

DC Carbon Fee & Rebate Policy

An economic analysis

The Center for Climate Strategies conducted a macroeconomic-impact analysis of a proposal for the District of Columbia to put a price on all carbon emissions. The revenue raised by carbon pricing will be returned to residents as a rebate, small business assistance, and green investment initiatives. The full report can be found [here](#).

Overview of the Policy

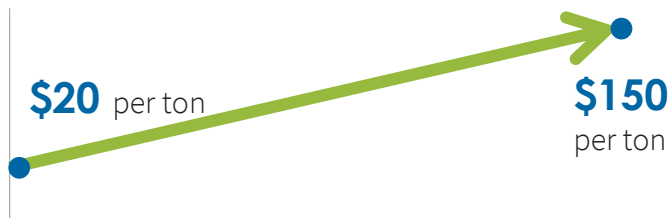
Carbon fee structure:

\$20 per ton of carbon emitted in year one



\$140 million
revenue generated in year one

Steady increase over time

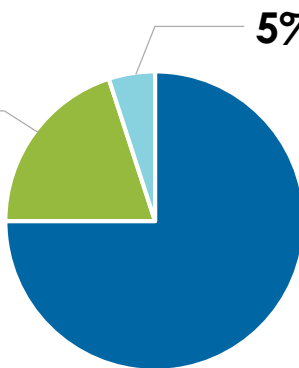


The policy is designed for the carbon fee to increase over time, from \$20 per ton in year one to \$150 per ton in 2032. This would increase the annual revenue from \$140 million to \$600 million by 2032.

Distribution of Carbon Fee Revenue:

Green Investments 20%

Funding for greenhouse gas reduction programs and energy efficiency projects.



5% Small Business Assistance

Operating cost relief to allow local small businesses to adapt to changing policy.

75% Cash Rebate

Provided to every DC resident on monthly basis. Weighted rebate structure provides higher rebate rates to low-income residents.

Environmental Impact

23%

Reduction of greenhouse gas emissions from the use of electricity, natural gas, and home heating fuel relative to a business-as-usual baseline by 2032.

Economic Impacts

Sector Growth:



500 jobs

Expected boost in DC jobs as a result of the policy by 2032. Green investments would result in positive job growth, particularly in the construction sector.



\$10-20 million

Expected increase in sales among grocery, beverage, restaurants, & consumer technology products each year due to the policy.

± 0.1%

Changes to expected economic productivity in terms of GDP, total output, and job growth from business as usual. This policy is not expected to have a dramatic economic impact.

Cash Rebate Estimates

Average family year one:

\$516 annual rebate for average family of four

1.5 to 2x rebate value compared with estimated fee

\$300 estimated annual fee for family of four

Low-income family year one:

\$888 annual rebate for low-income family of four

3 to 4x rebate value compared with estimated fee

\$300 estimated annual fee for family of four

Rebate estimates 2032:



\$1,920

The annual rebate generated for an average income family of four as projected by the analysis by 2032. This breaks down to \$160 per month. For a low-income family, the estimated rebate in 2032 is \$3,324 or \$277 per month.

75%

The percent of DC residents modeled to receive a higher rebate from the policy than the fee they pay. Residents making less than \$150,000 are very likely to receive a higher rebate than fees.