

OVERVIEW; 2015 CARBON POLLUTION TAX BILLS
Office of Legislative Council, April 10, 2015

	H.412 (Deen; Sullivan)	H.395 (Pearson)
Summary	Each bill proposes: <ul style="list-style-type: none"> • To establish an excise tax starting in FY 2018 on fossil fuels that emit greenhouse gases in order to reflect external costs of greenhouse gas emissions in the price of these fuels and reduce fossil fuel use. • To offset most of the revenues from this carbon pollution tax through tax reductions, credits, or rebates. • To use the remaining revenues to support energy policy programs. 	
Amount	\$10 per metric ton (tonne), rising \$10 each fiscal year until \$100 per tonne	\$50 per tonne, rising \$10 each fiscal year until \$100 per tonne
Fuels taxed	Butane, coal, diesel fuel, gasoline, fuel oil, jet fuel, kerosene, natural gas, and propane; exception for fossil fuels delivered to power generation plant	
Who taxed	Distributor	
Revenue Disposition	90 percent to tax offsets 10 percent to energy policy programs <ul style="list-style-type: none"> • First \$8 million each year to Home Weatherization Assistance Fund • Remainder to Clean Energy Development Fund, renamed the Vermont Energy Independence Fund. <ul style="list-style-type: none"> ▶ Recalibrates priorities to include thermal efficiency and transportation. ▶ Additional Board members. ▶ Public process to allocate these monies. 	80 percent to tax offsets 20 percent to energy policy programs <ul style="list-style-type: none"> • ¼ to Home Weatherization Assistance Fund • ¼ to Electric Efficiency Fund for delivery of thermal efficiency • Remainder to a newly established Vermont Sustainable Transportation Fund for transportation programs and measures that reduce consumption of fossil fuels and greenhouse gas emissions
Offsets	Sales and use tax reduction <ul style="list-style-type: none"> • Specific amounts rising for first 3 FYs until reaching \$66.8 million • New rates: <ul style="list-style-type: none"> ▶ 5.5 % FY 18 ▶ 5.25 % FY 19 ▶ 5 % FY 20 and after Of the remainder : <ul style="list-style-type: none"> • 60 percent toward personal income tax, divided as follows – <ul style="list-style-type: none"> ▶ ¾ to a refundable personal income tax credit ▶ ¼ to a low-income tax rebate • 40 percent to employers as a per employee tax rebate 	9/16 toward personal income tax as a refundable credit, with the amount graduated according to income quintile 7/16 to employers as a per employee tax rebate