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

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

CHAPTER 15. CARBON CHARGE, PROGRAMS, AND INCENTIVES

§ 651. DEFINITIONS

As used in this chapter:

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

(2) “CO₂” means carbon dioxide.

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

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

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

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

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

(8) “Fiscal year” or “FY” means the period of 12 months ending on June 30.
(9) “Fuel” means each form and grade of butane, coal, clear diesel fuel, gasoline, fuel oil, kerosene, natural gas, and propane.

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

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

(12) “kg” means kilogram.

(13) “kWh” means kilowatt hour.

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

§ 652. APPLICATION OF CHARGE; CALCULATION AND PUBLICATION OF RATE

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

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

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

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

(b) Exemptions. The charge shall not apply to:
(1) the sale of electricity, dyed diesel fuel, or jet fuel;

(2) the sale of fuel to a company subject to the jurisdiction of the Commission under subdivision 203(1) or (2) of this title, to be used at an in-state generation facility owned by the company for the manufacture of electricity to be used by the public;

(3) the sale of fuel to the U.S. government or its subdivisions, or under any other circumstances in which the State lacks power to apply the charge; or

(4) the sale of fuel by a distributor if the same fuel has already been subjected to the carbon charge, provided the sales invoice clearly indicates the amount of fuel that has already been subjected to the charge and the distributor possesses and retains documentation demonstrating the prior payment, including the person who paid and the date and amount of payment.

(c) Calculation. For each fuel, the Commissioner shall convert the amount per tonne stated in subsection (a) of this section to a rate per unit of fuel using the applicable CO₂ emissions coefficient published by the U.S. Energy Information Administration on February 2, 2016 or such carbon emission coefficients as may be recommended by the Secretary of Natural Resources based on the best available science. In addition to CO₂, the Secretary’s recommended coefficients may include emissions of other greenhouse gases, such as methane and nitrous oxide.
(d) Publication. On or before January 15 of each year, the Commissioner shall publish the carbon charge rate per unit that will be in effect during the following fiscal year for each fuel.

§ 653. ADMINISTRATION

(a) Collection; remittance.

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

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

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

(c) Records; inspection. Every distributor shall maintain, for not fewer than three years, accurate records documenting all transactions to which the carbon charge applies and all transactions for which exemption is claimed.
under subsection 656 of this title. The Commissioner may inspect these
records at all reasonable times during normal business hours.

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

§ 654. CARBON CHARGE FUND

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

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

§ 655. ALLOCATION; USE OF FUND

(a) Allocation. 33.33 percent of the total revenues from the carbon charge
remitted to the Commissioner of Taxes by each collection date shall be
allocated pursuant to subsection (b) of this section to fund programs and tax
credits to support rural Vermonters. 33.33 percent of the total revenues from
the carbon charge remitted to the Commissioner of Taxes by each collection
date shall be allocated pursuant to subsection (c) of this section to fund
programs and tax credits to support Vermonters with low income.
33.33 percent of the total revenues from the carbon charge remitted to the
Commissioner of Taxes by each collection date shall be allocated pursuant to
subsection (d) of this section to fund programs and provide incentives that
support electric vehicles and weatherization.

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

(c) Vermonters with low income. 33.33 percent of the total revenues from
the carbon charge remitted to the Commissioner of Taxes by each collection
date shall be allocated to support and provide funding for low-income
weatherization; the purchase and use of energy efficient appliances, heat
pumps, technology, and other devices or technology that will reduce the use of
fossil fuels and the emission of greenhouse gases; and to expand the earned income tax credit.

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

Sec. 2. IMPLEMENTATION

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

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2019.