparagraph (A).

17 “(2) CREDIT OR REFUND WHERE TAX PAID.—

18 “(A) IN GENERAL.—Except as provided in  
19 subparagraph (B), if—

20 “(i) tax under subsection (a) was paid  
21 with respect to any taxable fuel, and

22 “(ii)(I) such fuel was exported by any  
23 person, or

24 “(II) such fuel was used as a material  
25 in the manufacture or production of a tax-

1           able fuel which was exported by any person  
2           and which, at the time of export, was a  
3           taxable fuel,  
4           credit or refund (without interest) of such tax  
5           shall be allowed or made to the person who paid  
6           such tax.

7           “(B) CONDITION TO ALLOWANCE.—No  
8           credit or refund shall be allowed or made under  
9           subparagraph (A) unless the person who paid  
10          the tax establishes that he—

11                  “(i) has repaid or agreed to repay the  
12                  amount of the tax to the person who ex-  
13                  ported the taxable fuel, or

14                  “(ii) has obtained the written consent  
15                  of such exporter to the allowance of the  
16                  credit or the making of the refund.

17          “(C) REFUNDS DIRECTLY TO EX-  
18          PORTER.—The Secretary shall provide, in regu-  
19          lations, the circumstances under which a credit  
20          or refund (without interest) of the tax under  
21          subsection (a) shall be allowed or made to the  
22          person who exported the taxable fuel, where—

23                  “(i) the person who paid the tax  
24                  waives his claim to the amount of such  
25                  credit or refund, and

1                   “(ii) the person exporting the taxable  
2                   fuel provides such information as the Sec-  
3                   retary may require in such regulations.

4                   “(3) REGULATIONS.—The Secretary shall pre-  
5                   scribe such regulations as may be necessary to carry  
6                   out the purposes of this subsection.

7                   “(h) BORDER ADJUSTMENTS.—

8                   “(1) IN GENERAL.—The Secretary shall make  
9                   harmonization adjustments on the importation of  
10                  any product.

11                  “(2) FEE.—In the case that taxes paid by man-  
12                  ufacturers and producers under this section with re-  
13                  spect to comparable products exceeds the sum of any  
14                  similar carbon content tax imposed by a foreign  
15                  country on the imported product, plus the amount  
16                  imposed under subsection (a), the adjustment under  
17                  subsection (a) shall be the imposition of a fee in the  
18                  amount the Secretary determines is equal to such  
19                  excess. Such fee shall be treated as a tax for pur-  
20                  poses of subtitle F.

21                  “(3) CREDIT OR REFUND.—In the case that  
22                  any similar carbon content tax imposed by a foreign  
23                  country on the imported product exceeds the taxes  
24                  paid by manufacturers and producers under this sec-  
25                  tion with respect to comparable products, the adjust-

1       ment under subsection (a) shall be a credit or refund  
2       (without interest) in the amount the Secretary deter-  
3       mines is equal to such excess. such credit or refund  
4       shall be allowed in the same manner as if it were an  
5       overpayment of tax.

6               “(4) REGULATIONS.—The Secretary shall issue  
7       such regulations as may be necessary to carry out  
8       this subsection.”.

9       (b) STUDY.—Not later than 5 years after the date  
10      of the enactment of this Act, and every 5 years thereafter,  
11      the Secretary of the Treasury, in consultation with the  
12      Secretary of Energy and the Administrator of the Envi-  
13      ronmental Protection Agency, shall conduct a study on the  
14      environmental, economic, and revenue impacts, and the  
15      carbon dioxide emissions in the United States, regarding  
16      the tax imposed by subchapter E of chapter 38 of the In-  
17      ternal Revenue Code of 1986 (relating to carbon tax on  
18      primary fossil fuels). The Secretary shall submit each  
19      study to the Committee on Ways and Means of the House  
20      of Representatives and the Committee on Finance of the  
21      Senate.

22       (c) CLERICAL AMENDMENT.—The table of sub-  
23      chapters for chapter 38 of such Code is amended by add-  
24      ing at the end thereof the following new item:

“SUBCHAPTER E. CARBON TAX ON PRIMARY FOSSIL FUELS.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to sales after December 31, 2011.

3 **SEC. 4. HEALTHY CLIMATE TRUST FUND.**

4 (a) ESTABLISHMENT OF TRUST FUND.—Subchapter  
5 A of chapter 98 of such Code (relating to trust fund code)  
6 is amended by adding at the end the following:

7 **“SEC. 9512. HEALTHY CLIMATE TRUST FUND.**

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

13 “(b) TRANSFERS.—There are appropriated to the  
14 Healthy Climate Trust Fund—

15 “(1) for calendar year 2012, amounts equiva-  
16 lent to the taxes received under section 6691, and

17 “(2) for any calendar year after 2012, amounts  
18 equivalent to the taxes received under section 6691  
19 that are attributable to the excess of—

20 “(A) the rate of tax in effect under such  
21 section for the calendar year, over

22 “(B) \$10.

23 “(c) EXPENDITURES.—

24 “(1) ADMINISTRATIVE EXPENSES.—Such  
25 amounts as may be necessary from the Healthy Cli-

1       mate Trust Fund shall be available to pay the ad-  
2       ministrative expenses necessary to carry out this sec-  
3       tion for each year, but not exceeding 0.50 percent of  
4       the amounts appropriated to such trust fund under  
5       subsection (b) in such year.

6           “(2) CONSUMER DIVIDEND PAYMENTS.—  
7       Amounts in the Healthy Climate Trust Fund not  
8       used under paragraph (1) for any year shall be  
9       available for making consumer dividend payments  
10      under subsection (d) before February 15 of the fol-  
11      lowing year.

12      “(d) PAYMENT OF CONSUMER DIVIDEND.—

13           “(1) IN GENERAL.—From amounts made avail-  
14      able under subsection (c)(2), the Secretary shall  
15      make annual consumer dividend payments to each  
16      individual who is an eligible individual for that year.

17           “(2) CONSUMER DIVIDEND PAYMENT.—The  
18      term ‘consumer dividend payment’ means the indi-  
19      vidual pro-rata share, as determined by the Sec-  
20      retary, of amounts available for the year in the  
21      Healthy Climate Trust Fund under subsection  
22      (c)(2).

23           “(3) ELIGIBLE INDIVIDUAL.—The term ‘eligible  
24      individual’ means, with respect to any year, any in-  
25      dividual with a TIN (other than a nonresident alien

1 individual) who is lawfully present in the United  
2 States for such month, as determined and verified  
3 by the Secretary in consultation with any other Fed-  
4 eral entity the Secretary determines appropriate.

5 “(4) TAX TREATMENT OF PAYMENTS.—  
6 Amounts paid under this subsection shall be includ-  
7 ible in gross income.

8 “(e) REPORT TO CONGRESS.—Not later than June  
9 1, 2013, and at least annually thereafter, the Secretary  
10 shall transmit to Congress a report accounting for the dis-  
11 position of amounts in the Healthy Climate Trust Fund  
12 in the previous calendar year.

13 “(f) HEALTHY CLIMATE TRUST FUND WEBSITE.—  
14 Not later than 90 days after the date of the enactment  
15 of this section, the Secretary shall establish and maintain  
16 a website to provide the public with information on the  
17 disposition of any amounts in the Healthy Climate Trust  
18 Fund.

19 “(g) REGULATIONS.—The Secretary shall prescribe  
20 such regulations and other guidance as may be necessary  
21 or appropriate to carry out this section.”.

22 (h) CLERICAL AMENDMENT.—The table of sections  
23 for subchapter A of chapter 98 of such Code is amended  
24 by adding at the end the following new item:

“Sec. 9512. Healthy Climate Trust Fund.”.

1 (i) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect on January 1, 2011.

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 “(22) LIMITED DISCLOSURE OF IDENTITY IN-  
9 FORMATION RELATING TO CONSUMER DIVIDEND  
10 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 9512(d).

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  
5                   9512(d).”.

6           (b)       CONFORMING        AMENDMENTS.—Section  
7   6103(p)(3)(A) of the Internal Revenue Code of 1986 is  
8   amended by striking “or (21)” and inserting “, (21), or  
9   (22)”.

10 **SEC. 6. EFFECTIVE DATE.**

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