

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

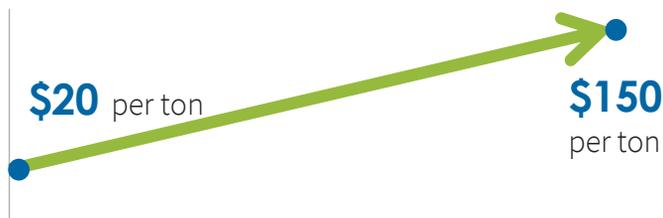
Carbon fee structure:

\$20 per ton of carbon emitted in year one



\$140 million
revenue generated in year one

Steady increase over time

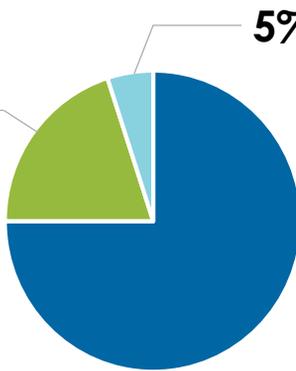


The policy is designed for the carbon fee to increase over time, from \$20 per ton in year one to \$150 per ton in 2032. This would increase the annual revenue from \$140 million to \$600 million by 2032.

Revenue distribution through rebate policy:

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.

Economic Impacts



▲ **500 jobs**

Expected boost in DC jobs as a result of the policy by 2032. The construction sector would see especially positive job growth thanks to green investments.



▲ **\$10-20 million**

Expected increase in sales among grocery, liquor, 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.

Environmental Impacts

▼ **23%**

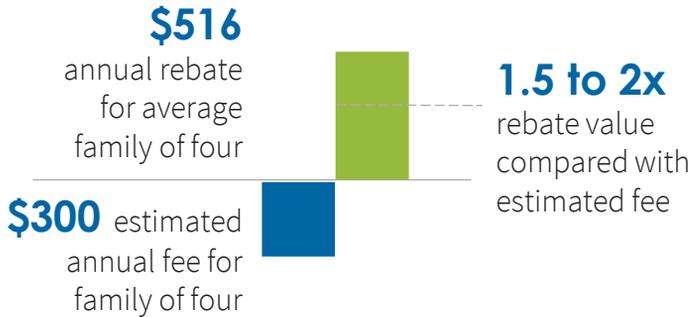
Reduction of greenhouse gas emissions from the use of electricity, natural gas, and home heating fuel relative to a business-as-usual baseline by 2032.

▼ **6-10%**

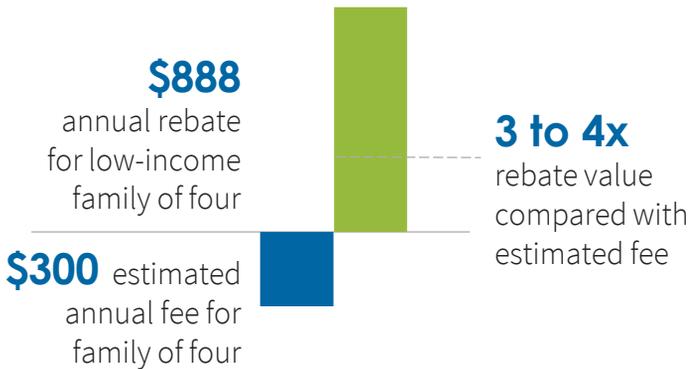
Reduction of greenhouse gas emissions from the transportation sector relative to the district's level in 2017.

Cash Rebate Estimates

Average family year one:



Low-income family year one:



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 annually are very likely to receive a higher rebate than the fee they pay.

About this Analysis

This analysis was conducted by the Center for Climate Strategies, Inc. The greenhouse gas emissions reduction impact of the policy was projected using the Carbon Tax Assessment Model (CTAM), which was originally developed by the Washington State Department of Commerce. Economic impacts were studied using the Policy Insight+ macroeconomic model designed by Regional Economic Models, Inc. (REMI), a tool in wide use by numerous governments and institutions throughout the United States. The full report can be found [here](#).



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 into a \$160 monthly rebate.

\$3,324

The annual rebate generated for a low-income family of four as projected by the analysis by 2032. This breaks down into a \$277 monthly rebate.