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H.477

Introduced by Representatives Gonzalez of Winooski, Burke of Brattleboro,
Colburn of Burlington, Ralph of Hartland, and Sullivan of
Burlington

Referred to Committee on

Date:

Subject: Natural resources; taxation; fossil fuel; greenhouse gases; climate
change; carbon charge

Statement of purpose of bill as introduced: This bill proposes to impose a
carbon charge and use funds raised from that charge to support public
transportation and a tax credit for rural Vermonters; to support weatherization
and increase the earned income tax credit for Vermonters with low income;
and to provide incentives for weatherization, electric vehicles, and other
purposes.

An act relating to a carbon charge, public transportation, tax credits,
weatherization, and incentives

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. 30 V.S.A. chapter 15 is added to read:

3 CHAPTER 15. CARBON CHARGE, PROGRAMS, AND INCENTIVES

4 § 651. DEFINITIONS

5 As used in this chapter:

6 (1) “Carbon charge” means the charge adopted under subchapter 2 of
7 this chapter.

8 (2) “CO₂” means carbon dioxide.

9 (3) “Collection date” means the date by which a distributor must remit
10 the carbon charge to the Commissioner of Taxes under section 662 of this title.

11 (4) “Commission” means the Public Utility Commission under section
12 3 of this title.

13 (5) “Commissioner” means the Commissioner of Taxes.

14 (6) “Customer” shall have the same meaning as in section 8002 of this
15 title.

16 (7) “Distributor” means a person who imports or causes to be imported
17 fuel for use, distribution, or sale within the State or a person who produces,
18 refines, manufactures, or compounds fuel within the State for use, distribution,
19 or sale.

20 (8) “Fiscal year” or “FY” means the period of 12 months ending on
21 June 30.

1 (9) “Fuel” means each form and grade of butane, coal, clear diesel fuel,
2 gasoline, fuel oil, kerosene, natural gas, and propane.

3 (10) “Fund” means the Carbon Charge Fund established by section 661
4 of this title.

5 (11) “Gasoline” means each fuel used or made for use in motor vehicles.

6 (12) “kg” means kilogram.

7 (13) “kWh” means kilowatt hour.

8 (14) “Tonne” means metric ton or 1,000 kg.

9 § 652. APPLICATION OF CHARGE; CALCULATION AND

10 PUBLICATION OF RATE

11 (a) Application. There shall be a charge on the carbon content of fuel
12 applied to the sale in the State of each fuel by a distributor, to be calculated in
13 accordance with this section and assessed on each unit of fuel sold.

14 (1) The charge shall be \$5.00 per tonne of carbon content during fiscal
15 year 2021, rising by \$5.00 per tonne each FY from 2022 through 2030 until
16 reaching \$50.00 per tonne during FY 2030 and each FY thereafter.

17 (2) For fuel other than gasoline, the application of the charge shall
18 commence on July 1, 2020.

19 (3) For gasoline, the application of the charge shall commence on
20 October 1, 2020.

21 (b) Exemptions. The charge shall not apply to:

1 (1) the sale of electricity, dyed diesel fuel, or jet fuel;

2 (2) the sale of fuel to a company subject to the jurisdiction of the

3 Commission under subdivision 203(1) or (2) of this title, to be used at an in-

4 state generation facility owned by the company for the manufacture of

5 electricity to be used by the public;

6 (3) the sale of fuel to the U.S. government or its subdivisions, or under

7 any other circumstances in which the State lacks power to apply the charge; or

8 (4) the sale of fuel by a distributor if the same fuel has already been

9 subjected to the carbon charge, provided the sales invoice clearly indicates the

10 amount of fuel that has already been subjected to the charge and the distributor

11 possesses and retains documentation demonstrating the prior payment,

12 including the person who paid and the date and amount of payment.

13 (c) Calculation. For each fuel, the Commissioner shall convert the amount

14 per tonne stated in subsection (a) of this section to a rate per unit of fuel using

15 the applicable CO₂ emissions coefficient published by the U.S. Energy

16 Information Administration on February 2, 2016 or such carbon emission

17 coefficients as may be recommended by the Secretary of Natural Resources

18 based on the best available science. In addition to CO₂, the Secretary's

19 recommended coefficients may include emissions of other greenhouse gases,

20 such as methane and nitrous oxide.

1 (d) Publication. On or before January 15 of each year, the Commissioner
2 shall publish the carbon charge rate per unit that will be in effect during the
3 following fiscal year for each fuel.

4 § 653. ADMINISTRATION

5 (a) Collection; remittance.

6 (1) The distributor shall collect the carbon charge on completion of each
7 sale or delivery of fuel to which the charge applies. The distributor shall
8 identify the charge collected as a separate invoice entry on each sale of fuel.

9 (2) On or before the 15th day of each month, each distributor liable for
10 the carbon charge shall return to the Commissioner, under oath of a person
11 with legal authority to bind the distributor, a statement containing its name and
12 place of business, the quantity and type of fuel subject to the carbon charge
13 sold in the preceding calendar month, and any other information required by
14 the Commissioner, along with the charge due for the fuel sold in the preceding
15 month.

16 (b) Deposit. The Commissioner shall deposit all revenues from the carbon
17 charge into the Fund.

18 (c) Records; inspection. Every distributor shall maintain, for not fewer
19 than three years, accurate records documenting all transactions to which the
20 carbon charge applies and all transactions for which exemption is claimed

1 under subsection 656 of this title. The Commissioner may inspect these
2 records at all reasonable times during normal business hours.

3 (d) Enforcement; confidentiality of returns. The enforcement provisions of
4 32 V.S.A. chapter 103 shall apply to the obligations of a distributor under this
5 chapter and, for this purpose, those obligations shall be considered liabilities
6 under Title 32. The confidentiality requirements of 32 V.S.A. § 3102 shall
7 apply to records submitted to the Commissioner under this subchapter.

8 § 654. CARBON CHARGE FUND

9 (a) The Carbon Charge Fund is established in the State Treasury under
10 32 V.S.A. chapter 7, subchapter 5 to receive all revenues from the carbon
11 charge and such other monies as may be appropriated or deposited into the
12 Fund.

13 (b) Balances in the Fund shall be used solely for the purposes set forth in
14 this chapter and shall not be used for the general obligations of government.
15 Notwithstanding any contrary provisions of 32 V.S.A. chapter 7, all balances
16 in the Fund at the end of any fiscal year shall be carried forward and remain
17 part of the Fund, and interest earned by the Fund shall be deposited in the
18 Fund.

19 § 655. ALLOCATION; USE OF FUND

20 (a) Allocation. 33.33 percent of the total revenues from the carbon charge
21 remitted to the Commissioner of Taxes by each collection date shall be

1 allocated pursuant to subsection (b) of this section to fund programs and tax
2 credits to support rural Vermonters. 33.33 percent of the total revenues from
3 the carbon charge remitted to the Commissioner of Taxes by each collection
4 date shall be allocated pursuant to subsection (c) of this section to fund
5 programs and tax credits to support Vermonters with low income.

6 33.33 percent of the total revenues from the carbon charge remitted to the
7 Commissioner of Taxes by each collection date shall be allocated pursuant to
8 subsection (d) of this section to fund programs and provide incentives that
9 support electric vehicles and weatherization.

10 (b) Rural Vermonters. 33.33 percent of the total revenues from the carbon
11 charge remitted to the Commissioner of Taxes by each collection date shall be
12 allocated to support and expand public transportation in rural areas and to
13 provide a tax credit for rural Vermonters. To assist in determining which areas
14 of the State qualify as rural for the purpose of this subsection, the information
15 set forth in “Mapping Total Energy Burden in Vermont” prepared on behalf of
16 Efficiency Vermont (July 2016) shall be considered.

17 (c) Vermonters with low income. 33.33 percent of the total revenues from
18 the carbon charge remitted to the Commissioner of Taxes by each collection
19 date shall be allocated to support and provide funding for low-income
20 weatherization; the purchase and use of energy efficient appliances, heat
21 pumps, technology, and other devices or technology that will reduce the use of

1 fossil fuels and the emission of greenhouse gases; and to expand the earned
2 income tax credit.

3 (d) Incentives. 33.33 percent of the total revenues from the carbon charge
4 remitted to the Commissioner of Taxes by each collection date shall be
5 allocated to support and provide funding for the purchase and use of electric
6 vehicles; building and maintaining the infrastructure necessary to support
7 elective vehicles; and incentives available to all Vermonters to encourage
8 weatherization and the purchase and use of energy efficient appliances, heat
9 pumps, technology, and other devices or technology that will reduce the use of
10 fossil fuels and the emission of greenhouse gases.

11 Sec. 2. IMPLEMENTATION

12 On or before March 15, 2020, the Commissioner of Taxes shall publish the
13 carbon charge rate per unit that will be in effect during fiscal year 2021 for
14 each fuel and make available the form distributors will use to remit carbon
15 charge collections.

16 Sec. 3. EFFECTIVE DATE

17 This act shall take effect on July 1, 2019.