

110<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7194

To distribute proceeds from greenhouse gas emissions allowance auctions to low and moderate income households, through refundable tax credits for wage earners and senior citizens and monthly rebates to low-income citizens, to offset any loss in purchasing power such households may experience as a result of the regulation of greenhouse gas emissions.

---

## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2008

Ms. SOLIS 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 Education and Labor, 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 distribute proceeds from greenhouse gas emissions allowance auctions to low and moderate income households, through refundable tax credits for wage earners and senior citizens and monthly rebates to low-income citizens, to offset any loss in purchasing power such households may experience as a result of the regulation of greenhouse gas emissions.

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; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Climate Change Rebate Act of 2008”.

4 (b) **TABLE OF CONTENTS.**—The table of contents of  
5 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Rebate financing.
- Sec. 3. Climate change tax credit for working families and senior citizens.
- Sec. 4. Climate change rebates for low-income households.
- Sec. 5. LIHEAP and weatherization.

6 **SEC. 2. REBATE FINANCING.**

7 If Federal legislation is enacted that would limit the  
8 emission of greenhouse gasses, 35 percent of the total  
9 value of emissions allowances created by such legislation  
10 shall be auctioned each year and the receipts from that  
11 auction deposited in the Treasury, for the purpose of car-  
12 rying out the purposes of this Act.

13 **SEC. 3. CLIMATE CHANGE TAX CREDIT FOR WORKING FAM-**  
14 **ILIES AND SENIOR CITIZENS.**

15 (a) **IN GENERAL.**—Subpart C of part IV of sub-  
16 chapter A of chapter 1 of the Internal Revenue Code of  
17 1986 (relating to refundable credits) is amended by redес-  
18 ignating section 37 as section 38 and by inserting after  
19 section 36 the following new section:

20 **“SEC. 37. CLIMATE CHANGE TAX CREDIT.**

21 “(a) **IN GENERAL.**—In the case of an eligible indi-  
22 vidual, there shall be allowed as a credit against the tax  
23 imposed by this subtitle for the taxable year an amount

1 equal to the energy cost increase attributable to carbon  
 2 regulation.

3 “(b) ENERGY COST INCREASE ATTRIBUTABLE TO  
 4 CARBON REGULATION.—For purposes of this section—

5 “(1) IN GENERAL.—The energy cost increase  
 6 attributable to carbon regulation for any taxable  
 7 year shall be an amount equal to the applicable per-  
 8 centage of the base projected energy cost increase.

9 “(2) APPLICABLE PERCENTAGE.—The applica-  
 10 ble percentage shall be determined in accordance  
 11 with the following table:

“In the case of:	With:	The ap- plicable percent- age is:
An eligible individual making a joint return .....	No qualifying children .....	155
	1 qualifying child .....	180
	2 or more qualifying children ..	200
An eligible individual not mak- ing a joint return .....	No qualifying children .....	100
	1 qualifying child .....	155
	2 qualifying children .....	180

12 “(3) BASE PROJECTED ENERGY COST IN-  
 13 CREASE.—The term ‘base projected energy cost in-  
 14 crease’ means the base projected cost increase in ef-  
 15 fect under the Climate Change Rebate Program  
 16 (section 4 of the Climate Change Rebate Act of  
 17 2008) for the calendar in which the taxable year of  
 18 the taxpayer begins.

1 “(c) LIMITATIONS.—

2 “(1) PHASE-IN.—In the case of a taxpayer with  
3 earned income for the taxable year of less than  
4 \$8,000 (\$13,500 in the case of a joint return or  
5 head of household), the amount allowed as a credit  
6 under subsection (a) shall not exceed the amount  
7 which bears the same ratio to the amount which  
8 would be so allowed as—

9 “(A) the earned income of the taxpayer for  
10 the taxable year, bears to

11 “(B) \$8,000 (\$13,500 in the case of a  
12 joint return or head of household).

13 “(2) PHASE-OUT.—

14 “(A) IN GENERAL.—The amount which  
15 would (but for this paragraph) be allowed as a  
16 credit under subsection (a) shall be reduced  
17 (but not below zero) by the amount determined  
18 under subparagraph (B).

19 “(B) AMOUNT OF REDUCTION.—The  
20 amount determined under this subparagraph is  
21 the amount which bears the same ratio to the  
22 amount which would be so allowed as—

23 “(i) the excess of—

1                   “(I) the taxpayer’s adjusted  
 2                   gross income (or, if greater, earned  
 3                   income) for the taxable year, over

4                   “(II) the applicable amount,  
 5                   bears to

6                   “(ii) the applicable denominator.

7                   “(C) APPLICABLE AMOUNT; APPLICABLE  
 8                   DENOMINATOR.—The applicable amount and  
 9                   applicable denominator shall be determined in  
 10                  accordance with the following table:

“In the case of:	The ap- plicable amount is:	The ap- plicable denomi- nator is:
An eligible individual making a joint return .....	\$40,000	\$40,000
An eligible individual with one or more qualifying children and not making a joint return .....	\$30,000	\$30,000
Any other eligible individual .....	\$20,000	\$20,000

11                  “(d) DEFINITIONS AND SPECIAL RULES.—

12                  “(1) ELIGIBLE INDIVIDUAL.—For purposes of  
 13                  this section—

14                  “(A) IN GENERAL.—The term ‘eligible in-  
 15                  dividual’ means, with respect to a taxable year,  
 16                  any individual who—

17                         “(i) has earned income for such tax-  
 18                         able year, and

19                         “(ii) is not a dependent for whom a  
 20                         deduction is allowable under section 151 to

1 another taxpayer for any taxable year be-  
2 ginning in the same calendar year as such  
3 taxable year.

4 “(B) CERTAIN ELIGIBLE INDIVIDUAL  
5 RULES MADE APPLICABLE.—Rules similar to  
6 the rules of subparagraphs (B) through (F) of  
7 section 32(c)(1) shall apply.

8 “(2) EARNED INCOME QUALIFYING CHILD.—  
9 For purposes of this section, the term ‘earned in-  
10 come’ shall have the meaning given such term by  
11 section 32(c).

12 “(3) QUALIFYING CHILD.—For purposes of this  
13 section, the term ‘qualifying child’ shall have the  
14 meaning given such term by section 24.

15 “(4) MARRIED INDIVIDUALS.—In the case of an  
16 individual who is married (within the meaning of  
17 section 7703), this section shall apply only if a joint  
18 return is filed for the taxable year under section  
19 6103.

20 “(5) COORDINATION WITH CLIMATE CHANGE  
21 REBATE PROGRAM.—

22 “(A) IN GENERAL.—The amount which  
23 would be allowed as a credit to a taxpayer  
24 under subsection (a) shall, before the applica-  
25 tion of subsection (c), be reduced (but not

1 below zero) by the amounts received by the tax-  
2 payer under the Climate Change Rebate Pro-  
3 gram under section 4 of the Climate Change  
4 Rebate Act of 2008 for months beginning in the  
5 taxable year.

6 “(B) ALLOCATION OF CLIMATE CHANGE  
7 REBATES.—For purposes of this subparagraph,  
8 in the case of 2 or more eligible individuals who  
9 are members of the same household (as defined  
10 for purposes of the Climate Change Rebate  
11 Program) with respect to which an amount is  
12 received under such program for any month, for  
13 each such month beginning in the taxable year  
14 such an individual shall be treated as receiving  
15 an amount equal to—

16 “(i) the amount received with respect  
17 to such household for such month, divided  
18 by

19 “(ii) the number of eligible individuals  
20 who are members of such household at the  
21 beginning of such month.

22 “(e) SENIOR CLIMATE CHANGE CREDIT.—

23 “(1) IN GENERAL.—In the case of an individual  
24 with qualifying retirement income for the taxable  
25 year, the taxpayer may elect to apply subsections (c)

1 and (d)(1) by substituting ‘qualifying retirement in-  
2 come’ for ‘earned income’.

3 “(2) LIMITATION.—If the taxpayer makes the  
4 election described in paragraph (1) for the taxable  
5 year, the amount allowed as a credit under sub-  
6 section (a) for such taxable year shall not exceed an  
7 amount equal to 50 percent of the amount which  
8 would (but for this paragraph) be so allowed.

9 “(3) QUALIFYING INCOME.—For purposes of  
10 this section, the term ‘qualifying retirement income’  
11 means—

12 “(A) a distribution (other than a rollover)  
13 from—

14 “(i) a plan described in section 401(a)  
15 which includes a trust exempt from tax  
16 under section 501(a),

17 “(ii) an annuity plan described in sec-  
18 tion 403(a),

19 “(iii) an annuity contract described in  
20 section 403(b),

21 “(iv) an individual retirement account  
22 described in section 408(a),

23 “(v) an individual retirement annuity  
24 described in section 408(b),

1           “(vi) a Roth IRA (as defined in  
2           408A(b)),

3           “(vii) an eligible deferred compensa-  
4           tion plan (as defined in section 457),

5           “(viii) a governmental plan (as de-  
6           fined in section 414(d)),

7           “(ix) a trust described in section  
8           501(c)(18), or

9           “(x) any other plan, contract, account,  
10          annuity, or trust which, at any time, has  
11          been determined by the Secretary to be  
12          such a plan, contract, account, annuity, or  
13          trust,

14          “(B) social security benefits (within the  
15          meaning of section 86(d)),

16          “(C) any compensation or pension received  
17          under chapter 11, chapter 13, or chapter 15 of  
18          title 38, United States Code, and

19          “(D) any other amount received which is  
20          in the nature of a retirement benefit payment.”.

21          (b) CONFORMING AMENDMENTS.—(1) Section  
22          1324(b)(2) of title 31, United States Code, is amended  
23          by inserting “37,” after “36,”.

1           (2) Subparagraph (A) of section 6211(b)(4) of the  
2 Internal Revenue Code of 1986 is amended by inserting  
3 “37,” after “36,”.

4           (c) CLERICAL AMENDMENT.—The table of sections  
5 for subpart C of part IV of subchapter A of chapter 1  
6 of such Code is amended by striking the item relating to  
7 section 37 and inserting the following new items:

“Sec. 37. Climate change tax credit.

“Sec. 38. Overpayments of tax.”.

8           (d) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to taxable years beginning after  
10 December 31, 2009.

11 **SEC. 4. CLIMATE CHANGE REBATES FOR LOW-INCOME**  
12 **HOUSEHOLDS.**

13           (a) DEFINITIONS.—For purposes of this section:

14               (1) ADMINISTRATOR.—The term “Adminis-  
15 trator” means the Administrator of the Environ-  
16 mental Protection Agency or, if the President des-  
17 ignates an alternative agency under subsection  
18 (b)(1), the head of such agency.

19               (2) BASE PROJECTED COST INCREASE.—The  
20 term “base projected cost increase” means an  
21 amount equal to the projected average annual reduc-  
22 tion in purchasing power for a 1-person household in  
23 the second lowest quintile of the income scale, that  
24 results from the regulation of greenhouse gas emis-

1 sions under any Federal legislation is enacted on or  
2 after the date of the enactment of this Act that  
3 would limit the emission of greenhouse gasses in  
4 connection with the sale of emission allowances, pro-  
5 vided that each quintile shall—

6 (A) be based on income adjusted for house-  
7 hold size; and

8 (B) have an equal aggregate number of in-  
9 dividuals.

10 (3) ELDERLY OR DISABLED MEMBER.—The  
11 term “elderly or disabled member” has the meaning  
12 given such term in section 3 of the Food and Nutri-  
13 tion Act of 2008 (7 U.S.C. 2012).

14 (4) ELECTRONIC BENEFIT TRANSFER CARD.—  
15 The term “electronic benefit transfer card” means a  
16 card that makes a rebate provided under the Pro-  
17 gram accessible to a household through an Elec-  
18 tronic Benefits Transfer System.

19 (5) ELECTRONIC BENEFIT TRANSFER SYS-  
20 TEM.—The term “Electronic Benefit Transfer Sys-  
21 tem” means a system by which rebates provided  
22 under the Program are issued from and stored in a  
23 central databank by means of electronic benefit  
24 transfer cards.

1           (6) HOUSEHOLD.—(A) Subject to subparagraph  
2 (B), the term “household” means—

3                   (i) an individual who lives alone; or

4                   (ii) a group of individuals who live to-  
5                   gether.

6           (B) For purposes of subparagraph (A)—

7                   (i) an individual or a group of individuals  
8                   who are a household under the Food and Nutri-  
9                   tion Act of 2008 (7 U.S.C. 2012) shall be con-  
10                  sidered a household;

11                  (ii) a single individual or married couple  
12                  who receive benefits under Section 1860D–14  
13                  of the Social Security Act (42 U.S.C 1395w–  
14                  114) shall be considered a household;

15                  (iii) notwithstanding Section 4(d)(2) of  
16                  this Act, the Administrator shall establish rules  
17                  for providing the Climate Change Rebate in an  
18                  equitable and administratively simple manner to  
19                  “mixed households” where the group of individ-  
20                  uals who live together includes a combination of  
21                  members described in clause (i) and clause (ii),  
22                  or includes additional members not described in  
23                  clause (i) or clause (ii).

24           (7) STATE.—The term “State” means any of  
25           the several States, the District of Columbia, the

1 Commonwealth of Puerto Rico, American Samoa,  
2 the United States Virgin Islands, Guam, or the  
3 Commonwealth of the Northern Mariana Islands.

4 (8) STATE AGENCY.—The term “State agency”  
5 means—

6 (A) an agency of a State (including the  
7 local offices of such agency) that has the re-  
8 sponsibility for the administration of federally  
9 aided public assistance programs in such State;  
10 or

11 (B) in a State in which such programs are  
12 operated on a decentralized basis, the cor-  
13 responding local agencies that administer such  
14 programs.

15 (9) POVERTY LINE.—The term “poverty line”  
16 has the meaning given such term in section 673(2)  
17 of the Community Services Block Grant Act (42  
18 U.S.C. 9902(2)), including any revision required by  
19 such section.

20 (b) CLIMATE CHANGE REBATE PROGRAM.—

21 (1) FORMULATION AND ADMINISTRATION OF  
22 PROGRAM.—The Administrator of the Environ-  
23 mental Protection Agency, or the head of such other  
24 Executive agency (as defined in section 105 of title  
25 5 of the United States Code) as the President may

1 designate, shall formulate and administer in accord-  
2 ance with this section a program to be known as the  
3 “Climate Change Rebate Program” (in this section  
4 referred to as the “Program”).

5 (2) STATE PARTICIPATION IN THE PROGRAM.—

6 At the request of a State, eligible households in such  
7 State shall be provided an opportunity to receive  
8 compensation through the issuance of a rebate in ac-  
9 cordance with this section for the reduction in pur-  
10 chasing power resulting from the regulation of  
11 greenhouse gas emissions under any Federal legisla-  
12 tion described in subsection (a)(2).

13 (c) ELIGIBILITY.—Subject to subsection (d), a house-  
14 hold shall be eligible to participate in the Program if the  
15 State agency designated by the chief executive officer of  
16 such State to carry out the Program in such State deter-  
17 mines that—

18 (1) such household contains 1 or more individ-  
19 uals who participate in the supplemental nutrition  
20 assistance program under the Food and Nutrition  
21 Act of 2008 (7 U.S.C. 2011 et seq.);

22 (2) such household, without regard to whether  
23 such household includes an elderly or disabled mem-  
24 ber, meets—

1 (A) the gross income standard described in  
2 section 5(c)(2) of the Food and Nutrition Act  
3 of 2008 (7 U.S.C. 2014(c)(2)); and

4 (B) the financial resources limit in effect  
5 for the State in which such household is located  
6 under section 5(g) the Food and Nutrition Act  
7 of 2008 (7 U.S.C. 2014(g));

8 (3) such household consists of 1 or more indi-  
9 viduals who are subsidy eligible individuals (as de-  
10 fined in section 1860D–14 of the Social Security Act  
11 (42 U.S.C. 1395w–114)); or

12 (4) such household consists of 1 or more indi-  
13 vidual who are eligible for benefits under title XVIII  
14 of the Social Security Act and who meet the income  
15 requirements described in paragraph (1) or (2) of  
16 section 1860D–14(a) of such Act and the resource  
17 requirements described in subparagraphs (D) and  
18 (E) of section 1860D–14(a)(3).

19 (d) LIMITATIONS.—The Administrator shall establish  
20 procedures to ensure that households do not receive more  
21 than 1 rebate per month.

22 (e) REBATE CALCULATION.—

23 (1) BASE PROJECTED COST INCREASE.—Not  
24 later than October 1 of 2009, and of each subse-  
25 quent calendar year, the Administrator of the En-

1       energy Information Administration shall calculate and  
2       publish the base projected cost increase for the fol-  
3       lowing year.

4               (2) MAXIMUM REBATE AMOUNT.—The max-  
5       imum rebate amount for each month of a calendar  
6       year shall be—

7                       (A) set by the Administrator; and

8                       (B) equal to  $\frac{1}{12}$  of—

9                               (i) 100 percent of the base projected  
10       cost increase for a household containing 1  
11       individual;

12                              (ii) 155 percent of the base projected  
13       cost increase for a household containing 2  
14       individuals;

15                              (iii) 180 percent of the base projected  
16       cost increase for a household containing 3  
17       individuals; and

18                              (iv) 200 percent of the base projected  
19       cost increase for a household containing 4  
20       or more individuals.

21               (3) MONTHLY REBATE AMOUNTS.—Eligible  
22       households shall receive a monthly rebate calculated  
23       in the following manner:

24                       (A) A household with gross income, as de-  
25       termined in the manner provided in section 5 of

1 the Food and Nutrition Act of 2008 (7 U.S.C.  
2 2014), that is not more than 50 percent of the  
3 poverty line shall receive the maximum rebate  
4 amount for a household of equal size.

5 (B) A household with gross income, as de-  
6 termined in the manner provided in section 5 of  
7 the Food and Nutrition Act of 2008 (7 U.S.C.  
8 2014), that is greater than 50 percent of the  
9 poverty line and not more than 130 percent of  
10 the poverty line shall receive a rebate in an  
11 amount determined in accordance with a sched-  
12 ule of phase-down rates based on household  
13 size, established by the Administrator and  
14 specifying the amount by which the otherwise  
15 applicable maximum rebate amount shall be re-  
16 duced for each dollar by which such gross in-  
17 come exceeds 50 percent of the poverty line.  
18 The phase-down rate shall be—

19 (i) for household sizes of 4 or fewer  
20 individuals, equal to the maximum rebate  
21 amount divided by 80 percent of the pov-  
22 erty line applicable to the particular house-  
23 hold size involved; and

24 (ii) for household sizes of 5 or more  
25 individuals, equal to a rate determined in

1           accordance with a methodology established  
2           by the Administrator.

3           (C) Households with gross income exceed-  
4           ing 130 percent of the poverty line shall not be  
5           eligible to receive a rebate under the Program.

6           (4) SPECIAL RULE FOR HOUSEHOLD WITH EL-  
7           DERLY OR DISABLED MEMBER.—Notwithstanding  
8           paragraph (3), households with 1 or more members  
9           who are elderly or disabled shall receive the max-  
10          imum monthly rebate amount for a household of  
11          equal size.

12          (f) SCHEDULE AND STANDARDS FOR IMPLEMENTA-  
13          TION OF PROGRAM.—The Administrator shall establish by  
14          rule a schedule and standards to implement the Program.  
15          Such standards shall—

16                (1) specify the required level of household pro-  
17                tection regarding privacy, ease of rebate use, and ac-  
18                cess to the rebates under the Program;

19                (2) prohibit the imposition of any fee on a  
20                household for the withdrawal or expenditure of any  
21                part of such rebates;

22                (3) require States participating in the Program  
23                to provide such rebates to recipient households  
24                through an Electronic Benefit Transfer System or

1 by direct deposits into accounts established by  
2 household members at financial institutions; and

3 (4) provide for the interoperability of the Pro-  
4 gram among States and among law enforcement au-  
5 thorities that monitor compliance with the Program.

6 (g) STATE ADMINISTRATION OF PROGRAM.—A par-  
7 ticipating State, and the State agency designated under  
8 subsection (b), shall be responsible for—

9 (1) certifying the eligibility of households to re-  
10 ceive rebates under the Program; and

11 (2) issuance and control of rebates, and ac-  
12 countability therefor.

13 (h) REIMBURSEMENT OF STATE ADMINISTRATIVE  
14 COSTS.—Subject to standards established by the Adminis-  
15 trator, the Administrator shall reimburse each partici-  
16 pating State as follows for administrative costs incurred  
17 by the designated State agency to carry out the Program:

18 (1) For 3 years such costs shall be reimbursed  
19 at the rate of—

20 (A) 90 percent of any automated data  
21 processing improvement, and Electronic Benefit  
22 Transfer contract amendment, necessary to pro-  
23 vide rebates under the Program; and

24 (B) 75 percent of such costs remaining.

1           (2) For subsequent years such costs shall be re-  
2           imbursed at the rate of 50 percent.

3           (i) TREATMENT OF REBATES.—The amount of any  
4           rebate received under the Program shall not be considered  
5           to be income or resources for any purpose under any Fed-  
6           eral, State, or local law, including any law relating to tax-  
7           ation (including income tax) or public assistance (includ-  
8           ing programs that provide health care, cash aid, child care,  
9           nutrition assistance, and housing assistance). No partici-  
10          pating State (or political subdivision thereof) shall de-  
11          crease any assistance otherwise provided to an individual  
12          or a household based on the fact that a household applied  
13          for or received a rebate under the Program.

14       **SEC. 5. LIHEAP AND WEATHERIZATION.**

15          (a) DEPOSIT OF AUCTION RECEIPTS.—If Federal  
16          legislation is enacted that would limit the emission of  
17          greenhouse gases in the United States, 1 percent of the  
18          total value of emission allowances created by such legisla-  
19          tion shall be auctioned each year, and the receipts from  
20          that auction shall be deposited in the Treasury for use  
21          under subsection (b).

22          (b) USE OF RECEIPTS.—Of the receipts deposited in  
23          the Treasury under subsection (a), 50 percent shall be for  
24          the Low-Income Home Energy Assistance Program, and  
25          50 percent shall be for the Weatherization Assistance Pro-

1 gram under part A of title IV the Energy Conservation  
2 and Production Act (42 U.S.C. 6861 et seq.), to the extent  
3 provided in appropriations Acts, to remain available until  
4 expended.

○