



A G E N D A

CITY OF SEASIDE
ENIRONTMENTAL COMMITTEE

REGULAR MEETING
CITY HALL
440 Harcourt Avenue
Tuesday, December 11, 2018
5:30 PM

PLEASE TURN OFF YOUR CELL PHONES UPON ENTERING THE MEETING

1. **CALL TO ORDER**

2. **ROLL CALL - ESTABLISHMENT OF QUORUM**

3. **ENVIRONMENTAL COMMITTEE**

4. **REVIEW OF AGENDA**

If there are any items that arose after the 72-hour posting deadline, this is the point in the meeting where a vote may be taken to add the item to the agenda. (A 2/3-majority vote is required).

5. **PUBLIC COMMENT**

Members of the public wishing to address the City Council on matters within the jurisdiction of the City of Seaside, but not on this agenda, may do so during the Public Comment period for up to three minutes. Public Comments on specific agenda items are heard under that item. For the public record, please state your name.

6. **APPROVAL OF MINUTES**

A. **APPROVE MINUTES OF NOVEMBER 13, 2018**

RECOMMENDATION: REVIEW MINUTES OF NOVEMBER 13, 2018

7. **BUSINESS ITEMS**

A. **DISCUSSION OF SINGLE-USE PLASTICS ORDINANCES
FROM MONTEREY AND SANTA CRUZ**

RECOMMENDATION: The purpose of this item is for the committee to discuss the Monterey and Santa Cruz ordinances city code related to plastics prohibitions as well as Monterey's code amendments to clarify multifamily dwellings are not required to provide organic waste recycling services consistent with state law.

**B. CONSIDERATION OF A RESOLUTION OF SUPPORT FOR
HR 7173: ENERGY INNOVATION AND CARBON DIVIDEND
ACT OF 2018.**

RECOMMENDATION: The purpose of this item is for the Environmental Committee of Seaside to consider authoring a memorandum addressed to the City Council regarding their support of a Resolution of Support for HR 7173:Energy Innovation and Carbon Dividend Act of 2018.

<https://community.citizensclimatelobby.org/energy-innovation-act/>

**C. PRIORITIZATION UPDATE AND CONTINUATION OF
DISCUSSION**

RECOMMENDATION: The purpose of this item is to continue the discussion of the brainstorming results of the prioritization exercise at the previous meeting and discuss next steps.

8. REPORTS FROM COMMISSIONERS

9. REPORTS FROM STAFF

**A. UPDATE ON SPECIAL PLANNING COMMISSION MEETING
REGARDING THE BEEKEEPING ORDINANCE**

RECOMMENDATION: The purpose of this item is for staff to provide the committee with information on the rescheduled Planning Commission meeting regarding the proposed ordinance amendments regarding beekeeping.

10. ADJOURNMENT

Next Regularly Scheduled Meeting:
JANUARY 8, 2019
Seaside City Hall
5:30PM

The City of Seaside is committed to providing accessible facilities and accommodating people with disabilities in all of its services programs and activities. If special considerations are needed by any person to fully participate in this meeting, they are asked to contact the City Clerk at 899-6707 no fewer than two business days prior to the meeting to allow reasonable arrangements. The City Council chamber is equipped with a portable microphone and assisted listening devices are available at all meetings.

Agenda-related writings or documents provided during public meetings are available for public inspection during the meeting or from the office of the City Clerk. This agenda is posted in compliance with California Government Code Section 54954.2(a) or Section 54956.



DRAFT MINUTES

CITY OF SEASIDE
ENVIRONMENTAL COMMITTEE

REGULAR MEETING
COUNCIL CHAMBER

Tuesday, November 13, 2018
5:30PM

1. **CALL TO ORDER**

The meeting was called to order at 5:30 pm.

2. **ROLL CALL – ESTABLISHMENT OF QUORUM**

PRESENT: Raak, Revelas, Wizard, Murphy
Molle (Arrived Late), Abraham-Panni (Arrived Late)
ABSENT: Coble

3. **ENVIRONMENTAL COMMITTEE**

No information was reported.

4. **REVIEW OF AGENDA**

Staff Liaison Beth Rocha requested a business item be added to the agenda after the 72hr posting deadline: Item: The Environmental Committee consider a letter/memo of support addressed to the Planning Commission regarding the proposed amendments to the municipal code regarding beekeeping, to include review of the memo and suggestions to content.

5. **PUBLIC COMMENT**

Dan Fernandez, CSUMB professor provided comment regarding the attendance and participation of his capstone students at the Environmental Committee meeting.

6. **APPROVAL OF MINUTES**

A. **APPROVE MINUTES FROM SEPTEMBER 11, 2018**

On motion by Committee Member Wizard, second by Committee Member Revelas and passed by a unanimous vote, the minutes for the October 9, 2018 meeting were approved.

7. **BUSINESS ITEMS**

A. **PRESENTATION BY LEE HEDGPETH AND LINDA CHARLES OF CITIZENS' CLIMATE LOBBY, MONTEREY**

Presented information on CCL, Carbon Fee and Dividend (CFD) history and proposal, and informed the committee of resolutions of support from local jurisdictions for the CFD and their desire to have a resolution of support from the City of Seaside.

B. PRESENTATION FROM JEFF LINDENTHAL OF MRWMD

Jeff provided an overview of the district and CM Campbell's role on the board. Spoke about their state of the art processing facility, designed to recover 95% of items received as recycling. State goal is to recycle 75%. Survey: Samples from Seaside (10 loads from 10 trucks, 100lb samples) and 19.6% (peninsula average) of material in bins were materials that could not be recycled ("contaminated"). There will be a focus on educating the community on what belongs in recycle bins in Seaside and county-wide, ask contamination amounts were greater in some communities when compared to Seaside. Covered recycling methods and distribution now that China has decided they will no longer accept plastics and is requiring 99.5% non-contaminated recycled items. MRWMD had to slow down the operation of their processing facility, but is meeting the 99.5%. Provided an overview of food-scrap program and participating businesses in Seaside.

Public comment: Dan Fernandez, CSUMB, What are the implications of having contaminated recyclables (extra labor, can't recycle whole load, etc.)? A. It makes it more difficult to meet 99.5%, extra work to clean items.

Committee Discussion:

Murphy: Recommended continuing our conversation regarding waste management now that we have a better understanding of how this local program is operating.

Molle: Asked clarifying questions regarding data presented re. recycling, yard waste, and garbage. A. Jeff: Yard waste is a significant contributor to recycling in Seaside.

Abraham-Panni: Asked further questions regarding how contamination affects overall recycling numbers.

Revelas: Why can't food scraps be placed in yard waste? A: Jeff: Yard waste is turned into mulch, then it's composted. It's very clean and certified for use in organic agriculture. Once you add food scraps to that, then it can't be certified for use in organic ag. Also, most of the compost produced goes back to Salinas for row crops and due to contamination concerns of food scraps, it's excluded.

Jeff: We'd like to do some pilot projects for food scrap collection, as SB 1383 will required this around 2022. You can recommend this to Jason Campbell, who is on our board.

Molle: Is there any insight you can give us on type of contamination? Jeff: It's a little of everything: trash and plastic film bags.

Wizard: Asked a question about how the sorting machine works to pull out plastic film. Jeff explained process.

Murphy: What would the district request of the EC to assist in recycling efforts?

A: Jeff: Look at single-use plastics. Straws have been of focus recently. Monterey will be hearing an ordinance next week prohibiting plastic straws in restaurants. The state law only pertains to sit-down establishments, not fast-food or take-out. Also includes cutlery. Look at their ordinance and discuss its relevance to the City of Seaside.

Revelas: Thanked all those who recycle, etc. It changes all the time: What goes where, what changes happened, outreach is essential. Outreach through the schools is the way to go for information to be taught to parents.

C. PROJECT PRESENTATION BY CSUMB STUDENTS: NATURE FOR THE COMMUNITY: A VISUAL TREE, PLANT AND FLOWER GUIDE FOR THE CITY OF SEASIDE; NATURALEZA PARA LA COMUNIDAD: UN GUIA VISUAL DE ARBOLES, PLANTAS, Y FLORES PARA LA CUIDAD DE SEASIDE.

The group introduced themselves and provided an overview of the work they've done so far regarding their capstone, including 26 surveys. More data will be provided.

Committee Discussion:

Molle: I would like to see info on where to purchase recommended species.

Wizard: Simple communication is best, as the latin name will not be helpful to me.

Abraham-Panni: I look forward to who this is for, what you want them to do, defining of terms, and how the guide will be distributed to the community.

Molle: Pollinator-friendliness would be helpful to know.

Staff liaison Rocha: Will indoor plants be included to address indoor air quality. Explain more about survey process.

A: 40% of the community is Spanish speaking. For the most part we introduced ourselves in Spanish and switched to English if needed. There were both English and Spanish surveys. We will survey more at more locations.

Raak: Outreach/surveys should include going to the nurseries themselves and asking if people are able to plant where they live (renter regs, etc.).

Wizard: Could you include icons that indicate plant care (for example, drops of water, green thumbs, etc).

Murphy: Guide should include locations in Seaside where mature plants are located, especially with work done with Return of the Natives.

D. CSUMB INTERN: EPP COMPLIANCE PROJECT UPDATE

Maddy shared some of her recent work, resources found, difficulties discovered, and her approach to broaden her original scope. Maddy to provide an update to the EC members ASAP through staff liaison Rocha.

Committee Discussion:

Molle: Peninsula Plastics Coalition has done a lot of work. Post that info publically is a great idea. We might have some committee openings, so keep this in mind for local business owners.

E. PRIORITIZATION UPDATE AND CONTINUATION OF DISCUSSION

Staff liaison Rocha provided an overview of the prioritization update, as information has been compiled in groups and will be shared with the committee. This item will be placed on the next agenda for further discussion and committee members taking on specific tasks.

Committee Discussion:

Raak: Suggested to continue this item to the next meeting. Abraham-Panni motioned to continue this item, second by Molle. Unanimous approval.

F. **LETTER OF SUPPORT FOR BEEKEEPING AMENDMENTS**

Staff liaison Rocha explained the basics of the amendments, which will result in beekeeping being permitted by-right city wide with the limitations outlined in the proposals to title 6 and 17. CM Campbell is supportive of the Environmental Committee communicating their support via a memorandum.

Public Comment:

Jeff (MRWMD): As a long-time beekeeper, it's great that you're going to make it easier for people to beekeeping. Dependent on the size of the lot, three hives is a lot. Good for streamlining!

Committee Discussion:

Molle: Has comments for the proposed amendments. Rocha: We can still work on details since the language is not being included in the memo.

Motion to support memo by Molle, second by Revelas. Wizard abstains, all others voted in favor.

8. REPORTS FROM COMMISSIONERS

City Council meeting, Item 10A breeding ground for bird on Robert's Lake, so if this is of interest to you I encourage you to attend.

9. REPORTS FROM STAFF

2018 Beacon Spotlight Award given to the City of Seaside for reducing electricity usage through lighting retrofits and street lights.

Cal APA Conference summary provided by staff liaison Rocha. Shared information packet prepared that includes company links and projects being done that are innovative and inclusive.

10. ADJOURNMENT

Having no further business, the meeting was adjourned at 7:00 pm.

AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY

**AMENDING CHAPTER 14 OF THE MONTEREY CITY CODE
RELATED TO GARBAGE AND REFUSE TO PROHIBIT USE OF PLASTIC
BEVERAGE STRAWS AND AMEND THE DEFINITION OF DISPOSABLE FOOD
SERVICE WARE TO INCLUDE STRAWS, UTENSILS, STIRRERS, AND CUP LIDS
THEREBY REQUIRING THESE PRODUCTS TO BE BIODEGRADABLE,
COMPOSTABLE, OR RECYCLABLE AND AMEND THE CODE TO CLARIFY
MULTIFAMILY DWELLINGS ARE NOT REQUIRED TO PROVIDE ORGANIC WASTE
RECYCLING SERVICES CONSISTENT WITH STATE LAW**

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

SECTION 1:

WHEREAS, the rate of plastics production growth has outstripped most other man-made materials, increasing by 620% since 1975;

WHEREAS, only 9% of the plastic produced to date has been recycled, and annual recycling rates in the U.S. have stagnated at around 9% since 2012;

WHEREAS, plastic does not biodegrade but instead breaks down into smaller pieces that can turn into microplastic, which is becoming more prevalent in the ocean and has been shown to enter the marine food chain;

WHEREAS, the legislature of the State of California, by enactment of the California Integrated Waste Management Act of 1989 and subsequent additions and amendments thereto (California Public Resources Code Section 40000 *et seq.*) has declared that it is within the public interest to authorize, and to require local agencies to make adequate provisions for Solid Waste handling within their jurisdictions, and has established a Solid Waste management process, which requires cities and other local agencies to implement plans for source reduction, reuse, and recycling as part of their integrated waste management practices;

WHEREAS, the City of Monterey has adopted regulations pertaining to the collection, transportation, and disposal of Solid Waste and recyclables produced within the City;

WHEREAS, the City desires to amend Chapter 14 of the Monterey City Code to bring the City's Solid Waste and recycling regulations into conformance with its current

practices related to the collection, transportation, and disposal of solid waste and recyclables, and to enable the City to continue its compliance with the goals of the California Integrated Waste Management Act; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

Further, the proposed Ordinance is exempt from CEQA on the separate and independent ground that it is an action of a regulatory agency for the protection of the environment because it will strengthen the City's regulations regarding the distribution and sale of single-use plastic products that harm the environment. Thus, this Ordinance is categorically exempt CEQA Guidelines section 15308 (Class 8) as an action by a regulatory agency for the protection of the environment. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The proposed ordinance restricts the use of plastic food service ware and will only impact sensitive environments in a positive manner and will not otherwise impact a resource of hazardous or critical concern.

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The proposed ordinance restricts the use of plastic food service ware. No cumulative impact is anticipated.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. The proposed ordinance restricts the use of plastic food service ware. No significant effect due to unusual circumstance is anticipated.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic

highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). The proposed ordinance restricts the use of plastic food service ware. Therefore, impacts to scenic highways would not occur.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. The proposed ordinance is not related to any project site listed pursuant to Government Code section 65962.5. The ordinance would have no impact to hazardous waste sites.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. The proposed ordinance restricts the use of plastic food service ware and does not impact historical resources.

NOW THEREFORE, the Monterey City Council declares as follows:

SECTION 2. Monterey City Code, Chapter 14, Article 1, section 14-3.1, subsection (g) is renumbered as subsection (h) of the same section and subsection (f) is renumbered as subsection (g) of the same section.

SECTION 3. A new subsection (f) of section 14-3.1 of Article 1 of Chapter 14 of the City Code, shall hereby be added to read as follows:

“This section does not require a business that is a multifamily dwelling to arrange for the organic waste recycling services for food waste generated by habitants of the multifamily dwelling.”

SECTION 4. Monterey City Code, Chapter 14, Article 3, section 14-15(g) is amended to delete “shall mean” and replace it with “means,” and to replace the reference to the “Public Works Director” with “Community Development Director,” so that as amended Section 14-5(g) shall read:

“Director” means the Community Development Director, or his/her designee.

SECTION 5. Monterey City Code, Chapter 14, Article 3 is hereby repealed in its entirety and replaced as follows:

ARTICLE 3.
ENVIRONMENTALLY ACCEPTABLE FOOD SERVICEWARE.

Sec. 14-15. The provisions of this Article shall become operative April 22, 2019.

Sec. 14-15.1. Definitions.

Unless otherwise expressly stated, whenever used in this Article the following terms shall have the meanings set forth below:

- (a) "Affordable Alternative" means a Biodegradable, Compostable or Recyclable product that costs up to 15 percent more than the purchase cost of the non-biodegradable, non-compostable or non-recyclable alternative(s).
- (b) "ASTM Standard" means meeting the standards of the American Society for Testing and Materials (ASTM) International Standards D6400 or D6868 for biodegradable and compostable plastics, as those standards may be amended.
- (c) "Biodegradable" means the ability of organic matter to break down from a complex to a more simple form in accordance with the ASTM Standard for biodegradability.
- (d) "City" means the City of Monterey.
- (e) "City Facility" means any building, structure or vehicle owned and operated by the City of Monterey, its agents, agencies, and departments.
- (f) "City Contractor" means any Person who has a contract with the City entered into after the Operative Date who provides Prepared Food while performing the contract.
- (g) "Compostable" means all the materials in the product or package will break down, or otherwise become part of usable compost (e.g., soil-conditioning material, mulch) in a safe and timely manner. Compostable Disposable food service ware must meet ASTM standards for compostability and any bio-plastic or plastic-like product must be clearly labeled, preferably with a color symbol, to allow proper identification such that the collector and processor can easily distinguish the ASTM standard compostable plastic from non-ASTM standard compostable plastic.
- (h) "Dine-In Services" means Prepared Food provided to a customer for consumption on the provider's premises.
- (i) "Dine-Out Services" means Prepared Food provided to a customer for consumption not on the provider's premises.

- (j) “Director” means the Community Development Director, or the designee of the Community Development Director.
- (k) “Disposable” means designed or intended for a single use or few uses, or not intended for reuse, in contrast with Reusable products.
- (l) “Food Provider” means any vendor located or providing food within the City which provides Prepared Food on or off its premises and includes without limitation any store, shop, sales outlet, restaurant, grocery store, supermarket, delicatessen, food/catering truck or vehicle, including vendors located outside of the City when delivering Prepared Food into the City.
- (m) “Food Service Ware” means products used in the restaurant and food service industry for consuming, packaging, serving, and transporting ready-to-consume food and beverages, including but not limited to, utensils, straws, beverage stirrers, plates, bowls, cups, cup lids, trays, boxes, clamshells, packaging, and containers.
- (n) “Operative Date” means April 22, 2019.
- (o) “Person” means an individual, entity, business, event promoter, trust, firm, joint stock company, corporation, non-profit, including a government corporation, partnership, or association.
- (p) “Plastic” a material derived from either petroleum or a biologically based polymer, such as corn or other plant sources.
- (q) “Polystyrene Foam” means and includes expanded polystyrene that is a thermoplastic petrochemical material utilizing a styrene monomer and processed by any number of techniques including, but not limited to, fusion of polymer spheres (expandable bead polystyrene), injection molding, form molding, and extrusion-blow molding (extruded foam polystyrene). To include but not limited to polystyrene foam plate, bleached paperboard plate with low density polyethylene coating and bleached paperboard plate with polystyrene coating.
- (r) “Prepared Food” means food or beverage prepared for consumption using any cooking or food preparation technique. This does not include any raw uncooked meat, poultry, fish or eggs unless provided for consumption without further food preparation.
- (s) “Recyclable” means any material that is accepted by the City or special district recycling program, including, but not limited to, paper, glass, aluminum, cardboard and plastic bottles, jars and tubs.

(t) "Reusable" means designed or intended for more than a single use or few uses, or intended for reuse, in contrast to Disposable.

(u) "Special Event Participant" means a Person providing Prepared Food at any special event (as that term is used in Article 1 of Chapter 32 of this Code), regardless of size, sponsored by any Person, commercial or non-profit organization, group, or individual, which is held within the City of Monterey, regardless of whether the Prepared Food is prepared within or outside of the Monterey City limits.

(v) "Straw" means a tube through which beverages, slurries, smoothies, and similar ingestible products may be ingested by the consumer.

Sec. 14-16. Prohibited Disposable Food Service Ware.

(a) City Facilities. All Persons within, at, or upon any City Facility are prohibited from:

- (1) Distributing Prepared Food using Polystyrene Foam,
- (2) Distributing Plastic Straws, except when a consumer with a self-identified physical disability making the use of a Plastic Straw necessary specifically requests a Plastic Straw, whereupon the Person shall provide a Plastic Straw to the consumer, and
- (3) Distributing Disposable Food Service Ware that is not Recyclable, Compostable, and/or Biodegradable unless there is no Affordable Alternative.

(b) Food Providers, City Contractors, and Special Event Participants. Food Providers, City Contractors, and Special Event Participants are prohibited from:

- (1) Using or distributing Polystyrene Foam for Prepared Food or in any Food Service Ware,
- (2) Using or distributing Plastic Straws, except when a consumer with a self-identified physical disability making the use of a Plastic Straw necessary specifically requests a Plastic Straw, whereupon the Food Provider, City Contractor, or Special Event Participant shall provide a Plastic Straw to the consumer, and
- (3) Using or distributing any Disposable Food Service Ware when providing Dine-In Services, unless the consumer requests a Straw, whereupon a Food Provider may distribute a Straw that is Compostable or Biodegradable, such as one made from paper, sugar cane, pasta, or

bamboo, though not a Plastic Straw, except when a consumer with a self-identified physical disability making the use of a Plastic Straw necessary specifically requests a Plastic Straw, whereupon the Food Provider, City Contractor, or Special Event Participant shall provide a Plastic Straw to the consumer.

- (4) When providing Dine-Out Services, using or distributing Disposable Food Service Ware that is not Compostable, Biodegradable, or Recyclable, unless:
 - (A) A consumer with a self-identified physical disability making the use of a Plastic Straw necessary specifically requests a Plastic Straw, whereupon the Food Provider, City Contractor, or Special Event Participant shall provide a Plastic Straw to the consumer.
 - (B) There is no Affordable Alternative to Disposable Food Service Ware that is not Compostable, Biodegradable, or Recyclable, whereupon the Food Service Provider may use or provide Disposable Food Service Ware that is not Compostable, Biodegradable, or Recyclable, though this exception shall not permit the use or distribution use of a Plastic Straw.

Sec. 14-17. Additional Obligations Under This Article.

Food Providers or other Person required by Article 1 of Chapter 19 of this Code to have a license transact business, shall state on its annual business license renewal form that it is compliant with all provisions of this Article.

Sec. 14-18. Encouraged and Voluntary Use of Reusable, Biodegradable, Compostable, or Recyclable Food Service Ware.

- (a) All Persons, including supermarkets and vendors, are encouraged to eliminate the use of Polystyrene Foam for packaging of food and other items that are not Prepared Food.
- (b) All Persons are encouraged to use and distribute Reusable, rather than Disposable, Food Service Ware, even when not required to do so. When it is necessary to use or distribute Disposable Food Service Ware, all Persons are encouraged to use and distribute Disposable Food Service Ware that is Biodegradable, Compostable, or Recyclable, even when not required to do so.

Sec. 14-19. Application for Exemption.

- (a) Application. A Person may apply for an exemption from the requirements set forth in Section 14-16 of this Article for one non-renewable one-year period. The

application must be in writing and must include all information necessary for the Director to make a determination, including but not limited to a statement of the supporting facts made under penalty of perjury and documentation showing factual support for the exemption. The Director may require the applicant to provide additional information and may deny the application if the applicant fails to provide it.

(b) Determination by Director. The City may, within its discretion, approve a Food Provider's or City Contractor's application for exemption from the requirements set forth in Section 14-16 of this Article for a non-renewable, one-year period only upon a finding and determination that Section 14-16 would create an undue hardship upon the applicant not generally applicable to other Food Provider's or City Contractor's in similar circumstances. The Director may, within its discretion, deny the application in whole, approve the application in whole, or approve the application in part and/or with conditions. The Director shall prepare a written decision to grant or deny a one-year exemption, which decision shall be final.

Sec. 14-20. Enforcement and Remedies.

Violations of this Article shall be enforced as follows:

- (a) The Director shall be primarily responsible for enforcing this Article.
- (b) The Director, in accordance with applicable law including Title 13 of Part 3 of the California Code of Civil Procedure, may inspect the premises of any Food Provider to verify compliance, provided that the Premises is located within the City.
- (c) For a first violation of the provisions of this Article, the City shall provide notice to the Person(s) violating this Article that a violation has occurred.
- (d) For any violation after the first violation, the Director, the Director's designees, officers of the Police Department, or attorneys of the City Attorney's Office, shall have the authority to take any one or more of the following actions:
 - (1) Issue an administrative citation pursuant to Article 2 of Chapter 1 of the Monterey City Code, including the imposition of a fine pursuant to the City's Administrative Citation Fine Schedule, as it may be amended.
 - (a) Food Providers, Special Event Participants, and any other Person who violates any provision of this Article in connection with a special event (as that term is used in Article 1 of Chapter 32 of this Code), shall be assessed a progressive administrative fine, which shall increase in amount depending upon the number of persons at

said special event, in accordance with the City's Administrative Citation Fine Schedule.

- (2) Prosecute the violation as a criminal infraction or a misdemeanor.
- (3) Petition a court of competent jurisdiction for injunctive and/or declaratory relief;
- (4) Seek any other remedy available at law, in equity, and/or by statute.

SECTION 6: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 7: This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY
this ____ day of _____, 2018, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of Monterey

City Clerk thereof

ORDINANCE NO. _____

**ORDINANCE ADDING CHAPTER 5.49 TO
THE SANTA CRUZ COUNTY CODE RELATING
TO HOSPITALITY PLASTIC POLLUTION REDUCTION**

The Board of Supervisors of the County of Santa Cruz ordains as follows:

SECTION I

The Santa Cruz County Code is hereby amended by adding new Chapter 5.49 to read as follows:

Sections:

- 5.49.010 Purpose and Intent.**
- 5.49.020 Definitions.**
- 5.49.030 Ban on Single Use Personal Care Products in the Hospitality Industry.**
- 5.49.100 Implementation.**
- 5.49.110 Exemptions.**
- 5.49.120 Enforcement.**
- 5.49.130 Violations.**
- 5.49.140 Severability.**
- 5.49.150 No conflict with Federal or State law.**
- 5.49.160 Environmental Findings.**

5.49.010 Purpose and Intent.

- (A) The purpose of this chapter is to protect the health, safety and welfare of the public and of the environment by reducing the use of single-use plastic products, while encouraging product design that minimizes negative impacts on human health and the environment at every stage of the product's lifecycle.
- (B) The County of Santa Cruz has an obligation to protect the environment, the economy, and public health. As of the date of adoption of this Ordinance, the County of Santa Cruz has an official Zero Waste goal, which is to be reached by waste reduction, reuse, recycling, and composting. The County of Santa Cruz makes the following findings:
 - (1) The County of Santa Cruz is situated at the edge of the Monterey Bay National Marine Sanctuary. Plastics which are littered or otherwise deposited improperly in the County can find their way into the Monterey Bay where they can negatively impact the marine environment and sea life.
 - (2) As litter, plastic is highly durable, persisting and detracting from the appearance of an area longer than other types of litter. There is a prevalence of plastic debris littering

our parks and public places, streets and roads, waterways, storm drains and beaches. This litter ultimately floats, or is blown, into the Monterey Bay. This litter exists at a financial cost to residents and an environmental cost to our natural resources.

- (3) Plastic can take hundreds or even thousands of years to break down in the environment. It is not just the accumulation of plastics that harms the environment—it is also the fragments and toxins released during photo-decomposition that pollute our soil and water.
- (4) Studies by the US Centers for Disease Control and Prevention, the National Institutes of Health and the National Institute of Environmental Health have found numerous health risks from routine use of plastics. People are exposed to chemicals from plastic multiple times per day through the air, dust, water, food and use of consumer products.
- (5) Plastic buried deep in landfills can leach harmful chemicals that spread into groundwater.
- (6) Chemicals present in plastics which leach out into the environment have been shown to affect reproduction and development in animals. Studies show direct links between exposure and adverse health outcomes.
- (7) The US Environmental Protection Agency's (EPA) Toxics Release Inventory found that significant releases of toxic chemicals from plastics into the environment include trichloroethane, acetone, methylene chloride, methyl ethyl ketone, styrene, toluene and benzene.
- (8) According to the EPA, plastics make up more than 12 percent of the municipal solid waste stream, a dramatic increase from 1960, when plastics were less than one percent of the waste stream.
- (9) Only about 8 percent of plastic used in the US is recycled.
- (10) The plastics industry rarely uses recycled plastics in the vast majority of their products.
- (11) Most plastics which are recycled are "downcycled" into lower-grade, single-use products which cannot be recycled in turn.
- (12) As much as one third of plastics recycled in the US were previously sent to China for processing. The recent ban on most recycled commodities by China has left the US with 1.4 million tons of plastic each year that is struggling to find an outlet. This amount is expected to increase.
- (13) After decades of progress in recycling, the recycling rate in the State of California is going down for the first time.

- (14) Many jurisdictions, including the City of Santa Cruz, have begun landfilling plastic due to the difficulty of recycling it.
- (15) Billions of tiny bottles of shampoo, lotion and other products are thrown away every year by hotels and motels. Many chains, including Marriott and Hilton, have already begun switching to wall-mounted dispensers to reduce waste and be more sustainable.
- (16) Santa Cruz County has been a pioneer in the reduction of plastic pollution, being among the first to adopt bans on plastic bags, Styrofoam, plastic straws and other nonrecyclable items.
- (17) Despite these efforts, plastic debris continues to be a growing problem in the public spaces of the County, requiring further action to protect public health and the environment.

5.49.020 Definitions.

- (A) **Plastic** refers to any synthetic material made from organic polymers such as polyethylene, PVC, nylon, etc., that can be molded into shape while soft and then set into a rigid or slightly elastic form. Includes all plastics #1-#7, as well as any new variants.
- (B) **Personal care products** include shampoo, conditioner, and other similar products intended for personal use by visitors.
- (C) **Small plastic bottles** refers to any plastic bottle containing less than 12 ounces.

5.49.030 Ban on single use personal care products in the hospitality industry.

- (A) Small plastic bottles of personal care products may not be provided in hotel or motel rooms, vacation rentals, or other visitor accommodations in the unincorporated areas of Santa Cruz County, except to persons specifically requesting accommodation of a disability or other special need.
- (B) Hospitality businesses serving visitors are encouraged to use bulk dispensers of personal care products to reduce cost, waste and the impact on the environment.
- (C) This provision does not apply to hosted rentals in which the owner lives on the premises.

5.49.100 Implementation.

- (A) The prohibitions of this ordinance will take effect as of December 31, 2020.

- (B) No less than one year before this ordinance takes effect, the County of Santa Cruz shall post, mail or deliver a copy of it to affected businesses within the unincorporated County of Santa Cruz.

5.49.110 Exemptions.

- (A) The Director of Public Works, or the director's designee, may exempt an affected business or person from the requirements set forth in this chapter upon the affected business or person showing, in writing, that this chapter would create an undue hardship or practical difficulty not generally applicable to other businesses or persons in similar circumstances. Exemptions may be permanent or for a limited period, at the director's discretion. The decision to grant or deny an exemption shall be in writing, and the Director's or the director's designee's decision shall be final.
- (B) An exemption application shall include all information necessary for the Director of Public Works or the Director's designee to make a decision, including but not limited to documentation showing factual support for the claimed exemption.
- (C) The Director of Public Works or Director's designee may approve the exemption application in whole or in part, with or without conditions.
- (D) The decision of the Director or Director's designee shall be final and may not be appealed to any other person or body.

5.49.120 Enforcement.

Enforcement of this chapter shall be as follows:

- (A) The Director of Public Works, or designee, shall have primary responsibility for enforcement of this chapter and shall have authority to issue citations for violation of this chapter. The Director, or designee, is authorized to establish regulations or administrative procedures to ensure compliance with this chapter.
- (B) A person or entity violating or failing to comply with any of the requirements of this chapter shall be guilty of an infraction.
- (C) The County of Santa Cruz may seek legal, injunctive, or any other relief to enforce the provisions of this chapter and any regulation or administrative procedure authorized by it.
- (D) The remedies and penalties provided in this chapter are cumulative and not exclusive of one another.
- (E) The Director of Public Works or designee may inspect any business establishment's premises to verify compliance with this chapter.

5.49.130 Violations.

Violations of this chapter shall be enforced as follows:

(A) Violation of this chapter is hereby declared to be a public nuisance. Any violation shall be subject to abatement by the County of Santa Cruz, as well as any other remedies that may be permitted by law for public nuisances, and may be enforced by injunction, upon a showing of violation.

(B) Upon a first violation, the Director of Public Works, or designee, shall mail a written warning. The warning shall recite the violation, and advise that future violations may result in fines.

(C) Upon a second or subsequent violation, or failure to correct the initial violation, the following penalties will apply:

(1) A fine not exceeding \$100.00 for the first violation that occurs 30 days or more after the first warning.

(2) A fine not exceeding \$200.00 for the second violation, or failure to correct the initial violation, that occurs 60 days or more after the first warning.

(3) A fine not exceeding \$500.00 for the third violation, or failure to correct the initial violation, that occurs 90 days or more after the first warning.

(4) A fine not exceeding \$500.00 for every 30-day period not in compliance, that occurs 90 days or more after the first warning.

(D) Remedies and fines under this section are cumulative.

5.49.140 Severability.

If any word, phrase, sentence, part, section, subsection, or other portion of this chapter, or any application thereof to any person or circumstance is declared void, unconstitutional, or invalid for any reason, then such word, phrase, sentence, part, section, subsection, or other portion, or the proscribed application thereof, shall be severable, and the remaining provisions of this chapter, and all applications thereof, not having been declared void, unconstitutional or invalid, shall remain in full force and effect. The County of Santa Cruz hereby declares that it would have passed this title, and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases had been declared invalid or unconstitutional.

5.49.150 No conflict with Federal or State law.

Nothing in this chapter shall be interpreted or applied so as to create any requirement, power, or duty in conflict with any Federal or State law.

5.49.160 Environmental Findings.

This chapter is entitled to a categorical exemption of the California Environmental Quality Act ("CEQA") pursuant to 14 California Code of Regulations Section 15307, which exempts "actions taken by regulatory agencies, as authorized by State or local ordinance, to assure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection."

SECTION II

This ordinance shall take effect on the 31st day after the date of final passage.

PASSED AND ADOPTED this ____ day of _____, 2018, by the Board of Supervisors of the County of Santa Cruz by the following vote:

AYES: SUPERVISORS

NOES: SUPERVISORS

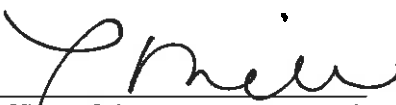
ABSENT: SUPERVISORS

ABSTAIN: SUPERVISORS

Attest: _____
Clerk of the Board

Chair
Board of Supervisors

APPROVED AS TO FORM:



Office of the County Counsel



COUNTY OF SANTA CRUZ

701 OCEAN STREET, SANTA CRUZ, CA 95060-4073

(831) 454-2000 WWW.SANTACRUZCOUNTY.US

CARLOS J. PALACIOS, COUNTY ADMINISTRATIVE OFFICER

PRESS RELEASE

Date: November 20, 2018

Contact: Jason Hoppin

831-454-3401

BOARD TAKES LANDMARK STANCE AGAINST SINGLE-USE PLASTICS

The Santa Cruz County Board of Supervisors on Tuesday voted unanimously to implement what is likely the first prohibition on single-use bottles of personal care products at visitor accommodations in the U.S.

Acting to protect the Monterey Bay and expand efforts to prevent plastic pollution, the Board voted to eliminate single-use plastic shampoo, conditioner and lotion bottles from local hotels, motels and vacation rentals. The ordinance would go into effect Dec. 31, 2020.

"Environmental protection is a core value of Santa Cruz County. Tourism is one of our leading industries, and many of our visitors come for Monterey Bay and our pristine beaches," said Board Chair Zach Friend, who brought the ordinance forward. "Single-use plastics have dire consequences for these ecosystems and threaten our local economy, and we must act locally to protect them."

Santa Cruz County is a pioneer in the environmental movement and has been at the forefront of reducing plastic pollution. It was among the first to ban single-use to go plastic bags, polystyrene products, plastic straws and other disposable plastics products, and has been recognized for its environmental leadership over the last several decades.

"This is a great step forward," said Barbara Meister, director of public affairs for Monterey Bay Aquarium. "It's encouraging to see Santa Cruz County working together with the hospitality community to address ocean plastic pollution. We applaud the county, and its hospitality industry, for their leadership."

The collapse of the global market for recycled plastics is increasing the volume of plastics going into landfills, where harmful chemicals can leach into soils and precious



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groundwater supplies. Under the ordinance, owner-occupied "hosted rentals" are exempt, and exceptions are available for those with disabilities or special needs.

"We have been using refillable soap and shampoo dispensers at our five hotels for nearly a decade as a means of reducing plastic waste," said Steve Allen of the Allen Property Group, which operates the Rio Sands Hotel and Capitola Venetian Hotel. "The Santa Cruz County hospitality industry benefits from our environment, which helps make our region a worldwide destination. Taking steps to protect Monterey Bay and our local ecosystems is not only environmentally responsible, it is good business."

Tourism draws more than 1 million to Santa Cruz County annually, contributing an estimated \$700 million to the local economy. Many come out of appreciation for Monterey Bay and the surrounding environment, making sustainable tourism vital to one of the region's key industries.

"Plastic, particularly single-use plastic, has an undeniably negative impact on the environment and we should do all we can to keep our ocean clean and reduce our carbon footprint. This ordinance is another step in the right direction. At Sand Rock Farm, we have switched to refillable amenities and eliminated plastic water bottles, and our customers appreciate efforts to reduce waste, particularly waste that can end up in Monterey Bay," said Jen Hagglof, proprietor of the Sand Rock Farm bed and breakfast in Aptos.

The ordinance will return to the Board for final approval on December 4.



County of Santa Cruz Board of Supervisors
Agenda Item Submittal

From: Zach Friend, Second District Supervisor, Bruce McPherson, Fifth District Supervisor

(831) 454-2200

Subject: Ordinance Regulating Single-Use Plastics in the Hospitality Industry

Meeting Date: November 20, 2018

Recommended Action:

- 1) Consider proposed ordinance regulating single-use plastic bottles of personal care products in hotel or motel rooms, vacation rentals, or other visitor accommodations in the unincorporated areas;
- 2) Approve the ordinance in concept; and
- 3) Schedule the ordinance for second reading and final adoption on December 4, 2018.

Executive Summary

Plastic waste, especially single-use plastics, contribute to a growing environmental concern both on land and in the ocean. Santa Cruz County, with our proximity to the Monterey Bay, is especially vulnerable to plastic waste and our community and local government agencies have made positive changes to limit single-use plastics from our marine environment. We propose working with the hospitality industry to further reduce plastic waste by establishing an ordinance that bans small single-use bottles for personal care products, replacing them with large bottles, dispensers, or other alternatives for hotel or motel rooms, vacation rentals, or other visitor accommodations in the unincorporated areas.

Background/Analysis

In 2017, Monterey-based photographer Justin Hofman was scuba diving off the coast of Subawa Island, Indonesia when he snapped a picture that became emblematic of a problem that plagues the world's ocean and threatens marine life - a tiny seahorse, clinging to a pink Q-tip. The image became a sensation, and though he was nominated for the London Natural History Museum's wildlife photographer of the year award, Hofman has said he wishes the picture didn't exist.

Plastics find their way into our ecosystem in many ways, from microplastics found in personal care products, toothpaste and even clothes, to larger plastics broken down over time and traveling through waste streams into the ocean. But one of the biggest contributors to plastic waste is single-use plastics, with the Monterey Bay Aquarium estimating that 300,000 pounds of plastics enter the world's oceans every nine minutes - approximately the weight of a blue whale.

Plastic is durable and persists longer than other types of litter. Litter left in parks and public places often finds its way into Monterey Bay, where it has a financial cost to

residents and an environmental cost to our natural resources.

Expanded across the globe, the results are a growing environmental concern. Floating “garbage patches” now cover sections of the Pacific Ocean and are carried across the globe before arriving back on land, unwanted. In the marine environment, plastics pose a deadly threat to marine life because they are often mistaken for food. Scientists say plastics are found in the stomachs of half the world’s sea turtles and 90 percent of marine birds. Estimates show that absent a major change in consumer and waste management practices, the weight of plastics in the ocean will outweigh the weight of fish by 2050.

In Santa Cruz County, the issue is particularly pressing. The Monterey Bay is one of the world's natural treasures, part of the Monterey Bay National Marine Sanctuary and home to numerous native and migratory species, including humpback whales, grey whales, blue whales, orcas, white sharks, several varieties of dolphins, brown pelicans, western gulls, sooty shearwaters, California sea lions, Northern elephant seals, harbor seals, leatherback turtles and the iconic and endangered Southern sea otters.

Furthermore, the Monterey Bay supports the economies of two counties and countless livelihoods. It draws visitors from around the world and supports recreational opportunities for thousands of residents. Through programs such as the Monterey Bay Aquarium, Monterey Bay National Marine Sanctuary Exploration Center, O'Neill Sea Odyssey and countless others, the Monterey Bay has provided a foundation for educating millions about the principles of ocean conservation and preservation.

The Santa Cruz County community has responded to protect the Monterey Bay. For example, Central Coast beach cleanups organized by Save Our Shores have helped inhibit the flow of plastics and other debris into the marine environment, and last year 3,148 volunteers removed more than ten tons of pollution from local shores.

Local governments have also responded, led by Santa Cruz County, implementing changes that have led not only to positive changes at the local level but have raised statewide and even global awareness around issues relating to plastics and the environment. In the 1970s, Santa Cruz County was one of the first local governments to implement curbside recycling, and our longtime emphasis on local and sustainable agriculture has reduced the need for single-use plastics locally.

More recently, beginning in 2008 the County began enacting a series of laws to protect the environment and local tourism economy, including banning plastic and polystyrene to-go containers, banning the sale of expanded polystyrene (“Styrofoam”) plastics altogether, prohibiting disposable single-use carryout plastic bags, assuring that all cups and to-go cutlery is certified compostable and prohibiting plastics stir-sticks and straws. These developments have fostered other local and even statewide changes, and led Santa Cruz County to serve as a test market allowing Starbucks to eventually announce it would phase out the use of disposable plastic straws globally by 2020.

But we know more can be done. As we move toward our goal of zero waste, we

understand that continuing to limit single-use plastics from our marine environment is important.

One such way to do this is to look to single-use bathroom products in the local hospitality industry. For example, single-use shampoo and conditioner bottles continue to be a source of waste in Santa Cruz County, which is of particular concern due to the collapse of the global plastics recycling market. These products now may ultimately wind up in a landfill, where they can leach dangerous chemicals into soil and water. Increasingly, the tourism market recognizes that consumers are ready for alternatives.

Both major and boutique brands have begun to reduce or phase out the use of single-use plastic bottles for their guests, replacing them with larger bottles, dispensers or other alternatives. The market has also begun to recognize consumer demand for reduced dependency on single-use plastics, with companies such as Ethique, Nohbo Drops and many others providing single-use personal care products without plastic containers.

The County believes that in order to further protect Monterey Bay, our natural resources and our local economy, additional action is needed to reduce the flow of single-use plastics into the environment. Under the proposed ordinance, small plastic bottles of personal care products may not be provided in hotel or motel rooms, vacation rentals, or other visitor accommodations in the unincorporated areas, except to persons specifically requesting accommodation of a disability or other special need. This provision does not apply to hosted rentals in which the owner lives on the premises.

In discussions and meeting with local hospitality industry representatives we incorporated provisions, such as ADA accommodations and a phase-in time period, into the ordinance to ensure a smooth transition into this new method of product distribution. As many of our partners in the hospitality industry have products ordered in advance, and agreements with parent chains or installations of dispensers take time, we are proposing that the ordinance take effect December 31, 2020.

We believe our county will become the first in the country to implement such a policy and we intend to work with other jurisdictions in our area to enact similar ordinances.

Strategic Plan Element(s)

This item is addressed by the focus area of Sustainable Environment, working toward the goals of protecting Natural Resources (b); Local Conservation (c); and Climate Change (d).

Submitted by:

Zach Friend, Second District Supervisor, Bruce McPherson, Fifth District Supervisor

Attachments:

Ordinance Hospitality Plastic Pollution Reduction

cc:

County Counsel

Hi Beth,

I include here the latest information on the CCL site about HR 7173. Going forward, we will be asking Cities and organizations to authorize their resolutions of support for this bill as it is very similar to CFD and our leaders were part of the team that put the bill together.

It occurs to me that while we would be very pleased to have a Resolution of Support for CFD from Seaside, if instead your leaders would sign a Resolution of Support for HR 7173, you would be the first municipal resolution in District 20, and one of the first in the US.

Note: the Resolution language will be very similar. I can provide that soon.

https://teddeutch.house.gov/uploadedfiles/energy_innovation_and_carbon_dividend_act_-_one_pager.pdf

Please let me know your thoughts.

Linda

115TH CONGRESS
2D SESSION

H. R. 7173

To create a Carbon Dividend Trust Fund for the American people in order to encourage market-driven innovation of clean energy technologies and market efficiencies which will reduce harmful pollution and leave a healthier, more stable, and more prosperous nation for future generations.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 27, 2018

Mr. DEUTCH (for himself, Mr. FITZPATRICK, Mr. DELANEY, Mr. FRANCIS ROONEY of Florida, and Mr. CRIST) 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 Foreign Affairs, 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 create a Carbon Dividend Trust Fund for the American people in order to encourage market-driven innovation of clean energy technologies and market efficiencies which will reduce harmful pollution and leave a healthier, more stable, and more prosperous nation for future generations.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Energy Innovation and
3 Carbon Dividend Act of 2018”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds that—

6 (1) efficient markets strengthen our economy
7 and benefit our Nation by encouraging competition,
8 innovation, and technological progress;

9 (2) efficient markets should reflect all costs of
10 goods to ensure that they advance America’s pros-
11 perity and national interests;

12 (3) emissions of carbon pollution and other
13 harmful pollutants into our Nation’s air impose sub-
14 stantial costs on all Americans and on future gen-
15 erations; and

16 (4) creation of a Carbon Dividend Trust Fund,
17 to be distributed to the American people, will make
18 markets more efficient, create jobs, and stimulate
19 competition, innovation, and technological progress
20 that benefit all Americans and future generations.

21 **SEC. 3. CARBON DIVIDENDS AND CARBON FEE.**

22 (a) IN GENERAL.—The Internal Revenue Code of
23 1986 is amended by adding at the end the following new
24 subtitle:

1 **“Subtitle L—CARBON DIVIDENDS**
 2 **AND CARBON FEE**

“CHAPTER 101. CARBON FEES

“CHAPTER 102. CARBON BORDER FEE ADJUSTMENT

3 **“CHAPTER 101—CARBON FEES**

“Sec. 9901. Definitions.

“Sec. 9902. Carbon fee.

“Sec. 9903. Emissions reduction schedule.

“Sec. 9904. Fee on fluorinated greenhouse gases.

“Sec. 9905. Decommissioning of Carbon Administration.

“Sec. 9906. Carbon Capture and Sequestration.

“Sec. 9907. Administrative authority.

4 **“SEC. 9901. DEFINITIONS.**

5 “For purposes of this subtitle:

6 “(a) ADMINISTRATOR.—The term ‘Administrator’
 7 means the Administrator of the Environmental Protection
 8 Agency.

9 “(b) CARBON DIOXIDE EQUIVALENT OR CO₂-E.—
 10 The term ‘carbon dioxide equivalent’ or ‘CO₂-e’ means the
 11 number of metric tons of carbon dioxide emissions with
 12 the same global warming potential as one metric ton of
 13 another greenhouse gas.

14 “(c) CARBON-INTENSIVE PRODUCT.—The term ‘car-
 15 bon-intensive product’ means, as identified by the Sec-
 16 retary by rule—

17 “(1) any manufactured or agricultural product
 18 which the Secretary in consultation with the Admin-
 19 istrator determines is emissions-intensive and trade-

1 exposed, except that no covered fuel is a carbon-in-
2 tensive product, and

3 “(2) until such time that the Secretary promul-
4 gates rules identifying carbon-intensive products, the
5 following shall be considered carbon-intensive prod-
6 ucts: iron, steel, steel mill products (including pipe
7 and tube), aluminum, cement, glass (including flat,
8 container, and specialty glass and fiberglass), pulp,
9 paper, chemicals, or industrial ceramics.

10 “(d) CARBON LEAKAGE.—The term ‘carbon leakage’
11 means an increase of global greenhouse gas emissions
12 which are substantially due to the relocation of greenhouse
13 gas sources from the United States to jurisdictions which
14 lack comparable controls upon greenhouse gas emissions.

15 “(e) COST OF CARBON OR CARBON COSTS.—The
16 term ‘cost of carbon’ or ‘carbon costs’ means a national
17 or sub-national government policy which explicitly places
18 a price on greenhouse gas pollution and shall be limited
19 to either a tax on greenhouse gases or a system of cap-
20 and-trade. The cost of carbon is expressed as the price
21 per ton of CO₂-e.

22 “(f) COVERED ENTITY.—The term ‘covered entity’
23 means—

24 “(1) in the case of crude oil—

1 “(A) a refinery operating in the United
2 States, and

3 “(B) any importer of any petroleum or pe-
4 troleum product into the United States,

5 “(2) in the case of coal—

6 “(A) any coal mining operation in the
7 United States, and

8 “(B) any importer of coal into the United
9 States,

10 “(3) in the case of natural gas—

11 “(A) any entity entering pipeline quality
12 natural gas into the natural gas transmission
13 system, and

14 “(B) any importer of natural gas into the
15 United States,

16 “(4) in the case of fluorinated gases any entity
17 required to report the emission of a fluorinated gas
18 under part 98 of title 40, Code of Federal Regula-
19 tions, and

20 “(5) any entity or class of entities which, as de-
21 termined by the Secretary, is transporting, selling,
22 or otherwise using a covered fuel in a manner which
23 emits a greenhouse gas to the atmosphere and which
24 has not been covered by the carbon fee, the

1 fluorinated greenhouse gas fee, or the carbon border
2 fee adjustment.

3 “(g) COVERED FUEL.—The term ‘covered fuel’
4 means crude oil, natural gas, coal, or any other product
5 derived from crude oil, natural gas, or coal which shall
6 be used so as to emit greenhouse gases to the atmosphere.

7 “(h) CRUDE OIL.—The term ‘crude oil’ means
8 unrefined petroleum.

9 “(i) EXPORT.—The term ‘export’ means to transport
10 a product from within the jurisdiction of the United States
11 to persons outside the United States.

12 “(j) FLUORINATED GREENHOUSE GAS.—The term
13 ‘fluorinated greenhouse gas’ means sulfur hexafluoride
14 (SF₆), nitrogen trifluoride (NF₃), and any fluorocarbon
15 except for controlled substances as defined in subpart A
16 of part 82 of title 40, Code of Federal Regulation, and
17 substances with vapor pressures of less than 1 mm of Hg
18 absolute at 25 degrees. With these exceptions, ‘fluorinated
19 greenhouse gas’ includes but is not limited to any
20 hydrofluorocarbon, any perfluorocarbon, any fully
21 fluorinated linear, branched or cyclic alkane, ether, ter-
22 tiary amine or aminoether, any perfluoropolyether, and
23 any hydrofluoropolyether.

1 “(k) FOSSIL FUEL.—The term ‘fossil fuel’ means
2 coal, coal products, petroleum, petroleum products, or nat-
3 ural gas.

4 “(l) FULL FUEL CYCLE GREENHOUSE GAS EMIS-
5 SIONS.—The term ‘full fuel cycle greenhouse gas emis-
6 sions’ means the greenhouse gas content of a covered fuel
7 plus that covered fuel’s upstream greenhouse gas emis-
8 sions.

9 “(m) GLOBAL WARMING POTENTIAL.—The term
10 ‘global warming potential’ means the ratio of the time-
11 integrated radiative forcing from the instantaneous release
12 of one kilogram of a trace substance relative to that of
13 one kilogram of carbon dioxide.

14 “(n) GREENHOUSE GAS.—The term ‘greenhouse gas’
15 means carbon dioxide (CO₂), methane (CH₄), nitrous
16 oxide (N₂O), sulfur hexafluoride (SF₆), hydrofluorocar-
17 bons (HFCs), perfluorocarbon (PFCs), and other gases as
18 defined by rule of the Administrator.

19 “(o) GREENHOUSE GAS CONTENT.—The term
20 ‘greenhouse gas content’ means the amount of greenhouse
21 gases, expressed in metric tons of CO₂-e, which would be
22 emitted to the atmosphere by the use of a covered fuel
23 and shall include, nonexclusively, emissions of carbon diox-
24 ide (CO₂), nitrous oxide (N₂O), methane (CH₄), and other

1 greenhouse gases as identified by rule of the Adminis-
 2 trator.

3 “(p) GREENHOUSE GAS EFFECT.—The term ‘green-
 4 house gas effect’ means the adverse effects of greenhouse
 5 gases on health or welfare caused by the greenhouse gas’s
 6 heat-trapping potential or its effect on ocean acidification.

7 “(q) IMPORT.—Irrespective of any other definition in
 8 law or treaty, the term ‘import’ means to land on, bring
 9 into, or introduce into any place subject to the jurisdiction
 10 of the United States.

11 “(r) PETROLEUM.—The term ‘petroleum’ means oil
 12 removed from the earth or the oil derived from tar sands
 13 or shale.

14 “(s) PRODUCTION GREENHOUSE GAS EMISSIONS.—
 15 The term ‘production greenhouse gas emissions’ means
 16 the quantity of greenhouse gases, expressed in metric tons
 17 of CO₂-e, emitted to the atmosphere resulting from, non-
 18 exclusively, the production, manufacture, assembly, trans-
 19 portation, or financing of a product.

20 “(t) UPSTREAM GREENHOUSE GAS EMISSIONS.—
 21 The term ‘upstream greenhouse gas emissions’ means the
 22 quantity of greenhouse gases, expressed in metric tons of
 23 CO₂-e, emitted to the atmosphere resulting from, non-
 24 exclusively, the extraction, processing, transportation, fi-
 25 nancing, or other preparation of a covered fuel for use.

1 **“SEC. 9902. CARBON FEE.**

2 “(a) CARBON FEE.—There is hereby imposed a car-
 3 bon fee on any covered entity’s emitting use, or sale or
 4 transfer for an emitting use, of any covered fuel.

5 “(b) AMOUNT OF THE CARBON FEE.—The carbon
 6 fee imposed by this section is an amount equal to—

7 “(1) the greenhouse gas content of the covered
 8 fuel, multiplied by

9 “(2) the carbon fee rate.

10 “(c) CARBON FEE RATE.—For purposes of this sec-
 11 tion—

12 “(1) IN GENERAL.—The carbon fee rate, with
 13 respect to any use, sale, or transfer during a cal-
 14 endar year, shall be—

15 “(A) in the case of calendar year 2019,
 16 \$15, and

17 “(B) except as provided in paragraph (2),
 18 in the case of any calendar year thereafter, the
 19 carbon fee rate in effect under this subsection
 20 for the preceding calendar year, plus \$10.

21 “(2) EXCEPTIONS.—

22 “(A) INCREASED CARBON FEE RATE
 23 AFTER MISSED ANNUAL EMISSIONS REDUCTION
 24 TARGET.—In the case of any year immediately
 25 following a year for which the Secretary deter-
 26 mines under 9903(b) that the actual emissions

1 of greenhouse gases from covered fuels exceeded
 2 the emissions reduction target for the previous
 3 year, paragraph (1)(B) shall be applied by sub-
 4 stituting ‘\$15’ for ‘\$10’.

5 “(B) CESSATION OF CARBON FEE RATE IN-
 6 CREASE AFTER CERTAIN EMISSION REDUCTIONS
 7 ACHIEVED.—In the case of any year imme-
 8 diately following a year for which the Secretary
 9 determines under 9903(b) that actual emissions
 10 of greenhouse gases from covered fuels is not
 11 more than 10 percent of the greenhouse gas
 12 emissions from covered fuels during the year
 13 2015, paragraph (1)(B) shall be applied by sub-
 14 stituting ‘\$0’ for ‘\$10’.

15 “(d) EXEMPTION AND REFUND.—The Secretary
 16 shall prescribe such rules as are necessary to ensure the
 17 fee imposed by this section is not imposed with respect
 18 to any nonemitting use, or any sale or transfer for a non-
 19 emitting use, including rules providing for the refund of
 20 any carbon fee paid under this section with respect to any
 21 such use, sale, or transfer.

22 “(e) AGRICULTURE EXEMPTIONS.—

23 “(1) FUEL.—If any covered fuel or its deriva-
 24 tive is used on a farm for a farming purpose, the
 25 Secretary shall pay (without interest) to the ultimate

1 purchaser of such covered fuel or its derivative, the
 2 total amount of carbon fees previously paid upon
 3 that covered fuel, as specified by rule of the Sec-
 4 retary.

5 “(2) FARM, FARMING USE, AND FARMING PUR-
 6 POSE.—The terms ‘farm’, ‘farming use’, and ‘farm-
 7 ing purpose’ shall have the respective meanings
 8 given such terms under section 6420(c).

9 “(3) OTHER GREENHOUSE GASES EMISSIONS
 10 FROM AGRICULTURE.—The carbon fee shall not be
 11 levied upon non-fossil fuel greenhouse gas emissions
 12 which occur on a farm.

13 **“SEC. 9903. EMISSIONS REDUCTION SCHEDULE.**

14 “(a) IN GENERAL.—An emissions reduction schedule
 15 for greenhouse gas emissions from covered fuels is hereby
 16 established, as follows:

17 “(1) REFERENCE YEAR.—The greenhouse gas
 18 emissions from covered fuels during the year 2015
 19 shall be the reference amount of emissions and shall
 20 be determined from the ‘Inventory of U.S. Green-
 21 house Gas Emissions and Sinks: 1990–2015’ pub-
 22 lished by the Environmental Protection Agency in
 23 April of 2017.

24 “(2) EMISSIONS REDUCTION TARGET.—The
 25 first emission reduction target shall be for the year

1 2022. The emission target for each year thereafter
 2 shall be the previous year’s target emissions minus
 3 a percentage of emissions during the reference year
 4 determined in accordance with the following table:

“Year	Emissions Reduction Target
2015	Reference year
2018 to 2021	No emissions reduction target
2022 to 2030	5 percent of 2015 emissions per year
2030 to 2040	2.5 percent of 2015 emissions per year
2040 to 2050	1.5 percent of 2015 emissions per year

5 “(b) ADMINISTRATIVE DETERMINATION.—Not later
 6 than 60 days after the beginning of each calendar year
 7 beginning after the enactment of this section, the Sec-
 8 retary, in consultation with the Administrator, shall deter-
 9 mine whether actual emissions of greenhouse gases from
 10 covered fuels exceeded the emissions reduction target for
 11 the preceding calendar year. The Secretary shall make
 12 such determination using the same greenhouse gas ac-
 13 counting method as was used to determine the greenhouse
 14 gas emissions in the ‘Inventory of U.S. Greenhouse Gas
 15 Emissions and Sinks: 1990–2015’ published by the Envi-
 16 ronmental Protection Agency in April of 2017.

17 **“SEC. 9904. FEE ON FLUORINATED GREENHOUSE GASES.**

18 “(a) FLUORINATED GAS FEE.—A fee is hereby im-
 19 posed upon any fluorinated greenhouse gas which is re-

1 quired to be reported under part 98 of title 40, Code of
2 Federal Regulations.

3 “(b) AMOUNT.—The fee to be paid by the covered
4 entity required to so report shall be an amount equal to—

5 “(1) the total amount, in metric tons of CO₂-
6 e, of emitted fluorinated greenhouse gases (or, in the
7 case of a supplier, emissions that would result deter-
8 mined under the rules of such part), multiplied by

9 “(2) an amount equal to 10 percent of the car-
10 bon fee rate in effect under section 9902(d)(1) for
11 the calendar year of such emission.

12 **“SEC. 9905. DECOMMISSIONING OF CARBON FEE.**

13 “(a) IN GENERAL.—At such time that—

14 “(1) the Secretary determines under 9903(b)
15 that actual emissions of greenhouse gases from cov-
16 ered fuels is not more than 10 percent of the green-
17 house gas emissions from covered fuels during the
18 year 2015, and

19 “(2) the monthly carbon dividend payable to an
20 adult eligible individual has been less than \$20 for
21 3 consecutive years,

22 the Secretary shall decommission in an orderly manner all
23 bureaus and programs associated with administering the
24 carbon fee, the carbon border fee adjustment, and the Car-
25 bon Dividend Trust Fund.

1 “(b) INFLATION ADJUSTMENT.—In the case of any
 2 calendar year after 2018, the \$20 amount under sub-
 3 section (a)(2) shall be increased by an amount equal to—

4 “(1) such dollar amount, multiplied by

5 “(2) cost-of-living adjustment determined under
 6 section 1(f)(3) for the calendar year, determined by
 7 substituting ‘calendar year 2017’ for ‘calendar year
 8 2016’ in subparagraph (A)(ii) thereof.

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

10 “(a) IN GENERAL.—The Secretary, in consultation
 11 with the Administrator and the Secretary of Energy, shall
 12 prescribe regulations for making payments as provided in
 13 subsection (b) to qualified facilities which capture and se-
 14 quester qualified carbon dioxide.

15 “(b) PAYMENT AMOUNTS.—

16 “(1) IN GENERAL.—The Secretary shall make
 17 payments to a qualified facility in the same manner
 18 as if such payment was a refund of an overpayment
 19 of the carbon fee imposed by section 9902, in cases
 20 in which such qualified facility—

21 “(A) uses any covered fuel—

22 “(i) with respect to which the carbon
 23 fee has been paid, and

24 “(ii) which results in the emission of
 25 qualified carbon dioxide,

1 “(B) captures such emitted qualified car-
 2 bon dioxide, and

3 “(C)(i) sequesters such qualified carbon di-
 4 oxide in a manner which is safe, permanent,
 5 and in compliance with any applicable local,
 6 State, and Federal laws, or

7 “(ii) utilizes such qualified carbon dioxide
 8 in a manner provided in paragraph (3)(C).

9 “(2) AMOUNT OF REFUND.—The payment de-
 10 termined under this section shall be an amount
 11 equal to the lesser of—

12 “(A)(i) the adjusted metric tons of quali-
 13 fied carbon dioxide captured and sequestered or
 14 utilized, multiplied by

15 “(ii) the carbon fee rate during the year in
 16 which the carbon fee was imposed by section
 17 9902 upon the covered fuel to which such car-
 18 bon dioxide relates, or

19 “(B) the amount of the carbon fee imposed
 20 by section 9902 with respect to such covered
 21 fuel.

22 “(3) DEFINITIONS AND SPECIAL RULES.—For
 23 purposes of this section—

24 “(A) QUALIFIED CARBON DIOXIDE; QUALI-
 25 FIED FACILITY.—

1 “(i) QUALIFIED CARBON DIOXIDE.—

2 The term ‘qualified carbon dioxide’ has the
3 same meaning given such term under sec-
4 tion 45Q(b).

5 “(ii) QUALIFIED FACILITY.—The term
6 ‘qualified facility’ means any industrial fa-
7 cility at which carbon capture equipment is
8 placed in service.

9 “(B) ADJUSTED TOTAL METRIC TONS.—
10 The adjusted total metric tons of qualified car-
11 bon dioxide captured and sequestered or utilized
12 shall be the total tons of qualified carbon diox-
13 ide captured and sequestered or utilized, re-
14 duced by the amount of any carbon dioxide like-
15 ly to escape and be emitted into the atmosphere
16 due to imperfect storage technology or other-
17 wise, as determined by the Secretary in con-
18 sultation with the Administrator.

19 “(C) UTILIZATION.—The Secretary, in
20 consultation with the Administrator, shall es-
21 tablish regulations providing for the methods
22 and processes by which qualified carbon dioxide
23 may be utilized so as to remove that qualified
24 dioxide safely and permanently from the atmos-
25 phere. Utilization may include the production of

1 substances such as but not limited to plastics
 2 and chemicals. Such regulations shall minimize
 3 the escape or further emission of the qualified
 4 carbon dioxide into the atmosphere.

5 “(D) SEQUESTRATION.—Not later 540
 6 days after the date of the enactment of this sec-
 7 tion, the Secretary, in consultation with the Ad-
 8 ministrator, shall prescribe regulations identi-
 9 fying the conditions under which carbon dioxide
 10 may be safely and permanently sequestered.

11 “(4) COORDINATION WITH CREDIT FOR CARBON
 12 DIOXIDE SEQUESTRATION.—At such time that the
 13 Secretary prescribes regulations implementing this
 14 section, no payment under this section shall be al-
 15 lowed to a taxpayer to whom a credit has been al-
 16 lowed for any taxable year under section 45Q.

17 **“SEC. 9907. ADMINISTRATIVE AUTHORITY.**

18 “(a) IN GENERAL.—The Secretary in consultation
 19 with the Administrator shall prescribe such regulations,
 20 and other guidance, as may be necessary to carry out the
 21 purposes of this subtitle and assess and collect the carbon
 22 fee imposed by section 9902 and the fluorinated green-
 23 house gas fee imposed by section 9904.

24 “(b) SPECIFICALLY.—Such regulations and guidance
 25 shall include—

1 “(1) the identification of an effective point in
2 the production, distribution, or use of a covered fuel
3 or fluorinated greenhouse gas for collecting such car-
4 bon fee or fluorinated greenhouse gas fee, in such a
5 manner so as to minimize administrative burden and
6 maximize the extent to which full fuel cycle green-
7 house gas emissions from covered fuels or fluorinat-
8 ed greenhouse gases have the carbon fee or fluori-
9 nated greenhouse gas fee levied upon them,

10 “(2) the identification of covered entities which
11 shall be liable for the payment of the carbon fee or
12 the fluorinated greenhouse gas fee,

13 “(3) requirements for the monthly payment of
14 such fees,

15 “(4) as may be necessary or convenient, rules
16 for distinguishing between different types of covered
17 fuels,

18 “(5) as may be necessary or convenient, rules
19 for distinguishing between a covered fuel’s green-
20 house gas content and its upstream greenhouse gas
21 emissions,

22 “(6) rules to ensure that no covered fuel or
23 fluorinated greenhouse gas has the carbon fee,
24 fluorinated greenhouse gas fee, or carbon border fee
25 adjustment imposed upon it more than once, and

1 “(7) rules to ensure that the domestic imple-
 2 mentation of the carbon fee and the fluorinated
 3 greenhouse gas fee coordinate with the implementa-
 4 tion of the carbon border fee adjustment of chapter
 5 102.

6 **“CHAPTER 102—CARBON BORDER FEE**
 7 **ADJUSTMENT**

“Sec. 9908. Carbon border fee adjustment.

“Sec. 9909. Administration of the carbon border fee adjustment.

“Sec. 9910. Allocation of carbon border fee adjustment revenues.

8 **“SEC. 9908. CARBON BORDER FEE ADJUSTMENT.**

9 “(a) IN GENERAL.—The fees imposed by, and re-
 10 funds allowed under, this section shall be referred to as
 11 ‘the carbon border fee adjustment’.

12 “(b) PURPOSE.—The purpose of the carbon border
 13 fee adjustment is to protect animal, plant, and human life
 14 and health, to conserve exhaustible natural resources by
 15 preventing carbon leakage, and to facilitate the creation
 16 of international agreements.

17 “(c) IMPORTED COVERED FUELS FEE.—In the case
 18 of any person that imports into the United States any cov-
 19 ered fuel, there shall be imposed a fee equal to the excess
 20 (if any) of—

21 “(1) an amount equal to—

22 “(A) the amount of full fuel cycle green-
 23 house gas emissions of such fuel, multiplied by

1 “(B) the carbon fee rate in effect for the
2 year in which such fuel is imported, over

3 “(2) the total foreign cost of carbon carried by
4 such fuel.

5 “(d) IMPORTED CARBON-INTENSIVE PRODUCTS
6 FEE.—In the case of any person that imports into the
7 United States any carbon-intensive products, there shall
8 be imposed a fee equal to the excess (if any) of—

9 “(1) an amount equal to—

10 “(A) production greenhouse gas emissions
11 of such product, multiplied by

12 “(B) the carbon fee rate in effect for the
13 year in which the production greenhouse gas
14 emissions of such product were emitted into the
15 atmosphere, over

16 “(2) the total foreign cost of carbon carried by
17 such product.

18 “(e) REFUND ON EXPORTS FROM UNITED
19 STATES.—

20 “(1) CARBON-INTENSIVE PRODUCTS.—Under
21 regulations prescribed by the Secretary, there shall
22 be allowed a credit or refund (without interest) to
23 exporters of carbon-intensive products manufactured
24 or produced in the United States an amount equal
25 to the excess (if any) of—

1 “(A) an amount equal to—

2 “(i) the production greenhouse gas
3 emissions of the exported carbon-intensive
4 product, multiplied by

5 “(ii) the carbon fee rate during the
6 year in which the carbon fee or fluorinated
7 greenhouse gas fee was paid upon the pro-
8 duction greenhouse gas emissions of the
9 exported carbon-intensive product, over

10 “(B) any total cost of carbon to be levied
11 upon the carbon-intensive product by any juris-
12 diction to which the carbon-intensive product is
13 to be imported.

14 Any such credit or refund shall be allowed in the
15 same manner as if it were an overpayment of the fee
16 imposed by section 9902 or 9904. The Secretary
17 shall establish fair, timely, impartial, and as nec-
18 essary confidential procedures by which any exporter
19 of any product from the United States may petition
20 the Secretary to include that exported product on
21 the list of carbon-intensive products.

22 “(2) COVERED FUELS.—Under regulations pre-
23 scribed by the Secretary, in the case of a covered
24 fuel produced in the United States with respect to
25 which the fee under section 9902 was paid, there

1 shall be allowed as a credit or refund (without inter-
 2 est) to any exporter of such covered fuels an amount
 3 equal to the excess (if any) of—

4 “(A) an amount equal to—

5 “(i) the full fuel cycle greenhouse gas
 6 emissions of the covered fuel, multiplied by

7 “(ii) the carbon fee rate at the time
 8 the carbon fee was paid upon the full fuel
 9 cycle greenhouse gas emissions of the ex-
 10 ported covered fuel, over

11 “(B) any total cost of carbon to be levied
 12 upon the covered fuel by a jurisdiction to which
 13 the carbon-intensive product is to be imported.

14 Any such credit or refund shall be allowed in the
 15 same manner as if it were an overpayment of tax
 16 imposed by section 9902.

17 “(f) DEFINITIONS.—For purposes of this section—

18 “(1) FOREIGN COST OF CARBON; FOREIGN CAR-
 19 BON COSTS.—The term ‘foreign cost of carbon’ or
 20 ‘foreign carbon cost’ means the cost of any laws of
 21 a foreign jurisdiction which impose a system of cap-
 22 and-trade with respect to, or a tax or fee on, green-
 23 house gas. Such cost shall be determined and ex-
 24 pressed as a price per ton of CO₂-e.

1 “(2) TOTAL COST OF CARBON CARRIED.—The
2 term ‘total cost of carbon carried’ means an amount
3 equal to—

4 “(A) the production greenhouse gas emis-
5 sions of a carbon-intensive product or the full
6 fuel cycle greenhouse gas emissions of a covered
7 fuel, multiplied by

8 “(B) the cost of carbon with respect to
9 such product or fuel, reduced by any amount
10 refunded with respect to such product or fuel
11 by a foreign jurisdiction.

12 The total cost of carbon carried shall be expressed
13 as price in United States dollars.

14 “(3) TOTAL FOREIGN COST OF CARBON CAR-
15 RIED.—The term ‘total foreign cost of carbon car-
16 ried’ means an amount equal to—

17 “(A) the production greenhouse gas emis-
18 sions of a carbon-intensive product, or the full
19 fuel cycle greenhouse gas emissions of a covered
20 fuel, multiplied by

21 “(B) the foreign cost of carbon with re-
22 spect to such product or fuel, reduced by the
23 amount refunded with respect to such product
24 or fuel by a foreign jurisdiction.

1 The total foreign cost of carbon carried shall be ex-
2 pressed as price in United States dollars.

3 **“SEC. 9909. ADMINISTRATION OF THE CARBON BORDER**
4 **FEE ADJUSTMENT.**

5 “(a) GENERALLY.—The Secretary in consultation
6 with the Administrator shall prescribe regulations and
7 guidance which implement the carbon border fee adjust-
8 ment under section 9908.

9 “(b) COLLABORATION.—In determining the produc-
10 tion greenhouse gas emissions of an imported carbon-in-
11 tensive product, the upstream greenhouse gas emissions
12 of an imported covered fuel, the full fuel cycle greenhouse
13 gas emissions of an imported covered fuel, or the foreign
14 cost of carbon, or otherwise administering the carbon bor-
15 der fee adjustment, it is the sense of Congress that the
16 Secretary should collaborate with authorized officers of
17 any jurisdiction, including sub-national governments, af-
18 fected by the carbon border fee adjustment.

19 “(c) METHODOLOGY.—In determining the production
20 greenhouse gas emissions of an imported carbon-intensive
21 product, the upstream greenhouse gas emissions of an im-
22 ported covered fuel, the full fuel cycle greenhouse gas
23 emissions of an imported covered fuel, or the foreign cost
24 of carbon, the Secretary shall use reliable methodologies,
25 which—

1 “(1) as may be necessary or convenient—

2 “(A) distinguish between different types of
3 covered fuels,

4 “(B) distinguish between a covered fuel’s
5 greenhouse gas content and that covered fuel’s
6 upstream greenhouse gas emissions,

7 “(C) distinguish between the different
8 types of greenhouse gas emissions which com-
9 pose a covered fuel’s upstream greenhouse gas
10 emissions or greenhouse gas content, as well as
11 the various processes which produced those
12 emissions, and

13 “(D) distinguish between the different
14 types of greenhouse gas emissions which com-
15 pose a carbon-intensive product’s production
16 greenhouse gas emissions, as well as the various
17 processes which produced those emissions,

18 “(2) ensure that no covered fuel, covered
19 fluorinated greenhouse gas, or carbon-intensive prod-
20 uct has the carbon fee, the fluorinated greenhouse
21 gas fee, or the border fee adjustment imposed upon
22 it more than once,

23 “(3) ensure that the implementation of the bor-
24 der carbon adjustment aligns with the carbon fee
25 and the fluorinated gas fee,

1 “(4) in the case of incomplete data, rely upon
 2 the best available methodologies for interpolating
 3 data gaps, and

4 “(5) are consistent with international treaties
 5 and agreements.

6 “(d) SCHEDULE.—The Secretary shall determine—

7 “(1) not later than 3 years after the date of the
 8 enactment of this section, the production greenhouse
 9 gas emissions of imported carbon-intensive products,

10 “(2) not later than 180 days after the date of
 11 the enactment of this section, the full fuel cycle
 12 greenhouse gas emissions and the upstream green-
 13 house gas emissions of every imported covered fuel,
 14 and

15 “(3) not later than 3 years after the date of the
 16 enactment of this section, the foreign cost of carbon
 17 in all jurisdictions.

18 “(e) PROCEDURE.—The Secretary shall establish
 19 fair, timely, impartial, and as necessary confidential proce-
 20 dures by which the importer of any carbon-intensive prod-
 21 uct or any covered fuel may petition the Secretary to re-
 22 vise the Secretary’s determination of the production green-
 23 house gas emissions, full fuel cycle greenhouse gas emis-
 24 sions, or upstream greenhouse gas emissions of that im-
 25 porter’s imported covered fuel or imported carbon-inten-

1 sive product, or the foreign cost of carbon carried by that
 2 importer's imported carbon-intensive product.

3 “(f) SHIPMENTS FROM THE UNITED STATES TO THE
 4 TERRITORIES OF THE UNITED STATES.—Notwith-
 5 standing any other treaty, law, or policy, shipments of cov-
 6 ered fuels or carbon-intensive products from the United
 7 States to Guam, the United States Virgin Islands, Samoa,
 8 Puerto Rico, and the Northern Mariana Islands shall be
 9 eligible for a refund of the carbon fee under section
 10 9908(e).

11 “(g) IMPORTS TO THE TERRITORIES OF THE UNITED
 12 STATES.—Notwithstanding any other treaty, law, or pol-
 13 icy, imports of covered fuels or carbon-intensive products
 14 to Guam, the United States Virgin Islands, Samoa, Puerto
 15 Rico, and the Northern Mariana Islands shall not be sub-
 16 ject to Section 9908(c) or 9908(d).”

17 **“SEC. 9910. ALLOCATION OF CARBON BORDER FEE ADJUST-**
 18 **MENT REVENUES.**

19 “The revenues collected under this chapter may be
 20 used to supplement appropriations made available in fiscal
 21 years 2018 and thereafter—

22 “(1) to U.S. Customs and Border Protection, in
 23 such amounts as are necessary to administer the
 24 carbon border fee adjustment, then

1 “(2) to the Department of Treasury, in such
 2 amounts as are necessary to allow refunds under
 3 section 9908(e) to exporters of carbon-intensive
 4 products and exporters of covered fuels.”.

5 (b) COORDINATION WITH CARBON OXIDE SEQUES-
 6 TRATION CREDIT.—Section 45Q(f) is amended by adding
 7 at the end the following new paragraph:

8 “(8) COORDINATION WITH CARBON CAPTURE
 9 AND SEQUESTRATION PAYMENTS.—No credit shall
 10 be allowed under this section to a taxpayer which
 11 has received any payment under section 9906.”.

12 (c) TREATIES AND INTERNATIONAL NEGOTIA-
 13 TIONS.—

14 (1) CONFORMANCE WITH INTERNATIONAL
 15 TREATIES.—In the case that the Appellate Body of
 16 the World Trade Organization, or any other authori-
 17 tative international treaty interpreter, shall find any
 18 portion of the carbon border fee adjustment under
 19 chapter 102 of the Internal Revenue Code of 1986
 20 to violate any treaty to which the United States is
 21 a party, the Secretary of the Treasury is authorized
 22 to alter any aspect of such carbon border fee adjust-
 23 ment so as to bring the carbon border fee adjust-
 24 ment into conformance with international law.

1 (2) INTERNATIONAL NEGOTIATIONS.—The Con-
2 gress finds the international mitigation of green-
3 house gas emissions to be of national importance.
4 Therefore, the Congress encourages the Secretary of
5 State, or the Secretary’s designee, to commence and
6 complete negotiations with other nations with the
7 goal of forming treaties, environmental agreements,
8 accords, partnerships or any other instrument that
9 effectively reduces global greenhouse gas emissions
10 to 10 percent of 2015 levels by 2050 and which re-
11 spect the principle of common but differentiated re-
12 sponsibilities and respective capabilities.

13 (3) SUSPENSION OF THE CARBON BORDER FEE
14 ADJUSTMENT.—Any part of the carbon border fee
15 adjustment shall be suspended, in whole or in part—

16 (A) by treaty or other international agree-
17 ment which includes provisions for the suspen-
18 sion of the carbon border fee adjustment, in
19 whole or in part, with any party signatory to
20 the treaty or other international agreement, or

21 (B) by a finding of the Secretary that a ju-
22 risdiction of importation has implemented poli-
23 cies which, in the case of high emitting coun-
24 tries, reduce greenhouse gas emissions at a rate
25 at least equivalent to United States greenhouse

1 gas emission reductions, or, in the case of low
 2 emitting countries, prevent the increase in
 3 greenhouse gas emissions.

4 Any such finding shall be reviewed at least every 3
 5 years and amended or revoked as required.

6 **SEC. 4. ESTABLISHMENT OF THE CARBON DIVIDEND TRUST**
 7 **FUND.**

8 (a) IN GENERAL.—Subchapter A of chapter 98 of the
 9 Internal Revenue Code of 1986 is amended by adding at
 10 the end the following:

11 **“SEC. 9512. CARBON DIVIDEND TRUST FUND.**

12 “(a) ESTABLISHMENT AND FUNDING.—There is
 13 hereby established in the Treasury of the United States
 14 a trust fund to be known as the ‘Carbon Dividend Trust
 15 Fund’, consisting of such amounts as may be appropriated
 16 to such trust fund as provided for in this section.

17 “(b) TRANSFERS TO THE CARBON DIVIDEND TRUST
 18 FUND.—There is hereby appropriated to the Carbon Divi-
 19 dend Trust Fund amounts equal to the fees received into
 20 the Treasury less any amounts refunded or paid under
 21 section 9902(d) or 9906 of chapter 101 for each month.

22 “(c) EXPENDITURES.—Amounts in the trust fund
 23 shall be available for the following purposes:

24 “(1) ADMINISTRATIVE EXPENSES.—So much of
 25 the expenses necessary to administer the Carbon

1 Dividend Trust Fund for each year, as does not ex-
 2 ceed—

3 “(A) in the case of the first 5 calendar
 4 years ending after the date of the enactment of
 5 this section, the administrative expenses for any
 6 year may not exceed 8 percent of amounts ap-
 7 propriated to the Carbon Dividend Trust Fund
 8 during such year, and

9 “(B) in the case of any calendar year
 10 thereafter, 2 percent of the 5-year rolling aver-
 11 age of the amounts appropriated to the Carbon
 12 Dividend Trust Fund.

13 “(2) OTHER ADMINISTRATIVE EXPENSES.—So
 14 much of the expenses as are necessary to administer
 15 chapter 101 for any year as does not to exceed 0.60
 16 percent of the amounts appropriated to the Carbon
 17 Dividend Trust Fund for the previous year, and fur-
 18 ther limited as follows:

19 “(A) The Department of the Treasury.

20 “(B) The Social Security Administration.

21 “(C) The Environmental Protection Agen-
 22 cy.

23 “(D) Department of State.

24 “(3) CARBON DIVIDEND PAYMENTS.—

1 “(A) IN GENERAL.—From the amounts in
2 the Carbon Dividend Trust Fund made avail-
3 able under paragraphs (1) and (2) of this sub-
4 section for any year, the Secretary shall for
5 each month beginning more than 270 days after
6 the date of the enactment of the Energy Inno-
7 vation and Carbon Dividend Act of 2018, make
8 carbon dividend payments to each eligible indi-
9 vidual.

10 “(B) PRO-RATA SHARE.—A carbon divi-
11 dend payment is one pro-rata share for each
12 adult and half a pro-rata share for each child
13 under 19 years old of amounts available for the
14 month in the Carbon Dividend Trust Fund.

15 “(C) ELIGIBLE INDIVIDUAL.—The term
16 ‘eligible individual’ means, with respect to any
17 month, any natural living person who has a
18 valid Social Security number or taxpayer identi-
19 fication number and is a citizen or lawful resi-
20 dent of the United States (other than any indi-
21 vidual who is a citizen of any possession of the
22 United States and whose bona fide residence is
23 outside of the United States). The Secretary is
24 authorized to verify an individual’s eligibility to
25 receive a carbon dividend payment.

1 “(D) FEE TREATMENT OF PAYMENTS.—

2 Amounts paid under this subsection shall be in-
3 cludible in gross income.

4 “(E) FEDERAL PROGRAMS AND FEDERAL

5 ASSISTED PROGRAMS.—The carbon dividend

6 amount received by any individual shall not be

7 taken into account as income and shall not be

8 taken into account as resources for purposes of

9 determining the eligibility of such individual or

10 any other individual for benefits or assistance,

11 or the amount or extent of benefits or assist-

12 ance, under any Federal program or under any

13 State or local program financed in whole or in

14 part with Federal funds.

15 “(F) ADVANCE PAYMENT.—The Secretary

16 shall transfer to the Carbon Dividend Trust

17 Fund such amounts as are necessary for the

18 disbursement of an advanced carbon dividend to

19 all eligible individuals as follows:

20 “(i) An advanced carbon dividend

21 shall be the same as the anticipated first

22 carbon dividend required to be distributed

23 under subparagraph (A) and shall be dis-

24 tributed the month prior to the first collec-

25 tion of the carbon fee.

1 “(ii) Total amounts disbursed as ad-
 2 vanced carbon dividends shall be deducted
 3 from the carbon dividends on a pro-rata
 4 basis over the first 3 years after the dis-
 5 bursement of the first carbon dividends.

6 “(d) ADMINISTRATIVE AUTHORITY.—The Secretary
 7 shall promulgate rules, guidance, and regulations useful
 8 and necessary to implement the Carbon Dividend Trust
 9 Fund.”.

10 (b) CLERICAL AMENDMENT.—The table of sections
 11 for subchapter A of chapter 98 of such Code is amended
 12 by adding at the end the following new item:

“Sec. 9512. Carbon Dividend Trust Fund.”.

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

14 Section 6103(l) of the Internal Revenue Code of 1986
 15 is amended by adding at the end the following new para-
 16 graphs:

17 “(23) LIMITED DISCLOSURE OF IDENTITY IN-
 18 FORMATION RELATING TO CARBON DIVIDEND PAY-
 19 MENTS.—

20 “(A) DEPARTMENT OF TREASURY.—Indi-
 21 vidual identity information shall, without writ-
 22 ten request, be open to inspection by or disclo-
 23 sure to officers and employees of the Depart-
 24 ment of the Treasury whose official duties re-
 25 quire such inspection or disclosure for purposes

1 of administering section 9512 (relating the Car-
 2 bon Dividend Trust Fund).

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 is necessary to administer section
 10 9512.

11 “(C) RESTRICTION ON DISCLOSURE.—In-
 12 formation disclosed under this paragraph shall
 13 be disclosed only for purposes of, and to the ex-
 14 tent necessary in, carrying out section 9512.”.

15 **SEC. 6. NATIONAL ACADEMY OF SCIENCES REVIEW OF CAR-**
 16 **BON FEE AND EMISSIONS REDUCTION**
 17 **SCHEDULE.**

18 (a) IN GENERAL.—Not later than 10 years after the
 19 date of the enactment of this Act, the Secretary of Energy
 20 shall enter into an agreement with the National Academy
 21 of Sciences to prepare a report relating to the carbon fee
 22 imposed by section 9902 of the Internal Revenue Code of
 23 1986 and the emissions reductions schedule established
 24 under section 9903 of such Code.

25 (b) REPORT REQUIREMENTS.—Such report shall—

1 (1) assess the efficiency and effectiveness of the
2 carbon fee in achieving the emissions reduction tar-
3 gets set forth in section 9903 of such Code;

4 (2) describe and make recommendations on
5 whether the carbon fee rate and annual increases
6 prescribed by section 9902(c) of such Code should
7 be adjusted in order to optimize the efficiency and
8 effectiveness of this Act in achieving the emissions
9 reduction targets set forth in section 9903 of such
10 Code;

11 (3) describe the potential of the carbon fee to
12 achieve future emissions targets set forth in section
13 9903(a) of such Code through the year 2050;

14 (4) describe and evaluate the effectiveness of
15 the carbon fee in reducing emissions from key sec-
16 tors of the economy, including sectors of the econ-
17 omy that have decreased their carbon emissions, sec-
18 tors of the economy that have increased their carbon
19 emissions, and sectors of the economy in which car-
20 bon emissions have not changed;

21 (5) make findings and recommendations to
22 Federal departments and agencies and to Congress
23 on actions that could be taken to reduce carbon
24 emissions in the sectors of the economy in which
25 carbon emissions have not decreased;

1 (6) make findings and recommendations on ad-
 2 justing regulations enacted under the Clean Air Act
 3 and other Federal laws that affect economic sectors
 4 achieving the emissions reduction targets set forth in
 5 section 9903 of such Code; and

6 (7) provide an assessment of any other factors
 7 determined to be material to the program's effi-
 8 ciency and effectiveness in achieving the goals set
 9 forth in this act.

10 (c) REPORT MADE PUBLICLY AVAILABLE.—Not later
 11 than 10 years after the date of the enactment of this Act,
 12 the Secretary of Energy shall submit to Congress the re-
 13 port required under subsection (a). Such report shall be
 14 made electronically available to the public and open to
 15 public comment for at least 60 days before the final sub-
 16 mission to Congress.

17 **SEC. 7. IMPACT OF CARBON FEE ON BIOMASS USE AND**
 18 **CARBON SINKS.**

19 (a) STUDY OF BIOMASS.—The Secretary of Energy
 20 shall enter into an agreement with the National Academy
 21 of Sciences to conduct a study, make recommendations,
 22 and submit a report regarding the impact of the carbon
 23 fee on the use of biomass as an energy source and the
 24 resulting impacts on carbon sinks.

1 (b) STUDY REQUIREMENTS.—The study conducted
2 under subsection (a) by the National Academy of Sciences
3 shall include analysis, documentation, and determinations
4 on—

5 (1) the carbon fee and its impact on the use of
6 biomass as an energy source and greenhouse gas
7 emissions from the use of biomass as an energy
8 source;

9 (2) the impacts of the use of biomass as an en-
10 ergy source on carbon sinks; and

11 (3) the various types of biomass that are being
12 used as an energy source.

13 (c) RECOMMENDATIONS.—Based on the findings and
14 conclusions of the study, the National Academy of
15 Sciences shall make recommendations to Federal depart-
16 ments and agencies and to Congress. The recommenda-
17 tions shall include any actions that should be taken to
18 mitigate impacts of the carbon fee on—

19 (1) increasing greenhouse gas emissions from
20 the use of biomass as an energy source; and

21 (2) degradation of carbon sinks relating to the
22 use of biomass as an energy source.

23 (d) REPORT.—The National Academy of Sciences
24 shall prepare a report that includes any findings and rec-
25 ommendations made pursuant to this section and, not

1 later than 18 months after the date of the enactment of
 2 this Act, make such report electronically available to the
 3 public.

4 **SEC. 8. 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. SUSPENSION OF REGULATION OF FUELS AND**
 9 **EMISSIONS BASED ON GREENHOUSE GAS EF-**
 10 **FECTS.**

11 “(a) FUELS.—Unless specifically authorized in sec-
 12 tion 202, 211, 213, or 231 or this section, if a carbon
 13 fee is imposed by section 9902 or 9908 of the Internal
 14 Revenue Code of 1986 with respect to a covered fuel, the
 15 Administrator shall not enforce any rule limiting the emis-
 16 sion of greenhouse gases from the combustion of that fuel
 17 under this Act (or impose any requirement on any State
 18 to limit such emission) on the basis of the emission’s
 19 greenhouse gas effects.

20 “(b) EMISSIONS.—Unless specifically authorized in
 21 section 202, 211, 213, or 231 or this section, if a fee is
 22 imposed by section 9904 of the Internal Revenue Code of
 23 1986 with respect to a fluorinated greenhouse gas, the Ad-
 24 ministrator shall not enforce any rule limiting such gas
 25 under this Act (or impose any requirement on any State

1 to limit such gas) on the basis of the greenhouse gas ef-
 2 fects of such gas.

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 black carbon or
 15 any other pollutant that is not a greenhouse gas
 16 that the Administrator determines by rule has heat-
 17 trapping properties; or

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

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

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

25 “(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) sources that—

6 “(A) are subject to subpart OOOO or
 7 OOOOa of part 60 of title 40, Code of Federal
 8 Regulations, as in effect on January 1, 2018; or

9 “(B) would be subject to such subpart
 10 OOOO or subpart OOOOa if such subpart ap-
 11 plied regardless of the date on which construc-
 12 tion, modification, or reconstruction of the
 13 source involved commenced; or

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

17 “(e) SUSPENSION EXPIRATION.—

18 “(1) DETERMINATION.—The Administrator
 19 shall make a determination by March 30, 2030, and
 20 no less than once every five years thereafter, based
 21 on the determination required by section 9903(b) of
 22 the Internal Revenue Code of 1986, as to whether
 23 cumulative greenhouse gas emissions from covered
 24 fuels subject to taxation under section 9902 of such
 25 Code during the period from calendar year 2022

1 through the calendar year preceding the determina-
 2 tion exceed the cumulative emissions for that period
 3 that would have occurred if the emission reduction
 4 targets in section 9903(a)(2) of such Code were met.

5 “(2) CONSEQUENCE OF CUMULATIVE EMIS-
 6 SIONS EXCEEDANCE.—If the Administrator deter-
 7 mines under paragraph (1) that cumulative green-
 8 house gas emissions from covered fuels subject to
 9 tax under section 9902 of the Internal Revenue
 10 Code of 1986 exceed the cumulative emissions for
 11 the period covered by the determination that would
 12 have occurred if the emission reduction targets in
 13 section 9903(a)(2) of such Code were met, then the
 14 prohibitions in subsection (a) of this section, and in
 15 section 211(c)(5) of this Act, shall cease to apply.

16 “(f) ASSURING ENVIRONMENTAL INTEGRITY.—

17 “(1) AUTHORITY.—If the Administrator deter-
 18 mines pursuant to subsection (e)(1) of this section
 19 that the emission reduction targets in section 9903
 20 (a)(2) of the Internal Revenue Code of 1986 are not
 21 met—

22 “(A) subsections (a) and (b) shall cease to
 23 apply; and

24 “(B) the Administrator shall—

1 “(i) issue such regulations as the Ad-
 2 ministrator deems necessary to bring
 3 greenhouse gas emissions from covered
 4 fuels subject to taxation under section
 5 9902 of the Internal Revenue Code of
 6 1986 to levels that are at or below the
 7 emission reductions targets in section
 8 9903(a)(2) of such Code; and

9 “(ii) require in such regulations that
 10 additional reductions in greenhouse gas
 11 emissions are achieved to fully compensate
 12 for any amount by which greenhouse gas
 13 emissions from covered fuels subject to
 14 taxation under section 9902 of such Code
 15 have exceeded the targets in section
 16 9903(a)(2) of such Code.

17 “(2) DEADLINE FOR FINALIZING REGULA-
 18 TIONS.—The Administrator shall finalize any regula-
 19 tions required by paragraph (1) not later than two
 20 years after the Administrator makes the relevant de-
 21 termination pursuant to such paragraph.

22 “(3) ACHIEVEMENT OF ADDITIONAL REDUC-
 23 TIONS.—Regulations issued pursuant to paragraph
 24 (1) shall ensure that any additional reductions re-
 25 quired by paragraph (1)(B)(ii) are fully achieved by

1 no later than eight years after the Administrator
 2 makes the determination pursuant to subsection
 3 (e)(1) described in paragraph (1).

4 “(g) DEFINITIONS.—In this section, the terms
 5 ‘greenhouse gas’ and ‘greenhouse gas effects’ have the
 6 meanings given to those terms in section 9901 of the In-
 7 ternal Revenue Code of 1986.”.

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

11 (1) by redesignating the second paragraph (3)
 12 (as redesignated by section 230(4)(C) of Public Law
 13 101–549 (104 Stat. 2529)) as paragraph (4); and

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

15 “(5) Notwithstanding subsections (a) and (b) of
 16 section 330, the Administrator may—

17 “(A) limit the emission of any greenhouse
 18 gas (as defined in section 9901 of the Internal
 19 Revenue Code of 1986) on the basis of the
 20 emission’s greenhouse gas effects (as defined in
 21 section 9901 of the Internal Revenue Code of
 22 1986) from any class or classes of new motor
 23 vehicles or new motor vehicle engines subject to
 24 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) The Administrator shall not, pursuant to this
8 subsection, impose on any manufacturer or processor of
9 fuel any requirement for the purpose of reducing the emis-
10 sion of any greenhouse gas (as defined in section 9901
11 of the Internal Revenue Code of 1986) produced by com-
12 bustion of the fuel on the basis of the emission’s green-
13 house gas effects (as defined in section 9901 of the Inter-
14 nal Revenue Code of 1986).”.

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

19 “(e) GREENHOUSE GAS EMISSIONS.—Notwith-
20 standing section 330(a), the Administrator may limit the
21 emission of any greenhouse gas (as defined in section
22 9901 of the Internal Revenue Code of 1986) on the basis
23 of the emission’s greenhouse gas effects (as defined in sec-
24 tion 9901 of the Internal Revenue Code of 1986) from

1 any nonroad engines and nonroad vehicles subject to regu-
 2 lation under this section.”.

3 (e) AIRCRAFT EMISSION STANDARDS.—Section 231
 4 of the Clean Air Act (42 U.S.C. 7571) 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 9901 of the Internal
 9 Revenue Code of 1986) on the basis of the emission’s
 10 greenhouse gas effects (as defined in section 9901 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.”.

15 **SEC. 9. EFFECTIVE DATE.**

16 The amendments made by this Act shall take effect
 17 on the date of the enactment of this Act, except the carbon
 18 fee under section 9902 of the Internal Revenue Code of
 19 1986 shall apply to uses, sales, or transfers more than
 20 270 days after the date of the enactment of this Act.

21 **SEC. 10. PRINCIPLE OF INTERPRETATION.**

22 In the case of ambiguity, the texts of this statute and
 23 its amending texts shall be interpreted so as to allow for
 24 the most effective abatement of greenhouse gas emissions.

1 **SEC. 11. NO PREEMPTION OF STATE LAW.**

2 Nothing in this legislation shall preempt or super-
3 sede, or be interpreted to preempt or supersede, any State
4 law or regulation.



America's Climate Solution

H.R. 7173

For over a decade, our volunteers have asked their Members of Congress to work together to solve climate change. A viable climate change solution needs to be big and lasting — which means bipartisan legislation. We fully support the Energy Innovation and Carbon Dividend Act of 2018. This policy will drive down America's carbon pollution while unleashing American technology innovation and ingenuity. We support it because it's:



Effective

This policy will reduce America's emissions by at least 40% within 12 years.



Good for People

This policy will improve health and save lives. Additionally, the carbon dividend puts money directly into people's pockets every month to spend as they see fit, helping low and middle income Americans.



Good for the economy



This policy will create 2.1 million additional jobs over the next 10 years, thanks to growth in the clean energy economy.



Bipartisan

Republicans and Democrats are both on board, cosponsoring this bill together. The majority of Americans support Congress taking action on climate change, including more than half of Republican millennial voters. Solving climate change is too urgent to get caught up in partisan politics.



Revenue Neutral

The fees collected on carbon emissions will be allocated to all Americans to spend any way they choose. The government will not keep any of the fees collected.

Support the Bill

Tell Congress that you support this legislation.

Write a Letter!

How does it work?

1. Carbon Fee

This policy puts a fee on fossil fuels like coal, oil, and gas. It starts low, and grows over time. It will drive down carbon pollution because energy companies, industries, and consumers will move toward cleaner, cheaper options.

2. Carbon Dividend



The money collected from the carbon fee is allocated in equal shares every month to the American people to spend as they see fit. Program costs are paid from the fees collected. The government does not keep any of the money from the carbon fee.

3. **Border Carbon Adjustment**

To protect U.S. manufacturers and jobs, imported goods will be assessed a border carbon adjustment, and goods exported from the United States will receive a refund under this policy.

4. **Regulatory Adjustment**

This policy prevents additional regulations on covered CO2 emissions, as long as emission targets are being met. If emission targets are not met after 10 years, then EPA regulatory authority over these emissions would be restored. Regulations based on other pollutants will not be affected, nor will regulations such as auto mileage standards, water quality and more.

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For more information or to endorse this bill on behalf of an organization, visit www.energyinnovationact.org. To take further action to support this legislation, or to keep in touch on new developments, please join CCL.

Energy Innovation and Carbon Dividend Act Men...

Energy Innovation and Carbon Dividend Act

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How it Works

1. Carbon Fee

This policy puts a fee on fossil fuels like coal, oil, and gas. It starts low, and grows over time. This will drive down carbon pollution because energy companies, leading industries, and American consumers will move toward cleaner, cheaper options.

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CCL's Analysis

CCL supports the Energy Innovation and Carbon Dividend Act because it has bipartisan support, will be effective at reducing emissions, and protects low and middle income households from price increases. It aligns closely with CCL's Carbon Fee and Dividend proposal:

The carbon price starts at \$15/ton CO₂ equivalent and increases \$10/ton each year.

All net revenue (after administration) is allocated as a monthly dividend to households with a full share for each adult and a half share for each child under 19 years old.

The carbon fee covers all fossil fuels and is assessed as far upstream as possible.

There is a border carbon adjustment to provide a level playing field for imported and exported products.

There are some differences from Carbon Fee and Dividend, including some narrow limits on regulations, an exemption for agricultural fuel, a rebate for carbon capture and storage, and a short list of other technical variances. Our DC legislative staff have carefully analyzed these provisions and found that none of the differences significantly impact the emissions reductions or benefits to households. See our Energy Innovation and Carbon Dividend Act Q&A for full details on these differences.

CCL believes the Energy Innovation and Carbon Dividend Act deserves our full support given how closely it mirrors our original CF&D proposal and its real chance to pass through Congress and become law.

A RESOLUTION OF THE CITY COUNCIL OF SEASIDE, CALIFORNIA REGARDING THE ENVIRONMENTAL INNOVATION AND CARBON DIVIDEND ACT, H.R. 7173

WHEREAS, the ocean absorbs roughly 30% of the heat generated by carbon pollution, mitigates climate change impacts on land, is our best buffer against extreme heat, and the planet's last stand against climate disaster; and

WHEREAS, ocean warming stresses economically important ecosystems, it is safe to assume that these impacts are already affecting Monterey Bay.

WHEREAS, the most recent report of the Intergovernmental Panel on Climate Change (IPCC) concludes that, since the 1950's, the unprecedented increases in global concentrations of greenhouse gases have led to rises in sea levels and accelerated ocean acidification.

WHEREAS, it is more urgent than ever to keep the future warming increase to less than 1.5 degrees Celsius to limit risks to human and natural systems and minimize the scale and cost of adaptation to planetary deterioration; and

WHEREAS, having determined that the carbon-pricing legislative principles proposed by the House of Representatives Bill HR 1731 would provide an efficient approach for shifting economic incentives away from fossil fuels and promoting the rapid deployment of cleaner energy alternatives; and

WHEREAS, having determined that this approach would be fair to everyone and would protect middle- and low-income households by providing them with a monthly dividend (rebate) that, on average, would be higher than the increased costs for energy for two-thirds of all households (specifically the lowest income two-thirds) during the transition to cleaner energy; and

WHEREAS, per the non-partisan study by Regional Economic Models, Inc. (REMI), this approach would ensure a substantial increase in private investment in cleaner energy options because they will become significantly less expensive relative to fossil fuels within a known time frame. This would encourage consumers and businesses to keep their carbon footprint smaller while still keeping energy affordable; and

WHEREAS, according to a recent report of the United States Global Change Research Program, "Leaders and residents of coastal regions are increasingly aware of the high vulnerability of coasts to climate change and are developing plans to prepare for potential impacts on citizens, businesses, and environmental assets." The many direct climate change impacts anticipated for Monterey County include increases in air temperatures, possible shifts in precipitation, higher sea levels, severe storms, and ocean acidification with a secondary impact being an increased risk in exposure to wildfire; and

WHEREAS, having determined that the early adoption of a National Revenue-Neutral carbon fee and dividend legislation in the United States would grow the economy by adding nearly two million new jobs,

would help make us a world leader in creating clean energy technologies, and also help to establish the United States as a leader in making the conversion to renewables a reality to help protect the planet.

NOW, THEREFORE, BE IT RESOLVED by the Members of the City Council of Seaside, California, that the United States Congress immediately pass the Environmental Innovation and Carbon Dividend Act, known in the current Congress as H.R. 7173, and that the United States President sign the bill into law. This legislation will levy an annually increasing fee on carbon emissions in fossil fuels at the point of extraction or importation and return the collected fees to all American households as a monthly dividend.

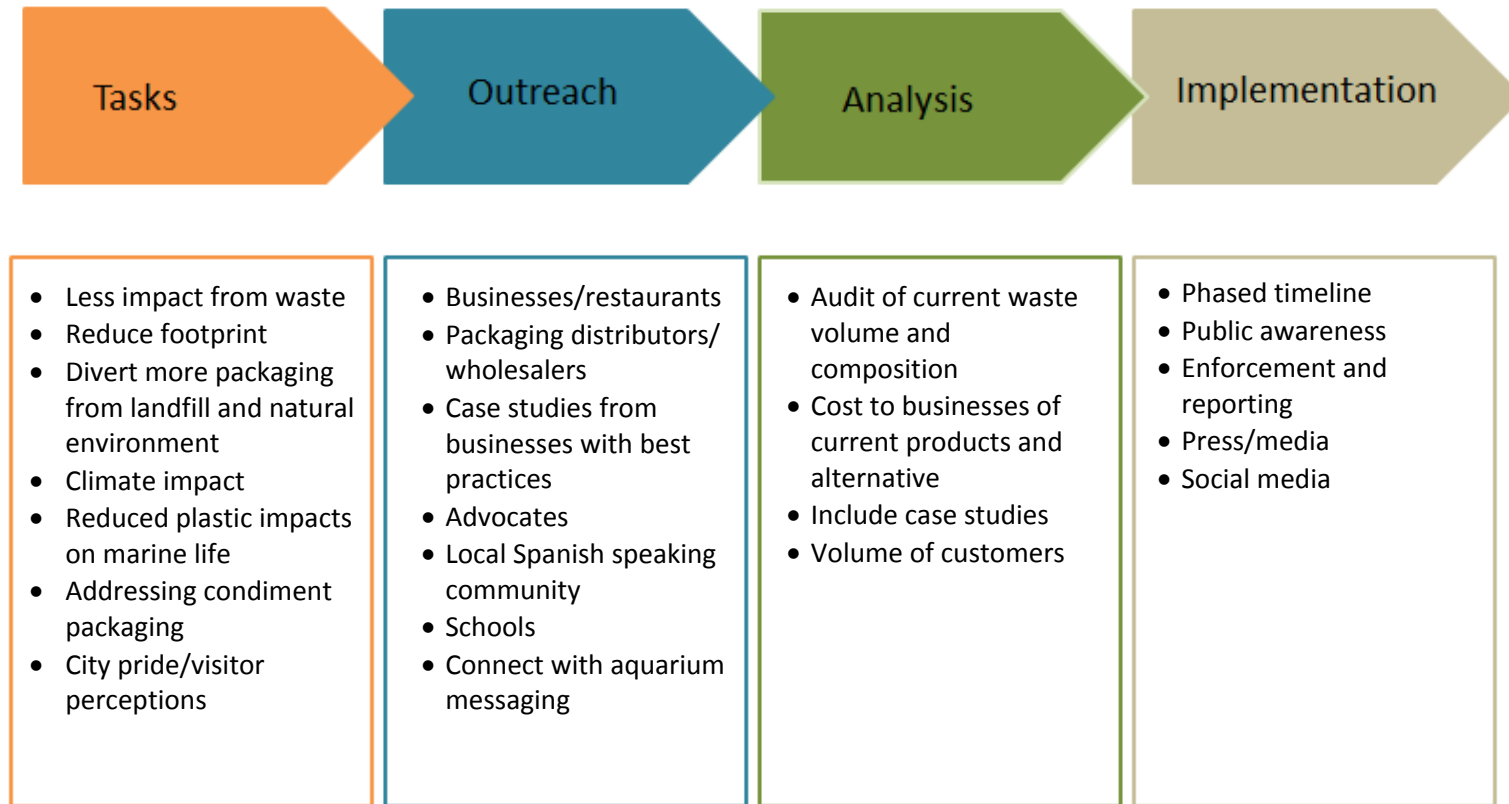
BE IT FURTHER RESOLVED that the response in combating climate change to mitigate its worst effects should be implemented with the speed appropriate to the gravity and urgency of the situation, and for that reason, the Mayor shall send a letter no later than 30 days after passage of this Resolution to the Governor and all Mayors and City Councils, County Board of Supervisors, School Boards, and State and Federal Legislators in Monterey, San Benito, and Santa Cruz Counties urging their support for H.R. 7173, the Environmental Innovation and Carbon Dividend Act.

RESOLVED this _____ day of _____ 201__

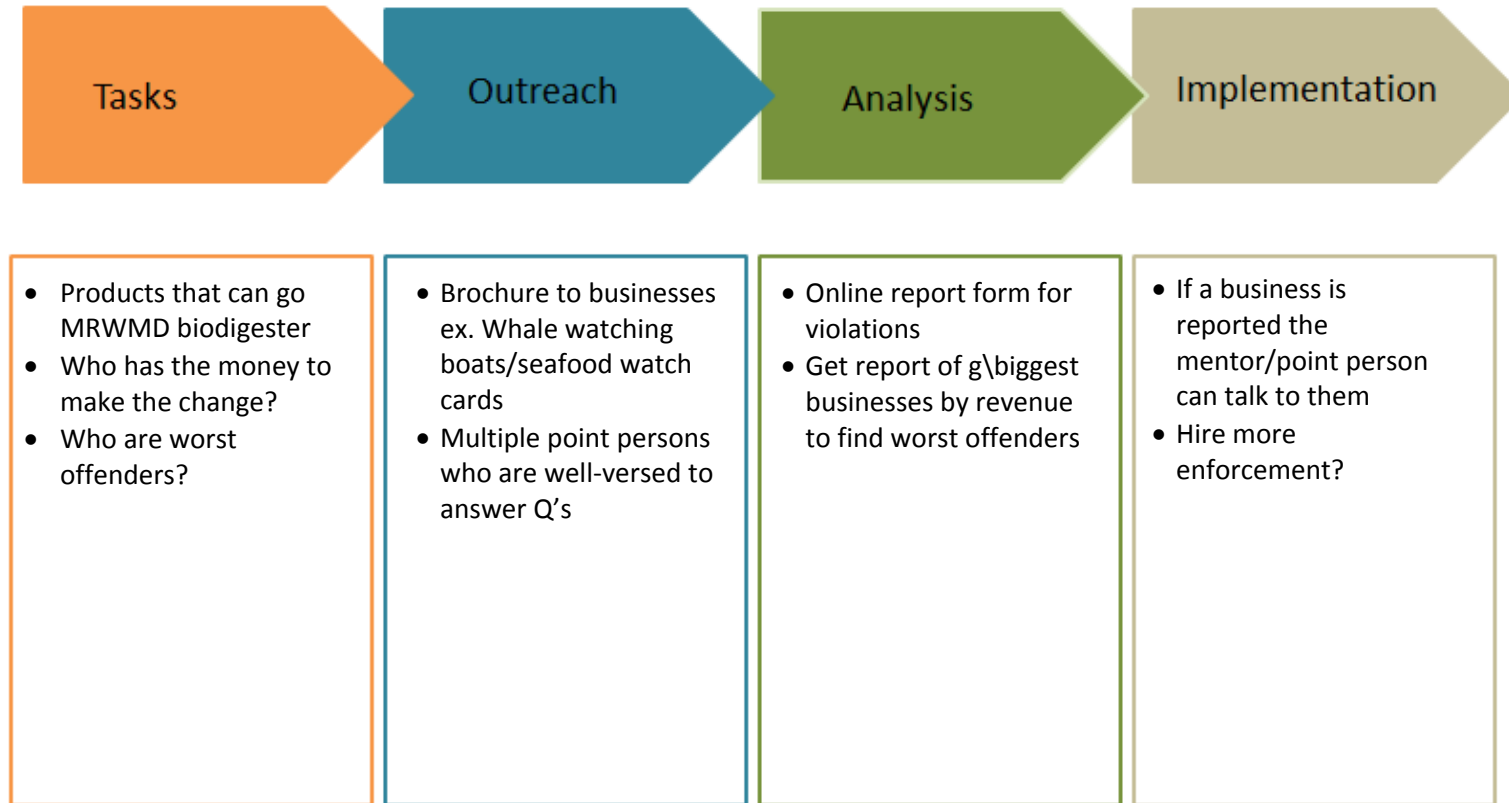
FOR The City Council of Seaside

Print Name

Single-use Carry out



Environmentally Preferable Products



Litter

