

116TH CONGRESS
1ST SESSION

S. 940

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

IN THE SENATE OF THE UNITED STATES

MARCH 28, 2019

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Healthy Climate and
5 Family Security Act of 2019”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) Carbon dioxide and other greenhouse gas
2 emissions continue to rise.

3 (2) The warming of our planet has led to more
4 frequent, dangerous and expensive extreme weather
5 events, including heat waves, storms, fires, droughts,
6 floods and tornadoes.

7 (3) A 2018 report by the Intergovernmental
8 Panel on Climate Change (IPCC) recommends that
9 serious efforts be made to limit global warming to
10 1.5°C, which would require that CO₂ emissions fall
11 by 45 percent below 2010 levels by 2030, which
12 would be equivalent to approximately 50 percent
13 below 2005 levels by 2030.

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

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

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

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

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

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

“Chapter 101. Cap and Dividend Program Rules.

“Chapter 102. Healthy Climate Dividends.

“Chapter 103. Border Adjustments.

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

“Sec. 9901. Definitions.

“Sec. 9902. Carbon permits.

“Sec. 9903. Auctions.

“Sec. 9904. Compliance obligation.

“Sec. 9905. Penalty for noncompliance.

“Sec. 9906. Carbon capture and sequestration.

“Sec. 9907. Trading.

“Sec. 9908. Banking and borrowing.

11 **“SEC. 9901. DEFINITIONS.**

12 “For purposes of this subtitle:

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

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

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

3 “(A) in the case of crude oil—

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

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

11 “(B) in the case of coal—

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

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

16 “(C) in the case of natural gas—

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

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

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

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

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

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

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

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

1 **“SEC. 9902. CARBON PERMITS.**

2 “(a) IN GENERAL.—The Secretary, in consultation
3 with the Administrator, shall establish a separate quantity
4 of carbon permits for calendar year 2020 and each cal-
5 endar year thereafter, as set forth under subsection (b).

6 “(b) EMISSIONS REDUCTION SCHEDULE.—

7 “(1) IN GENERAL.—The quantity of carbon
8 permits established by the Secretary, in consultation
9 with the Administrator, under subsection (a) for any
10 calendar year before 2040 that is between the near-
11 est target years specified in paragraph (2) preceding
12 and succeeding such calendar year shall be the quan-
13 tity of such permits that represents an equal, pro
14 rata reduction from the preceding year to the suc-
15 ceeding year.

16 “(2) TARGETS.—

17 “(A) INITIAL TARGET.—The quantity of
18 carbon permits established for 2020 shall be
19 equal to 12.5 percent less than the number of
20 metric tons of carbon dioxide emitted in the
21 United States in 2005.

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

24 “(i) 2025 shall be equal to 35 percent
25 less than the number of metric tons of car-

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

3 “(ii) 2030 shall be equal to 50 percent
4 less than the number of metric tons of car-
5 bon dioxide emitted in the United States in
6 2005,

7 “(iii) 2035 shall be equal to 60 per-
8 cent less than the number of metric tons
9 of carbon dioxide emitted in the United
10 States in 2005, and

11 “(iv) 2040 shall be equal to 80 per-
12 cent less than the number of metric tons
13 of carbon dioxide emitted in the United
14 States in 2005.

15 “(3) REPORTS.—

16 “(A) CALENDAR YEAR 2038.—In 2038 the
17 Secretary, after consultation with the Adminis-
18 trator, shall submit a report to Congress mak-
19 ing recommendations concerning the program
20 established under this subtitle for years after
21 2040, including the quantity of carbon permits
22 to be established and any reductions that may
23 be necessary to ensure a healthy climate.

24 “(B) AVERTING CATASTROPHIC CLIMATIC
25 IMPACT.—The Secretary shall report to Con-

1 gress if the Secretary, after consultation with
2 the Administrator, determines the emissions re-
3 ductions targets under this subsection should be
4 revised in order to avert catastrophic climate
5 impacts. Such report shall include rec-
6 ommended revisions to the existing emissions
7 reduction schedule and the basis for those rec-
8 ommendations.

9 “(c) IDENTIFICATION NUMBERS.—The Secretary
10 shall assign to each carbon permit established under sub-
11 section (a) a unique identification number that includes
12 the vintage year for that carbon permit.

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

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

16 “(2) TERMINATION OR LIMITATION.—Nothing
17 in this subtitle or any other provision of law shall be
18 construed to limit or alter the authority of the
19 United States, including the Secretary acting pursu-
20 ant to statutory authority, to terminate or limit a
21 carbon permit.

22 “(3) OTHER PROVISIONS UNAFFECTED.—Noth-
23 ing in this subtitle relating to carbon permits issued
24 under this section shall affect the application of any
25 other provision of law to a covered entity (including

1 the Clean Air Act), or the responsibility for a cov-
2 ered entity to comply with any such provision of law.
3 Regional and State greenhouse gas initiatives are
4 not preempted by this subtitle.

5 “(e) REGULATIONS.—Not later than December 31,
6 2020, the Secretary shall promulgate regulations to carry
7 out the provisions of this subtitle.

8 **“SEC. 9903. AUCTIONS.**

9 “(a) PERIODIC AUCTIONS.—The Secretary shall con-
10 duct periodic public auctions of carbon permits established
11 under section 9902(a). The Secretary shall conduct at
12 least 4 such auctions in each year for which carbon per-
13 mits are established.

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

15 “(1) limit auction participation only to covered
16 entities,

17 “(2) establish a limit on the amount of carbon
18 permits that can be purchased by a single entity at
19 each auction and an aggregate limit on the total
20 amount of permits that can be held by a single enti-
21 ty at any one time that—

22 “(A) reflects anticipated sector and partici-
23 pant demand,

24 “(B) prevents speculation, manipulation,
25 or hoarding of permits, and

1 “(C) does not interfere with normal mar-
2 ket competition, and

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

5 “(c) UNSOLD PERMITS.—Any carbon permit unsold
6 at auction may be offered at the next quarterly auction
7 in the calendar year. Any carbon permit unsold after the
8 last auction for a calendar year shall be transferred to the
9 reserve established under section 9908.

10 **“SEC. 9904. COMPLIANCE OBLIGATION.**

11 “(a) IN GENERAL.—Not later than April 1, 2021,
12 and April 1 of each year thereafter, each covered entity
13 shall surrender to the Secretary a quantity of carbon per-
14 mits at least as great as the number of metric tons of
15 carbon dioxide that the Secretary, in consultation with the
16 Administrator, determines would be emitted by the com-
17 bustion of covered fuels with respect to which the covered
18 entity made the first sale in United States markets during
19 the previous calendar year.

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

24 “(c) EXEMPTION.—A covered entity shall not have to
25 surrender a carbon permit for the sale of a covered fuel

1 consumed for a non-emitting use, as defined and verified
2 by the Secretary in consultation with the Administrator,
3 unless such covered fuel is sold to a person issued carbon
4 permits under section 9906.

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

6 “(a) IN GENERAL.—Any covered entity that fails for
7 any year to surrender, by the deadline described in section
8 9904, one or more of the carbon permits due pursuant
9 to such section shall be liable for payment to the Secretary
10 of a penalty in the amount described in subsection (b).

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

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

16 “(2) 3 times the fair market value of carbon
17 permits issued for emissions occurring in the cal-
18 endar year for which the carbon permits were due.

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

24 “(d) NO EFFECT ON LIABILITY.—A penalty due and
25 payable by the covered entity under this section shall not

1 diminish the liability of the covered entity for any fine,
2 penalty, or assessment against the covered entity for the
3 same violation under any other provision of law.

4 “(e) PENALTY NOT DEDUCTIBLE.—No deduction
5 shall be allowed under subtitle A for a penalty paid under
6 this section.

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

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

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

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

20 **“SEC. 9907. TRADING.**

21 “(a) PERMITTED TRANSACTIONS.—The lawful holder
22 of a carbon permit may—

23 “(1) hold the carbon permit, subject to the lim-
24 its established by the Secretary under section
25 9903(b)(2), or

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

4 “(b) EFFECTIVENESS OF CARBON PERMIT TRANS-
5 FERS.—No transfer of a carbon permit shall be effective
6 until a written certification of the transfer, signed by a
7 responsible official of the transferor, is received and re-
8 corded by the Secretary in accordance with regulations
9 promulgated under section 9902(e).

10 “(c) CARBON PERMIT TRACKING SYSTEM.—The reg-
11 ulations promulgated under section 9902(e) shall include
12 a system for issuing, recording, holding, and tracking car-
13 bon permits that shall specify all necessary procedures and
14 requirements for an orderly and competitive functioning
15 of the carbon permit system. Such regulations shall pro-
16 vide for appropriate publication of the information in the
17 system on the Internet.

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

19 “(a) BANKING.—A carbon permit may be used to
20 meet the compliance obligation requirements of section
21 9904 for emissions in—

22 “(1) the vintage year for the carbon permit, or
23 “(2) any calendar year subsequent to the vin-
24 tage year for the carbon permit in accordance with
25 subsection (b).

1 “(b) RESERVE.—The Secretary shall establish a re-
2 serve for carbon permits. Carbon permits transferred into
3 the reserve shall be available in the manner determined
4 by the Secretary when the Secretary determines that price
5 point for carbon permits determined under subsection (d)
6 is met and additional carbon permit supply is needed to
7 stabilize the auction price. Permits in the reserve shall be
8 used on a first in, first out basis.

9 “(c) EXPIRATION.—A carbon permit shall not expire
10 unless—

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

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

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

19 “(d) BORROWING FUTURE VINTAGE YEAR CARBON
20 PERMITS.—

21 “(1) IN GENERAL.—If the auction price for car-
22 bon permits increases by more than 50 percent
23 above the average auction price for carbon permits
24 during the preceding two years (or, if before the
25 third year for which auctions are conducted, the av-

1 erage auction price for carbon permits during the
 2 preceding auctions), the Secretary shall auction as
 3 many additional carbon permits as are necessary to
 4 stabilize the auction price.

5 “(2) SPECIAL RULES.—

6 “(A) COORDINATION WITH RESERVE.—Ad-
 7 ditional permits may not be auctioned under
 8 paragraph (1) until after all available permits
 9 in the reserve for carbon permits established
 10 under subsection (b) have been used.

11 “(B) REDUCTION IN VINTAGE YEAR PER-
 12 MITS.—Any carbon permits made available
 13 under this subsection shall result in an equiva-
 14 lent reduction in the aggregate amount of car-
 15 bon permits made available in vintage years
 16 2030 through 2040 as set forth in section
 17 9902, and the Secretary shall reduce the num-
 18 ber of carbon permits by an equal percentage in
 19 each of those vintage years.

20 **“CHAPTER 102—HEALTHY CLIMATE**

21 **DIVIDENDS**

“Sec. 9911. Healthy Climate Trust Fund.

“Sec. 9912. Healthy Climate Dividend Payments.

“Sec. 9913. Transparency.

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

23 “(a) ESTABLISHMENT.—There is established in the
 24 Treasury of the United States a trust fund to be known

1 as the ‘Healthy Climate Trust Fund’, consisting of such
2 amounts as may be appropriated to such trust fund as
3 provided for in this section.

4 “(b) TRANSFERS.—

5 “(1) PROCEED AMOUNTS.—There are appro-
6 priated to the Healthy Climate Trust Fund amounts
7 equivalent to funds received as proceeds under sec-
8 tion 9903.

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

13 “(c) EXPENDITURES.—

14 “(1) ADMINISTRATIVE EXPENSES.—Such
15 amounts as may be necessary from the Healthy Cli-
16 mate Trust Fund shall be available to pay the ad-
17 ministrative expenses necessary to carry out this sec-
18 tion for each month, but not exceeding the amount
19 of interest credited to the trust fund under section
20 9602.

21 “(2) HEALTHY CLIMATE DIVIDEND PAY-
22 MENTS.—Amounts in the Healthy Climate Trust
23 Fund not used under paragraph (1) for any month
24 shall be available for making Healthy Climate Divi-
25 dend Payments under section 9912.

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

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

3 “(1) HEALTHY CLIMATE DIVIDEND PAY-
4 MENT.—The term ‘Healthy Climate Dividend Pay-
5 ment’ means the individual pro-rata share, as deter-
6 mined by the Secretary, of amounts available for any
7 quarter in the Healthy Climate Trust Fund under
8 section 9911(c)(2). For purposes of the preceding
9 sentence, the amounts available for any quarter shall
10 be the fraction of the total amount made available
11 from an auction conducted under section 9903—

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

13 “(B) the denominator of which is the num-
14 ber of quarters in the period beginning with the
15 quarter in which such auction is conducted and
16 ending with the quarter before the quarter in
17 which the next such auction is scheduled to be
18 conducted.

19 “(2) ELIGIBLE INDIVIDUAL.—

20 “(A) IN GENERAL.—The term ‘eligible in-
21 dividual’ means, with respect to any quarter,
22 any individual with a valid social security num-
23 ber (other than a nonresident alien individual)
24 who is lawfully present in the United States for
25 such quarter, as determined and verified by the
26 Secretary in consultation with any other Fed-

1 eral entity the Secretary determines appro-
2 priate.

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

5 “(b) PAYMENT OF HEALTHY CLIMATE DIVIDEND.—
6 From amounts made available under section 9911(c)(2),
7 the Secretary shall make a Healthy Climate Dividend Pay-
8 ment not later than the end of the calendar quarter fol-
9 lowing the calendar quarter in which such amounts are
10 appropriated to the Healthy Climate Trust Fund under
11 section 9911 to each individual who is an eligible indi-
12 vidual for that quarter. Such payments shall be made by
13 electronic means to the maximum extent practicable.

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

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

20 **“SEC. 9913. TRANSPARENCY.**

21 “(a) REPORT TO CONGRESS.—Not later than June
22 30, 2021, and at least annually thereafter, the Secretary
23 shall transmit to Congress a report accounting for the dis-
24 position of amounts in the Healthy Climate Trust Fund
25 in the previous calendar year.

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

7 **“CHAPTER 103—BORDER ADJUSTMENTS**

“Sec. 9921. Carbon equivalency fee.

“Sec. 9922. Definitions.

“Sec. 9923. Sense of Congress.

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

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

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

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

21 “(b) PAYMENTS TO EXPORTERS.—The Secretary
 22 shall pay without interest to persons exporting from the
 23 United States carbon-intensive goods produced in the
 24 United States. The amount of the payment shall be equal

1 to the cost that domestic producers of the carbon-intensive
2 good incur as a result of—

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

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

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

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

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

17 **“SEC. 9922. DEFINITIONS.**

18 “In this chapter:

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

23 “(A) is a primary product, or

24 “(B) is a manufactured item in which one
25 or more primary products are inputs and the

1 cost of production of which in the United States
2 is significantly increased by reason of the re-
3 quirements under this subtitle.

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

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

11 “(B) any other manufactured product that
12 the Secretary, in consultation with the Adminis-
13 trator, determines—

14 “(i) is sold for purposes of further
15 manufacture, and

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

23 “(3) EQUIVALENT MEASURE.—The term ‘equiv-
24 alent measure’ means a tax, or other regulatory re-
25 quirement that imposes a cost, on manufacturers of

1 carbon-intensive goods located outside the United
 2 States, by reason of greenhouse gas emissions in the
 3 production of such goods by such manufacturers, ap-
 4 proximately equal to the cost imposed by this sub-
 5 title on manufacturers of comparable carbon-inten-
 6 sive goods located in the United States.

7 **“SEC. 9923. SENSE OF CONGRESS.**

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

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

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

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

21 (a) DEFINITIONS.—In this section:

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

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

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

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

9 (A) consists of the anthropogenically emit-
 10 ted gases that are determined by the Adminis-
 11 trator to contribute to global warming; and

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

13 (i) carbon dioxide emitted by the com-
 14 bustion of a covered fuel (as such term is
 15 defined in section 9901 of the Internal
 16 Revenue Code of 1986, as added by section
 17 3(a) of this Act); or

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

20 (2) UPDATES.—The Administrator shall peri-
 21 odically review and, as appropriate, update the list
 22 under paragraph (1).

23 (c) REGULATIONS.—

24 (1) IN GENERAL.—Under the authorities vested
 25 in the Administrator by the Clean Air Act (42

1 U.S.C. 7401 et seq.) and any other applicable law
2 (other than this section), the Administrator shall
3 promulgate regulations addressing the contribution
4 of non-auction greenhouse gases to global warming.

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

11 (d) SCHEDULE.—

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

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

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

24 (C) not later than 8 years after the date
25 of enactment of this Act, requirements take ef-

1 fect to regulate sources which, collectively, emit
2 not less than 75 percent of non-auction green-
3 house gases emitted in the United States; and

4 (D) not later than 10 years after the date
5 of enactment of this Act, requirements take ef-
6 fect to regulate sources which, collectively, emit
7 100 percent of non-auction greenhouse gases
8 emitted in the United States.

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

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

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

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

22 (f) CITIZEN SUITS.—The provisions of section 304
23 of the Clean Air Act (42 U.S.C. 7604) shall apply with
24 respect to a violation of a requirement under this section,
25 or the failure of the Administrator to perform a non-dis-

1 cretionary act or duty under this section, to the same ex-
2 tent and in the same manner as such provisions apply with
3 respect to a violation described in subsection (a) of such
4 section 304 or a failure to perform a non-discretionary act
5 or duty described in such subsection.

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

13 **SEC. 5. DISCLOSURE OF INFORMATION.**

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

18 “(23) LIMITED DISCLOSURE OF IDENTITY IN-
19 FORMATION RELATING TO HEALTHY CLIMATE DIVI-
20 DEND PAYMENTS.—

21 “(A) DEPARTMENT OF THE TREASURY.—
22 Individual identity information shall, without
23 written request, be open to inspection by or dis-
24 closure to officers and employees of the Depart-
25 ment of the Treasury whose official duties re-

1 quire such inspection or disclosure for purposes
2 of section 9912.

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

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

14 (b) CONFORMING AMENDMENTS.—Section
15 6103(p)(3)(A) of the Internal Revenue Code of 1986 is
16 amended by striking “or (18)” and inserting “, (23), or
17 (21)”.

18 **SEC. 6. EFFECTIVE DATE.**

19 The amendments made by this Act shall take effect
20 on the date of the enactment of this Act.

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