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

SEPTEMBER 27, 2023

Mr. CARBAJAL (for himself and Mr. PETERS) 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.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Energy Innovation and Carbon Dividend Act of 2023”.

SEC. 2. FINDINGS.

The Congress finds that—

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

(2) efficient markets should reflect all costs of goods to ensure that they advance America’s prosperity and national interests;

(3) emissions of carbon pollution and other harmful pollutants into our Nation’s air impose substantial costs on all Americans and on future generations; and

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

SEC. 3. CARBON DIVIDENDS AND CARBON FEE.

The Internal Revenue Code of 1986 is amended by adding at the end the following new subtitle:
“Subtitle L—CARBON DIVIDENDS
AND CARBON FEE

“CHAPTER 101. CARBON FEES.

“CHAPTER 102. CARBON BORDER FEE ADJUSTMENT.

“CHAPTER 101—CARBON FEES

For purposes of this subtitle:

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

(b) CARBON DIOXIDE EQUIVALENT OR CO$_2$-e.—The term ‘carbon dioxide equivalent’ or ‘CO$_2$-e’ means the number of metric tons of carbon dioxide emissions with the same global warming potential as one metric ton of another greenhouse gas.

(c) CARBON-INTENSIVE PRODUCT.—The term ‘carbon-intensive product’ means, as identified by the Secretary by rule—

(1) for purposes of this chapter—

(A) any manufactured or agricultural product which the Secretary in consultation with the Administrator determines is emissions-
intensive and trade-exposed, except that no covered fuel is a carbon-intensive product, and

“(B) until such time that the Secretary promulgates rules identifying carbon-intensive products, the following shall be considered carbon-intensive products: iron, steel, steel mill products (including pipe and tube), aluminum, cement, glass (including flat, container, and specialty glass and fiberglass), pulp, paper, chemicals, or industrial ceramics, and

“(2) for purposes of chapter 102, any economic sector, or product from that sector, which the Secretary in consultation with the Administrator determines is prone to carbon leakage because it is emissions-intensive and trade-exposed, along with other pertinent criteria, except that no covered fuel is a carbon-intensive product.

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

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

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

“(1) in the case of crude oil—

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

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

“(2) in the case of coal—

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

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

“(3) in the case of natural gas—

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

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

“(4) any entity or class of entities which, as de-
termined by the Secretary, is transporting, selling,
or otherwise using a covered fuel in a manner which
emits a greenhouse gas to the atmosphere and which
has not been covered by the carbon fee or the carbon
border fee adjustment.

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

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

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

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

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

“(l) GLOBAL WARMING POTENTIAL.—The term
‘global warming potential’ means the ratio of the time-
integrated radiative forcing from the instantaneous release
of one kilogram of a trace substance relative to that of
one kilogram of carbon dioxide.
“(m) GREENHOUSE GAS.—The term ‘greenhouse gas’ means carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and other gases as defined by rule of the Administrator.

“(n) GREENHOUSE GAS CONTENT.—The term ‘greenhouse gas content’ means the amount of greenhouse gases of a product or a fuel, expressed in metric tons of CO₂-e, which would be emitted to the atmosphere by the use of a covered fuel and shall include, nonexclusively, emissions of carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), and other greenhouse gases as identified by rule of the Administrator.

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

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

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

“(r) PRODUCTION GREENHOUSE GAS EMISSIONS.—The term ‘production greenhouse gas emissions’ means
the quantity of greenhouse gases, expressed in metric tons of CO₂-e, emitted to the atmosphere resulting from, non-exclusively, the production, manufacture, assembly, transportation, or financing of a product.

“(s) Upstream Greenhouse Gas Emissions.—The term ‘upstream greenhouse gas emissions’ means the quantity of greenhouse gases, expressed in metric tons of CO₂-e, emitted to the atmosphere resulting from, non-exclusively, the extraction, processing, transportation, financing, or other preparation of a covered fuel for use.

“SEC. 9902. Carbon Fee.

“(a) Carbon Fee.—There is hereby imposed a carbon fee on any covered entity’s emitting use, or sale or transfer for an emitting use, of any covered fuel.

“(b) Amount of the Carbon Fee.—The carbon fee imposed by this section is an amount equal to—

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

“(2) the carbon fee rate.

“(c) Carbon Fee Rate.—For purposes of this section—

“(1) In General.—The carbon fee rate, with respect to any use, sale, or transfer during a calendar year, shall be—
“(A) in the case of calendar year 2023,$15 per metric ton of CO₂-e, and

“(B) except as provided in paragraph (2), in the case of any calendar year thereafter—

“(i) the carbon fee rate in effect under this subsection for the preceding calendar year, plus

“(ii) $10 per metric ton of CO₂-e.

“(2) EXCEPTIONS.—

“(A) INCREASED CARBON FEE RATE AFTER MISSED ANNUAL EMISSIONS REDUCTION TARGET.—In the case of any year immediately following a year for which the Secretary determines under section 9903(b) that the actual emissions of greenhouse gases from covered fuels exceeded the emissions reduction target for the previous year, paragraph (1)(B)(ii) shall be applied by substituting ‘$15’ for the dollar amount otherwise in effect for the calendar year under such paragraph.

“(B) CESSATION OF CARBON FEE RATE INCREASE AFTER CERTAIN EMISSION REDUCTIONS ACHIEVED.—In the case of any year immediately following a year for which the Secretary determines under 9903(b) that actual emissions
of greenhouse gases from covered fuels is not more than 10 percent of the greenhouse gas emissions from covered fuels during the year 2005, paragraph (1)(B)(ii) shall be applied by substituting ‘$0’ for the dollar amount otherwise in effect for the calendar year under such paragraph.

“(3) Inflation Adjustment.—In the case of any calendar year after 2023, each of the dollar amounts in paragraphs (1)(B) and (2)(A) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting ‘calendar year 2022’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

“(d) Exemption and Refund.—The Secretary shall prescribe such rules as are necessary to ensure the fee imposed by this section is not imposed with respect to any nonemitting use, or any sale or transfer for a non-emitting use, including rules providing for the refund of any carbon fee paid under this section with respect to any such use, sale, or transfer.

“(e) Exemptions.—
“(1) AGRICULTURE.—

“(A) FUEL.—If any covered fuel or its derivative is used on a farm for a farming purpose, the Secretary shall pay (without interest) to the ultimate purchaser of such covered fuel or its derivative, the total amount of carbon fees previously paid upon that covered fuel or its derivative, as specified by rule of the Secretary.

“(B) FARM, FARMING USE, AND FARMING PURPOSE.—The terms ‘farm’, ‘farming use’, and ‘farming purpose’ shall have the respective meanings given such terms under section 6420(c).

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

“(2) ARMED FORCES OF THE UNITED STATES.—If any covered fuel or its derivative is used by the Armed Forces of the United States as supplies for vessels of war, vehicles, or electrical power generation equipment, the Secretary shall pay (without interest) to the ultimate purchaser of such covered fuel or its derivative, the total amount of
carbon fees previously paid upon that covered fuel or
its derivative, as specified by rule of the Secretary.

“SEC. 9903. EMISSIONS REDUCTION SCHEDULE.

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

“(1) REFERENCE YEAR.—The net greenhouse
gas emissions during the year 2005 shall be the ref-
ERENCE amount of emissions and shall be determined
from the ‘Inventory of U.S. Greenhouse Gas Emis-
sions and Sinks: 1990–2021’ published by the Envi-
ronmental Protection Agency in April of 2023.

“(2) EMISSIONS REDUCTION TARGET.—The
first emission reduction target shall be for the year
2025. The emission target for each year thereafter
shall be the previous year’s target emissions minus
a percentage of emissions during the reference year
determined in accordance with the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions Reduction Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Reference year</td>
</tr>
<tr>
<td>2023 to 2024</td>
<td>No emissions reduction target</td>
</tr>
<tr>
<td>2025 to 2030</td>
<td>8 percent of 2005 emissions per year</td>
</tr>
<tr>
<td>2031 to 2050</td>
<td>2.5 percent of 2005 emissions per year.</td>
</tr>
</tbody>
</table>

“(b) ADMINISTRATIVE DETERMINATION.—Not later
than 60 days after the beginning of each calendar year
beginning after the enactment of this section, the Secretary, in consultation with the Administrator, shall determine whether actual emissions of greenhouse gases from covered fuels exceeded the emissions reduction target for the preceding calendar year. The Secretary shall make such determination using the same, or appropriately updated, greenhouse gas accounting method as was used to determine the net greenhouse gas emissions in the ‘Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990–2021’ published by the Environmental Protection Agency in April of 2023.

“SEC. 9904. DECOMMISSIONING OF CARBON FEE.

“(a) IN GENERAL.—At such time that—

“(1) the Secretary determines under 9903(b) that actual emissions of greenhouse gases from covered fuels is not more than 10 percent of the greenhouse gas emissions during the year 2005, and

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

the Secretary shall decommission in an orderly manner programs administering the carbon fee, the carbon border fee adjustment, and the Carbon Dividend Trust Fund.
“(b) Inflation Adjustment.—In the case of any calendar year after 2023, the $20 amount under subsection (a)(2) shall be increased by an amount equal to—

“(1) such dollar amount, multiplied by

“(2) cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting ‘calendar year 2022’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

“SEC. 9905. CARBON CAPTURE AND SEQUESTRATION.

“(a) In General.—The Secretary, in consultation with the Administrator and the Secretary of Energy, shall prescribe regulations for making payments as provided in subsection (b) to qualified facilities which capture and sequester qualified carbon dioxide or sequester qualified carbon dioxide obtained from one or more qualified facilities.

“(b) Payment Amounts.—

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

“(A) uses any covered fuel—

“(i) with respect to which the carbon fee has been paid, and
“(ii) which results in the emission of qualified carbon dioxide,

“(B) captures such emitted, or an equivalent amount of, qualified carbon dioxide, and

“(C)(i) sequesters such qualified carbon dioxide in a manner which is safe, permanent, and in compliance with any applicable local, State, and Federal laws, or

“(ii) utilizes such qualified carbon dioxide or an equivalent amount of carbon dioxide in a manner provided in paragraph (3)(C).

“(2) AMOUNT OF REFUND.—The payment determined under this section shall be an amount equal to the lesser of—

“(A)(i) the adjusted metric tons of qualified carbon dioxide captured and sequestered or utilized, multiplied by

“(ii) the carbon fee rate during the year in which the carbon fee was imposed by section 9902 upon the covered fuel to which such carbon dioxide relates, or

“(B) the amount of the carbon fee imposed by section 9902 with respect to such covered fuel.
“(3) Definitions and special rules.—For purposes of this section—

“(A) Qualified carbon dioxide; qualified facility.—

“(i) Qualified carbon dioxide.—The term ‘qualified carbon dioxide’ has the same meaning given such term under section 45Q(c).

“(ii) Qualified facility.—The term ‘qualified facility’ means any industrial facility at which carbon capture equipment is placed in service.

“(B) Adjusted total metric tons.—The adjusted total metric tons of qualified carbon dioxide captured and sequestered or utilized shall be the total metric tons of qualified carbon dioxide captured and sequestered or utilized, reduced by the amount of any carbon dioxide likely to escape and be emitted into the atmosphere due to imperfect storage technology or otherwise, as determined by the Secretary in consultation with the Administrator.

“(C) Utilization.—The Secretary, in consultation with the Administrator, shall establish regulations providing for the methods
and processes by which qualified carbon dioxide may be utilized so as to exclude that qualified carbon dioxide safely and permanently from the atmosphere. Utilization may include the production of substances such as but not limited to plastics and chemicals. Such regulations shall minimize the escape or further emission of the qualified carbon dioxide into the atmosphere.

“(D) SEQUESTRATION.—Not later than 540 days after the date of the enactment of this section, the Secretary, in consultation with the Administrator, shall prescribe regulations identifying the conditions under which carbon dioxide may be safely and permanently sequestered.

“(4) COORDINATION WITH CREDIT FOR CARBON DIOXIDE SEQUESTRATION.—At such time that the Secretary prescribes regulations implementing this section, no payment under this section shall be allowed to a taxpayer to whom a credit has been allowed in the same taxable year under section 45Q.

“SEC. 9906. ADMINISTRATIVE AUTHORITY.

“(a) In General.—The Secretary in consultation with the Administrator shall prescribe such regulations, and other guidance, as may be necessary to carry out the
purposes of this subtitle and assess and collect the carbon fee imposed by section 9902.

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

“(1) the identification of an effective point in the production, distribution, or use of a covered fuel for collecting such carbon fee, in such a manner so as to minimize administrative burden and maximize the extent to which full fuel cycle greenhouse gas emissions from covered fuels have the carbon fee levied upon them,

“(2) the identification of covered entities which shall be liable for the payment of the carbon fee,

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

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

“(5) as may be necessary or convenient, rules for distinguishing between a covered fuel’s greenhouse gas content and its upstream greenhouse gas emissions,

“(6) rules to ensure that no covered fuel has the carbon fee or carbon border fee adjustment imposed upon it more than once, and
“(7) rules to ensure that the domestic implementation of the carbon fee coordinate with the implementation of the carbon border fee adjustment of chapter 102.

“CHAPTER 102—CARBON BORDER FEE 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.
‘Sec. 9911. Treaties and international negotiations.

“SEC. 9908. CARBON BORDER FEE ADJUSTMENT.

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

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

“(c) IMPORTS TO THE UNITED STATES.—

“(1) IMPORTED COVERED FUELS FEE.—In the case of any person that imports into the United States any covered fuel, there shall be imposed a fee equal to the total carbon fee that would be imposed on the fuel’s greenhouse gas content under the domestic carbon fee, including processing emissions.
“(2) Imported carbon-intensive products fee.—In the case of any person that imports into the United States any carbon-intensive product, there shall be imposed a fee equal to the total carbon fee which would have accumulated upon the greenhouse gas content of the imported carbon-intensive product had the imported carbon-intensive product been produced domestically and subject to the domestic carbon fee.

“(3) Modifications.—The Secretary shall make an administrative determination of whether any class of imported covered fuels or class of imported carbon-intensive product is carrying any total foreign carbon cost. The Secretary shall make a determination of whether international law or the enhancement of global greenhouse gas mitigation efforts require that those foreign costs of carbon be deducted from the border carbon fee adjustment determined in subsection (c)(1) or subsection (d)(1).

“(4) Foreign cost of carbon; foreign carbon costs.—For purposes of this subsection, the term ‘foreign cost of carbon’ or ‘foreign carbon cost’ means the explicit price a foreign jurisdiction places upon the emission of greenhouse gas pollution to the atmosphere through law or regulation. Such price
shall be expressed as the price per metric ton of CO₂-e.

“(d) REFUND ON EXPORTS FROM UNITED STATES.—

“(1) COVERED FUELS.—Under regulations prescribed by the Secretary, in the case of a covered fuel produced in the United States with respect to which the fee under section 9902 was paid, there shall be allowed as a credit or refund (without interest) to any exporter of such covered fuels an amount equal to the total carbon fee levied upon the exported covered fuel up to the time of its exportation, including processing emissions. Any such credit or refund shall be allowed in the same manner as if it were an overpayment of tax imposed by section 9902.

“(2) CARBON-INTENSIVE PRODUCTS.—Under regulations prescribed by the Secretary, there shall be allowed a credit or refund (without interest) to exporters of carbon-intensive products manufactured or produced in the United States an amount equal to the total carbon fees accumulated upon the greenhouse gas content of the exported carbon-intensive product up to the time of exportation. Any such credit or refund shall be allowed in the same manner
as if it were an overpayment of the fee imposed by
section 9902 or 9904.

“SEC. 9909. ADMINISTRATION OF THE CARBON BORDER
FEE ADJUSTMENT.

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

“(b) COLLABORATION.—In administering any aspect
of the border carbon fee adjustment it is the sense of Con-
gress that the Secretary should collaborate with author-
ized officers of any jurisdiction, including sub-national
governments, affected by the carbon border fee adjust-
ment.

“(c) METHODOLOGY.—In administering the border
carbon fee adjustment, the Secretary shall use methodolo-
gies, procedures, and data which as may be necessary or
convenient—

“(1) disaggregate a product’s greenhouse gas
content;

“(2) are consistent with international law and
facilitate international cooperation;

“(3) in the case of incomplete data, use cus-
tomary methods of interpolation that favor enhanced
mitigation and facilitate international cooperation;
“(4) avoid the double pricing of greenhouse gas emissions; and

“(5) harmonize the border carbon fee adjustment with the domestic carbon fee so as to ensure all covered fuels used in the United States are subject to the carbon fee.

“(d) SCHEDULE.—The Secretary shall—

“(1) begin implementation the border carbon fee adjustment for covered fuels at the same time as the implementation of the carbon fee; and

“(2) begin implementation of the border carbon fee adjustment for carbon-intensive products within two years of the date of the enactment of the Energy Innovation and Carbon Dividend Act of 2023.

“(e) PROCEDURE.—The Secretary shall—

“(1) establish fair, timely, impartial, and as necessary confidential procedures by which the importer of any carbon-intensive product or any covered fuel may petition the Secretary to revise the Secretary's determination of its border carbon fee adjustment liability calculated under section 9908(c)(1);

“(2) establish fair, timely, impartial, and as necessary confidential procedures by which any exporter of any product from the United States may
petition the Secretary to include that exported product on the list of carbon-intensive products; and

“(3) establish fair, timely, impartial, and as necessary confidential procedures by which the exporter of any carbon-intensive product or any covered fuel may petition the Secretary to revise the Secretary’s determination of its border carbon fee adjustment refund calculated under section 9908(d).

“(f) Shipments From the United States to the Territories of the United States.—Notwithstanding any other treaty, law, or policy, shipments of covered fuels or carbon-intensive products from the United States to Guam, the United States Virgin Islands, American Samoa, Puerto Rico, and the Northern Mariana Islands shall be eligible for a refund of the carbon fee under section 9908(d).

“(g) Imports to the Territories of the United States.—Notwithstanding any other treaty, law, or policy, imports of covered fuels or carbon-intensive products to Guam, the United States Virgin Islands, American Samoa, Puerto Rico, and the Northern Mariana Islands shall not be subject to section 9908(e).
“SEC. 9910. ALLOCATION OF CARBON BORDER FEE ADJUSTMENT REVENUES.

“The revenues collected under this chapter may be used to supplement appropriations made available in fiscal years 2024 and thereafter—

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

“(2) to the Green Climate Fund, created by decision 3/CP.17 adopted at the 17th Conference of the Parties to the United Nation Framework Convention on Climate Change held in Durban, November 28 to December 11, 2011.

“SEC. 9911. TREATIES AND INTERNATIONAL NEGOTIATIONS.

“(a) CONFORMANCE WITH INTERNATIONAL TREATIES.—In the case that the Appellate Body of the World Trade Organization, or any other authoritative international treaty interpreter, shall find any portion of the carbon border fee adjustment under this chapter to violate any treaty to which the United States is a party, the Secretary of State is authorized to alter that aspect of such carbon border fee adjustment found to violate a treaty obligation so as to bring the carbon border fee adjustment into conformance with international law.
“(b) International Negotiations.—The Congress finds the international mitigation of greenhouse gas emissions to be of national importance. Therefore, the Congress encourages the Secretary of State, or the Secretary’s designee, to commence and complete negotiations with other nations with the goal of forming treaties, environmental agreements, accords, partnerships or any other instrument that effectively reduces global greenhouse gas emissions to zero percent of 2010 levels by 2050 and which respect the principle of common but differentiated responsibilities and respective capabilities.

“(c) Suspension of the Carbon Border Fee Adjustment.—The Secretary may suspend the border carbon fee adjustment, in whole or in part—

“(1) when, in the determination of the Secretary, a country has implemented greenhouse gas mitigation policies sufficient to contribute to a global net reduction of greenhouse gas emissions to zero by 2050. In making such determination, the Secretary may partially suspend particular provisions of the carbon border fee adjustment. In making the determination, the Secretary shall consult with the importing country. In making the determination, the Secretary shall follow all existing treaty obligations.
The Secretary shall review any carbon border fee adjustment suspension at least every 5 years, or “(2) by treaty or other international agreement that meets the criteria of section 9911(c)(1) and includes provisions for the suspension of the border carbon fee adjustment.”.

SEC. 4. ESTABLISHMENT OF THE CARBON DIVIDEND TRUST FUND.

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

“SEC. 9512. CARBON DIVIDEND TRUST FUND.

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

“(b) TRANSFERS TO THE CARBON DIVIDEND TRUST FUND.—There is hereby appropriated to the Carbon Dividend Trust Fund amounts equal to the fees received into the Treasury less any amounts refunded or paid under section 9902(d) or 9905 of chapter 101 for each month.

“(c) EXPENDITURES.—Amounts in the trust fund shall be available for the following purposes:
“(1) Administrative expenses.—So much of the expenses necessary to administer the Carbon Dividend Trust Fund for each year, as does not exceed—

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

“(B) in the case of any calendar year thereafter, 2 percent of the 5-year rolling average of the amounts appropriated to the Carbon Dividend Trust Fund.

“(2) Other administrative expenses.—So much of the expenses as are necessary to administer chapter 101 for any year as does not to exceed 0.60 percent of the amounts appropriated to the Carbon Dividend Trust Fund for the previous year, and further limited as follows:

“(A) The Department of the Treasury.

“(B) The Social Security Administration.

“(C) The Environmental Protection Agency.

“(D) Department of State.
“(3) CARBON DIVIDEND PAYMENTS.—

“(A) IN GENERAL.—From the amounts in the Carbon Dividend Trust Fund made available under paragraphs (1) and (2) of this subsection for any year, the Secretary shall for each month beginning no more than 270 days after the date of the enactment of the Energy Innovation and Carbon Dividend Act of 2023, make carbon dividend payments to each eligible individual.

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

“(C) ELIGIBLE INDIVIDUAL.—The term ‘eligible individual’ means, with respect to any month, any natural living person who has a valid Social Security number or taxpayer identification number and is a citizen or lawful resident of the United States (other than any individual who is a citizen of any possession of the United States and whose bona fide residence is outside of the United States). The Secretary is
authorized to verify an individual’s eligibility to receive a carbon dividend payment.

“(D) Fee treatment of payments.—Amounts paid under this subsection shall be includible in gross income.

“(E) Federal programs and federal assisted programs.—The carbon dividend amount received by any individual shall not be taken into account as income and shall not be taken into account as resources for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

“(F) Advance payment.—The Secretary shall transfer to the Carbon Dividend Trust Fund such amounts as are necessary for the disbursement of an advanced carbon dividend to all eligible individuals as follows:

“(i) An advanced carbon dividend shall be the same as the anticipated first carbon dividend required to be distributed under subparagraph (A) and shall be dis-
tributed the month prior to the first collection of the carbon fee.

“(ii) Total amounts disbursed as advanced carbon dividends shall be deducted from the carbon dividends on a pro-rata basis over the first 3 years after the disbursement of the first carbon dividends.

“(d) Administrative Authority.—The Secretary shall promulgate rules, guidance, and regulations useful and necessary to implement the Carbon Dividend Trust Fund.

“(e) Assignment of Benefits.—The right of any person to any future payment under this chapter shall not be transferable or assignable, at law or in equity, and none of the moneys paid or payable or rights existing under subsection (e)(3) shall be subject to execution, levy, attachment, garnishment, or other legal process, or to the operation of any bankruptcy or insolvency law.”.

(b) Clerical Amendment.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding at the end the following new item:

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

SEC. 5. LIMITED DISCLOSURE OF INFORMATION.

Section 6103(l) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraphs:
“(23) **Limited disclosure of identity information relating to carbon dividend payments.**—

“(A) **Department of treasury.**—Individual identity information shall, without written request, be open to inspection by or disclosure to officers and employees of the Department of the Treasury whose official duties require such inspection or disclosure for purposes of administering section 9512 (relating to the Carbon Dividend Trust Fund).

“(B) **Commissioner of social security.**—The Commissioner of Social Security shall, on written request, disclose to officers and employees of the Department of the Treasury individual identity information which has been disclosed to the Social Security Administration as is necessary to administer section 9512.

“(C) **Restriction on disclosure.**—Information disclosed under this paragraph shall be disclosed only for purposes of, and to the extent necessary in, carrying out section 9512.”
SEC. 6. NATIONAL ACADEMY OF SCIENCES REVIEW OF CARBON FEE AND EMISSIONS REDUCTION SCHEDULE.

(a) IN GENERAL.—Not later than 5 years after the date of the enactment of this Act, the Secretary of Energy shall enter into an agreement with the National Academy of Sciences to prepare a report relating to the carbon fee imposed by section 9902 of the Internal Revenue Code of 1986 and the emissions reductions schedule established under section 9903 of such Code.

(b) REPORT REQUIREMENTS.—Such report shall—

(1) assess the efficiency and effectiveness of the carbon fee in achieving the emissions reduction targets set forth in section 9903 of such Code;

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

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

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

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

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

(7) provide an assessment of any other factors
determined to be material to the program’s effi-
ciciency and effectiveness in achieving the goals set
forth in this Act.

(c) REPORT MADE PUBLICLY AVAILABLE.—Not later
than one year after the review in subsection (a) has com-
menced, the Secretary of Energy shall submit to Congress
the report required under subsection (a). Such report shall
be made electronically available to the public and open to
public comment for at least 60 days before the final submission to Congress.

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

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

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

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

(2) the impacts of the use of biomass as an energy source on carbon sinks and biodiversity; and

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

(c) RECOMMENDATIONS.—Based on the findings and conclusions of the study, the National Academy of
Sciences shall make recommendations to Federal departments and agencies and to Congress. The recommendations shall include any actions that should be taken to mitigate impacts of the carbon fee on—

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

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

(d) REPORT.—The National Academy of Sciences shall prepare a report that includes any findings and recommendations made pursuant to this section and, not later than 18 months after the date of the enactment of this Act, make such report electronically available to the public.

SEC. 8. EFFECTIVE DATE.

The amendments made by this Act shall take effect on the date of the enactment of this Act, except the carbon fee under section 9902 of the Internal Revenue Code of 1986 shall apply to uses, sales, or transfers no more than 270 days after the date of the enactment of this Act.

SEC. 9. PRINCIPLE OF INTERPRETATION.

In the case of ambiguity, the texts of this statute and its amending texts shall be interpreted so as to allow for the most effective abatement of greenhouse gas emissions.
SEC. 10. NO PREEMPTION OF STATE LAW.

(a) IN GENERAL.—Nothing in this Act shall preempt or supersede, or be interpreted to preempt or supersede, any State law or regulation.

(b) NO PREEMPTION OF STATE COMMON LAW OR STATUTORY CAUSES OF ACTION.—Nothing in this Act, nor any standard, rule, requirement, risk evaluation, or assessment created or implemented pursuant to this Act, shall be construed to preempt any State common law or State statutory law creating a remedy for civil relief.