

# Energy Innovation and Carbon Dividend Act

## Laser Talk

Question: What's in the bill?

Answer: The Energy Innovation and Carbon Dividend Act, reintroduced in 2021 as H.R.2307, is a popular plan that is the single most effective tool for reducing America's carbon pollution to net zero by 2050. [1] It's based on a CCL framework to account for the hidden costs of burning fossil fuels. If enacted into law, this policy will drive down greenhouse gas (GHG) emissions by stimulating American innovation and ingenuity. Scientists and economists alike [2,3] say it's the best first step to reduce the impact of global warming.

Here's how it works:

- A *carbon fee* is placed on coal, oil, or natural gas as it enters the U.S. economy.
- The fee starts at \$15 per metric ton of CO<sub>2</sub> and increases by \$10 per metric ton every year until America reaches net zero GHG emissions.
- If emission cuts don't meet mandatory targets, the annual increase will be raised to \$15 per metric ton.
- All of the money is recycled to American residents in equal monthly *carbon dividends*, giving consumers cash to spend as they see fit while businesses compete to reduce their carbon footprints.
- A *carbon border fee adjustment* is placed on emissions-intensive goods that are imported or exported. This discourages businesses from relocating to where they can pollute more, and also encourages other nations to price carbon.

Because the steady increase in fossil energy prices is predictable, it will stimulate invention and investment to cut carbon in myriad ways. Consumers will know they can count on increasing dividends to help them through the transition to a world of clean, energy-efficient goods and services.

Scientists, economists, and hundreds of local businesses, governments, non-profits, faith groups, and prominent individuals [4] are on board with this effective step to address climate change.



In a Nutshell : The Energy Innovation and Carbon Dividend Act will rapidly drive down climate-warming emissions by taxing polluters and then dividing that money into ‘carbon cash back’ payments to American households. This incentivizes businesses, investors, and consumers to seek out the best ways to cut emissions without placing an undue cost burden on low- and middle-income Americans.

Related: [Comparing H.R.2307 with the old H.R.763](#)

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1. “H.R.2307 – Energy Innovation and Carbon Dividend Act of 2021.” Library of Congress ( 01 Apr 2021).
2. Miller, D.H. and J. Hansen. “Why Fee and Dividend Will Reduce Emissions Faster Than Other Carbon Pricing Policy Options.” Our Energy Library (Nov 2019).
3. “Economists’ Statement on Carbon Dividends.” *Wall Street Journal* (16 Jan 2019).
4. “Support for the Energy Innovation and Carbon Dividend Act.” [energyinnovationact.org/supporters-overview](https://energyinnovationact.org/supporters-overview) (accessed 07 Apr 2021).

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