Voice of the People
Tapping the Common Sense

PROGRAM FOR PUBLIC CONSULTATION

SCHOOL OF PUBLIC POLICY | UNIVERSITY OF MARYLAND

AMERICANS ON THE CARBON FEE & REBATE PLAN

A National Survey of Registered Voters

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OVERVIEW

A key challenge encountered by those who wish to discourage the use of fossil fuels that contribute to air pollution and climate change is that the financial cost of those fuels is relatively low and does not reflect the larger costs to society. Thus, there has been for some time calls to increase the cost of such fuels so as to reflect their real costs, so as to discourage their use and encourage the development of alternatives.

A persistent criticism of this idea is that the use of such fuels is not a luxury; all citizens need to use such fuels for transportation, heating, cooking and other purposes. Thus, raising the cost of such fossil fuels would effectively be a regressive tax.

To address both of these concerns a proposal has been developed, with support from both Republicans and Democrats. It imposes an extra fee on fossil fuels, but the revenues from the fee is returned to citizens. Thus, the incentives to reduce the use fossil fuels are in place, but the regressive effects are offset.

This basic proposal, often called the “fee-rebate” plan, has been presented by former Republican administration officials George Schultz and James Baker in conjunction with the Climate Leadership Council. A letter endorsing a carbon fee and rebate was signed by over 3,500 economists, including dozens of Nobel Laureate winners, former Chairs of the Council of Economic Advisers, and former Chairs of the Federal Reserve Board.

A carbon fee proposal has also appeared in numerous pieces of legislation including:

- Energy Innovation and Carbon Dividend Act of 2019 (H.R. 763) Sponsor: Rep. Ted Deutch (D-FL-22)
- Climate Action Rebate Act of 2019 (S. 2284; H.R. 4051) Sponsors: Sen. Chris Coons (D-DE), Rep. Jimmy Panetta (D-CA-20)
- American Opportunity Carbon Fee Act of 2019 (S. 1128) Sponsor: Sen. Sheldon Whitehouse (D-RI)
- American Wins Act of 2019 (H.R. 4142) Sponsor: Rep. John Larson (D-CT-1)
- America’s Clean Future Fund Act of 2019 (S. 4484) Sponsor: Sen. Durbin (D-IL)
- SWAP Act of 2019 (H.R. 4058) Sponsor: Rep. Rooney (R-FL-19)
- MARKET CHOICE Act of 2019 (H.R. 4250) Sponsor: Rep. Brian Fitzpatrick (R-PA-1)

Some proposals refund all of the revenues to citizens, while others direct some of the revenues to other purposes. Some do not refund any of the revenue, but instead cut existing taxes. A particularly controversial issue is that some proposals also include a plan for rolling back regulations on the production of fossil fuels.

To find out how Americans feel about this somewhat complex proposal and their various forms, the Program for Public Consultation conducted an in-depth survey in which respondents went through a process called a “policymaking simulation” in which they were effectively put in the shoes of a policymaker. They were given a briefing on the issue and evaluate competing arguments before making their recommendation.

To ensure that the briefings were accurate and balanced, and that the arguments presented were the strongest ones being made, the text of the survey was reviewed by experts, including those who favor and those who oppose each proposal. Changes were made in response to their feedback.

SURVEY DESIGN

Respondents were first introduced to the broader debates that set the stage for the fee-rebate proposal. They were told about some of the negative effects of current energy production on public health and the climate. This included data on the health benefits of the Clean Air Act, as well as the projected effects of climate change on the economy and public health. Respondents then evaluated arguments for and against the government making it a high priority to:

- further reduce air pollution; and
- reduce greenhouse gases.

Finally, respondents were asked how high a priority, if any, should be given to each of these goals.

They were then introduced to the fee-rebate proposal. They were first presented a proposal to institute a fee on carbon dioxide, with all of the revenue redistributed equally to adult citizens, with children receiving half-shares. This is based on H.R. 763 and the Baker-Schultz plan.

While the amount of the fee varies in different pieces of legislation the amount of $35 per metric ton of emissions was chosen. This is the amount recommended by the IMF as sufficient for the US to reach its Paris Climate Agreement goals. It is also an amount in between the various legislative proposals – $15 in H.R. 763 and H.R. 4051; $25 in S. 4484; $35 in H.R. 4520 and S. 4058; $40 in the Baker-Schultz plan; and $52 in S. 1128 and H.R. 4142.

After evaluating arguments for and against this proposal respondents made their recommendation for or against the fee-rebate proposal.

Respondents then evaluated several add-ons to a carbon fee and rebate plan. The first one was to put a moratorium on new environmental regulations limiting carbon dioxide emissions and suspend many current regulations. Also stipulated is that if emission reductions do not meet target levels, regulations would be reinstated. This provision is present in some pieces of legislation (HR 763, HR 4520, HR 4058) as well as the Baker-Schultz plan.

Respondents also evaluated three proposals to use a share of the revenue generated from a carbon fee, totaling thirty percent, for purposes besides a rebate:

- transition assistance for workers and communities negatively affected by the carbon fee,
- research, development and deployment of clean energy and energy-saving technologies,
- infrastructure to reduce energy usage.

These proposals are based on the Climate Action Rebate Act of 2019 (S. 2284; H.R. 4051) by Sen. Sen. Chris Coons and Rep. Jimmy Panetta.

Data Sources: The carbon fee's cost to individuals was calculated using the Office of Tax Analysis' Methodology for Analyzing a Carbon Tax (January 2017) and Census Bureau data on household income and size. This cost reflects not only the direct increases to energy prices, but also increased costs for products and services arising from producers passing those costs onto consumers.

The health and economic benefits of reduced emissions resulting from a carbon fee, presented to respondents, were based on the EPA's 2017 assessment of the impact of the Clean Power Plan. The estimated benefits are highly conservative, because a carbon fee is estimated to reduce CO^2 emissions by a greater amount (52% below 2005 levels using a $15 carbon fee according to Columbia University's Center on Global Energy Policy, November 2018) than the Clean Power Plan (at most 30% below 2005 levels).

Fielding: The survey was conducted online from September 17 to October 1, 2020 with a national probability-based sample provided by Nielsen Scarborough from its sample of respondents, who were recruited by mail and telephone using a random sample of households. The full sample of 4,828 respondents (margin of error +/-1.4%) evaluated the priorities of reducing air pollution and reducing greenhouse gases. A half sample of 2,415 respondents (margin of error +/-2.0%) evaluated the carbon fee and rebate plan.

Responses were weighted by age, income, gender, education, race and geographic region. Benchmarks for weights were obtained from the US Census' Current Populations Survey of Registered Voters. The sample was also weighted by partisan affiliation.

A further analysis was conducted by dividing the sample six ways, depending on the PVI Cook rating of the respondent's Congressional district. This enabled comparison of respondents who live in very red, somewhat red, leaning red, leaning blue, somewhat blue, and very blue districts.

SUMMARY OF FINDINGS

REDUCING AIR POLLUTION AND GREENHOUSE GASES

Priority of Reducing Negative Effects on Health
Very large majorities nationally and in very red to very blue districts, said that it should be at least a somewhat high priority for the government to work to reduce air pollution that has negative effects on health. A majority of Republicans agreed, while a very large majority of Democrats said that it should be a very high priority. These numbers are up significantly from 2016 among all partisan affiliations.

Priority of Reducing Greenhouse Gasses
Large majorities nationally and in very red to very blue districts said that it should be at least a somewhat high priority for the government to work to reduce greenhouse gases, especially carbon dioxide, with half saying it should be a very high priority. While nearly all Democrats said it should be a very high priority, just under half of Republicans concurred. These percentages are up significantly from 2016, driven entirely by increases among Democrats and independents.

CARBON FEE AND REBATE

Carbon Fee and Full Rebate Plan
Presented a carbon fee and rebate plan more than six in ten favored it, though less than half of Republicans agreed. Large majorities thought that it would be effective in encouraging utility companies to use energy sources that produce less carbon dioxide and to be more energy efficient; and in encouraging companies to be more energy efficient and use alternative energy systems. Confidence was a bit lower, but still a majority thought the plan would be effective in encouraging individuals to be more energy efficient. A majority of Republicans disagreed on all these assessments.

Suspending Existing Regulations and a Moratorium on New Regulations for Energy Companies
A proposed idea to couple the fee and rebate plan with a suspension of existing regulations that require energy companies to limit carbon emissions and a moratorium on new regulations, was opposed by two thirds, including two thirds of Republicans.

Using Revenues from Fee for Other Purposes
Majorities, though only a minority of Republicans, favored using the revenue from the carbon fee for purposes other than the rebate including:

- **Transition Assistance for Coal Workers and Communities**
  5% of the revenue to go to helping workers who lose their jobs and communities who are negatively affected by the carbon fee, such as those that rely on coal

- **Research, Development & Deployment**
  5% of the revenue to go to providing loans and technical assistance to support the development and production of new technologies to improve energy efficiency and the production, storage and distribution of clean energy

- **Infrastructure**
  20% of the revenue to be invested in infrastructure to make it more energy efficient and resilient

Carbon Fee & Rebate Re-Ask
Respondents who opposed the carbon fee and rebate plan, and favored at least one of the proposals for using the revenue for other purposes (15% of the sample) were then asked whether, if the carbon fee and rebate plan were to include the proposal(s) they favored, if they would then favor the plan.

FINDINGS

Reducing Air Pollution and Greenhouse Gases

Priority of Reducing Negative Effects on Health

Very large majorities nationally and in very red to very blue districts, said that it should be at least a somewhat high priority for the government to work to reduce air pollution that has negative effects on health. A majority of Republicans agreed, while a very large majority of Democrats said that it should be a very high priority. These numbers are up significantly from 2016 among all partisan affiliations.

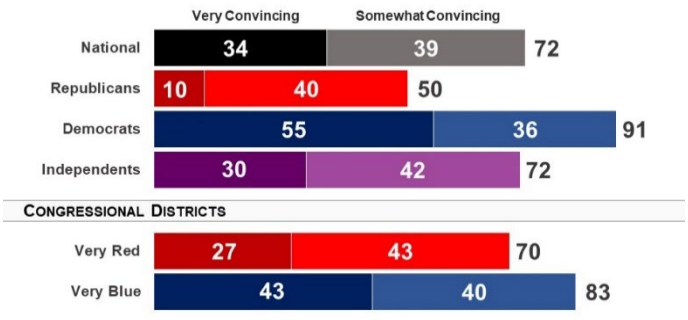
Respondents were told that, "One debate is about how high a priority it should be to change the way we produce and use energy so as to reduce the air pollution that has negative public health effects." They were told that power plants' energy production from fossil fuels creates chemical byproducts hazardous to health, but also that several decades of legislation have brought down such pollution and made a major impact on the problem.

They were then asked to consider how high a priority it should be for the government to make efforts to reduce air pollution further, first evaluating arguments for and against more efforts, and then making an assessment.

The argument for making the reduction of negative health effects a high priority asserted a responsibility to aid the elderly and children most prone to pollution-related ailments, and said the reductions would come at an affordable cost since they would produce long-term savings. This argument was found convincing by 72% (34% very), including 91% of Democrats (55% very). Republicans were divided, with 50% finding it convincing.

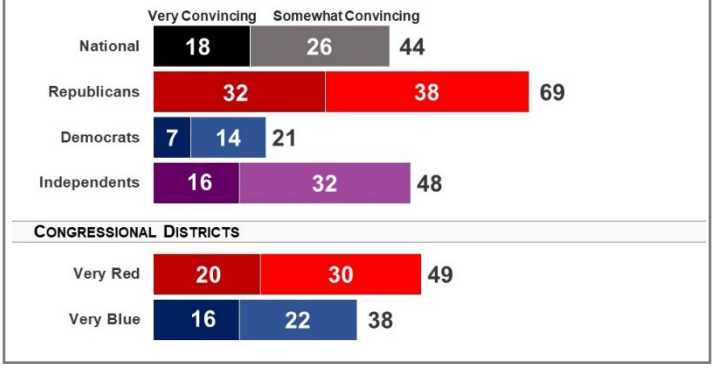
Reducing Air Pollution — **High Priority**

We have a responsibility to try to improve the conditions of thousands of people, especially the elderly and children, who are suffering from the negative health effects of poor air quality. While over the last 50 years there have been reductions in pollution, there are still tens of thousands of deaths every year due to air pollution. And in recent years air pollution has been increasing, as well as the number of days with unhealthy air. Government research has shown that every dollar invested in cleaning up the air produces $30 in benefits from reduced health costs and more productivity.



Reducing Air Pollution — **Low Priority**

There is already a lot of legislation in place that has improved air quality and will keep improving it for the next decade. Air pollution has decreased a lot. Over the last 50 years, there has been nearly a 75% reduction in the most common types of pollution. Meanwhile, government bureaucrats keep moving the goal posts and imposing new regulations. All this ends up costing a lot-- hurting the economy and costing jobs. Trying to reduce air pollution further would only produce very minor benefits and it is simply not worth the extra cost.

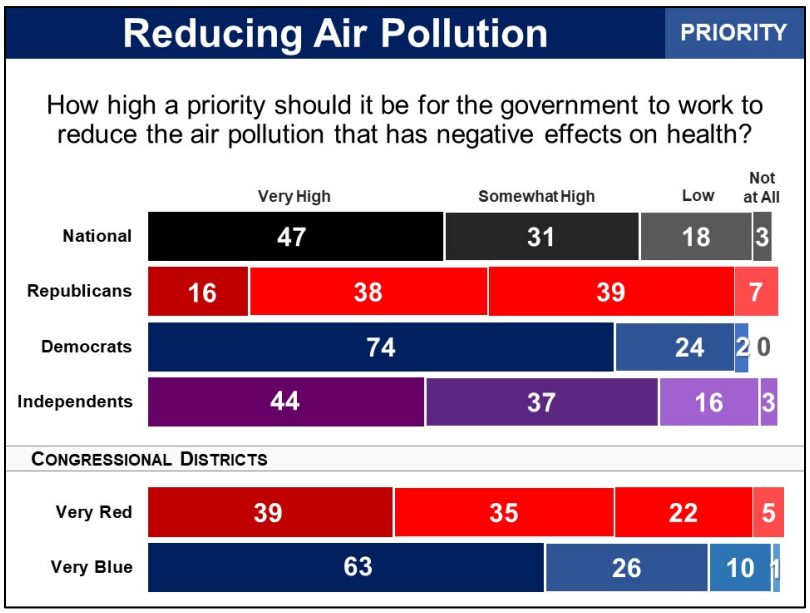


The argument that further efforts should be a low priority argued that, based on past results, extra benefits would be minor, but expensive. This argument was not very successful, however. Only 44% found it convincing, while 56% found it unconvincing. Seven in ten Republicans, though, did find it convincing.

Finally, asked to make a judgment about how high a priority it should be for the government to further reduce air pollution, nearly eight in ten (78%) gave it a high priority. Nearly all Democrats (98%) and 81% of independents gave it a high priority, as well as 54% of Republicans.

Overall nearly half (47%) said it should be a very high priority, up from 33% in 2016. This includes 74% of Democrats, but only 16% of Republicans.

Majorities in all types of Congressional Districts – categorized according to Cook's Partisan Value Index from very red to very blue – gave it a high priority (very red 73%, very blue 88%).



Priority of Reducing Greenhouse Gasses

Large majorities nationally and in very red to very blue districts said that it should be at least a somewhat high priority for the government to work to reduce greenhouse gases, especially carbon dioxide, with half saying it should be a very high priority. While nearly all Democrats said it should be a very high priority, just under half of Republicans concurred. These percentages are up significantly from 2016, driven entirely by increases among Democrats and independents.

Respondents were briefed on the debate over how high a priority it should be to reduce greenhouse gases. They were told that in 2001, at the request of the George W. Bush administration, the National Academy of Sciences (NAS) conducted a major study which concluded that greenhouse gases from human activity are causing air and ocean temperatures to rise; that subsequent surveys of climate scientists by the NAS confirmed that this is a consensus position among scientists in the field; and that a large international panel of scientists has confirmed this as well. It was noted, though, that there continue to be some debates, such as:

- how much climate change is occurring,
- how much risk it poses,
- how much it is due to the gases from human energy production as opposed to natural weather cycles,
- how effective it is to reduce greenhouse gases, especially carbon dioxide, and whether doing so is economically feasible.

It was also noted that some members of Congress and a small minority of climate scientists question whether climate change is an important problem that needs to be addressed, though both the Bush and Obama administration have made it an objective to limit greenhouse gases.

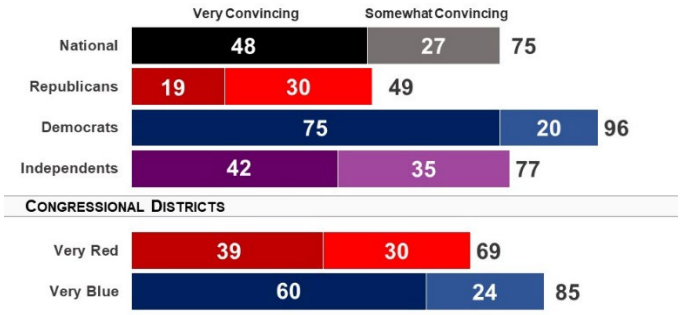
Respondents were then asked to evaluate arguments for and against the government making it a high priority to reduce greenhouse gases. They evaluated two arguments for making it a high priority, and two for making it a low priority.

The first argument was the most standard one, emphasizing the scientific consensus that greenhouse gases contribute to climate change which will produce major negative consequences from flooding and damage to farming, while the costs of mitigating action are moderate and offset by increases in energy efficiency. Seven in ten (75%) found this argument convincing (48% very), while 25% did not. About half of Republicans found it convincing (49%).

The second argument in favor of making it a high priority, stressed that clean energy has economic benefits now, and in the future, and that the US should be a leader in that field. This argument was also found convincing by 75% (48% very), including 93% of Democrats. Among Republicans, a bare majority of 52% found it convincing, down from 2016 when 63% found a very similar argument convincing.

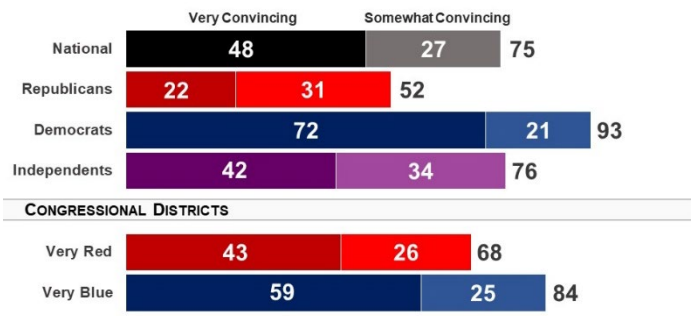
Reducing Greenhouse Gases — **High Priority**

The overwhelming majority of climate scientists agree greenhouse gases contribute to climate change and this poses major threats. Already we are seeing hotter and dryer weather contributing to a major increase in wildfires that have created billions of dollars in damage. Sea levels are rising, which will eventually flood coastal areas. Rising temperatures will hurt crops in major farming areas. Without action, government analysts predict these changes will cause the US economy to contract by several percent. Furthermore, taking action will benefit the economy by increasing energy efficiency. Clearly, we should put a high priority on reducing the production of greenhouse gases.



Reducing Greenhouse Gases — **High Priority**

Over and above the need to reduce greenhouse gases, there are many good reasons for the US to invest in clean energy and energy efficiency. Cleaner air is important for health, brings down health costs, and improves the quality of life. Clean energy has created hundreds of thousands of jobs—far more than for coal, oil and gas combined. And there is more we can do. Other countries like China are investing twice as much as the US in green energy technologies and it is important for the US to stay competitive in what's clearly becoming the main source of energy for the future. The world is moving to cleaner energy and the US should be ahead of the curve, not dragging behind.



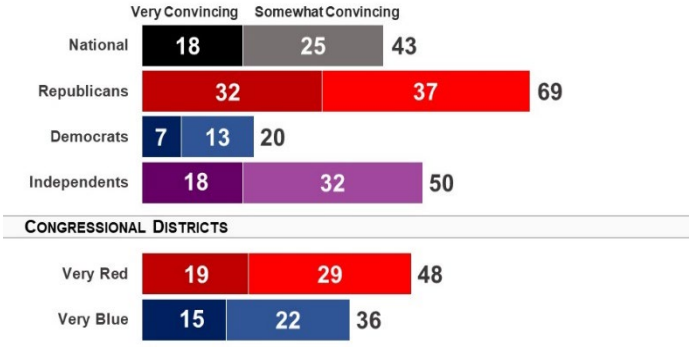
Respondents then evaluated two arguments for setting the priority low. The most standard argument led off by underscoring the doubts of "some scientists who question how much climate change is occurring, how much human energy production contributes to it and whether the risk is important enough to warrant major action." It went on to stress the economic disruption of increasing the cost of energy, including loss of jobs. Only 43% found it convincing, including just one in five Democrats. Among Republicans, however, nearly seven in ten found it convincing (69%). Less than half of respondents in very red as well as very blue Congressional Districts found it convincing.

The second argument for setting the priority low framed the effort to achieve reductions as a means to expand the role of government, and claimed that it

should be up to individuals to change their own behavior and to pressure companies to change. Less than half found this convincing (44%), down substantially from the 53% who found a very similar argument convincing in 2016. It did very well among Republicans, with nearly seven in ten finding it convincing (69%), although this is down from 75% in 2016.

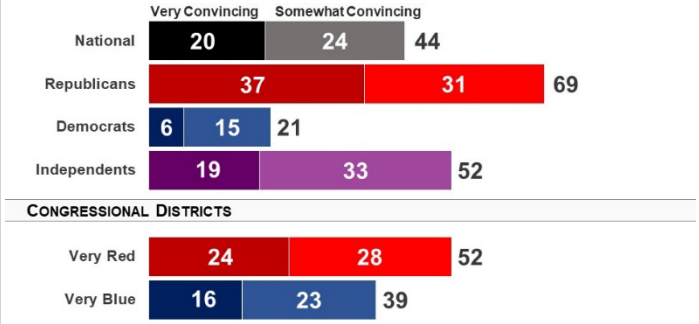
Reducing Greenhouse Gases — Low Priority

There are scientists who question how much climate change is occurring, how much human energy production contributes to it, and whether the risk is important enough to warrant major action. We should continue to research the issue. But, it would be premature to take economically costly steps to change the way we produce energy. US energy costs are relatively low and thus increasing the cost of energy would undermine an American competitive advantage, harm the economy, and cost jobs. It would also hurt people in some parts of the economy, like the coal industry, much more than others, which would not be fair.



Reducing Greenhouse Gases — Low Priority

The whole effort to reduce carbon dioxide will result in an expanded role for government. There will be even more government bureaucrats making new rules and telling businesses what they can and cannot do. This can slow the economy, which makes it harder for businesses to work to find innovative ways to reduce greenhouse gases. If people want to reduce greenhouse gases, then they can change their own behavior or demand the companies that they buy products from change their ways. The government does not have to be involved in every change that people want to make. Some people just like expanding the role of government even when there are better alternatives.

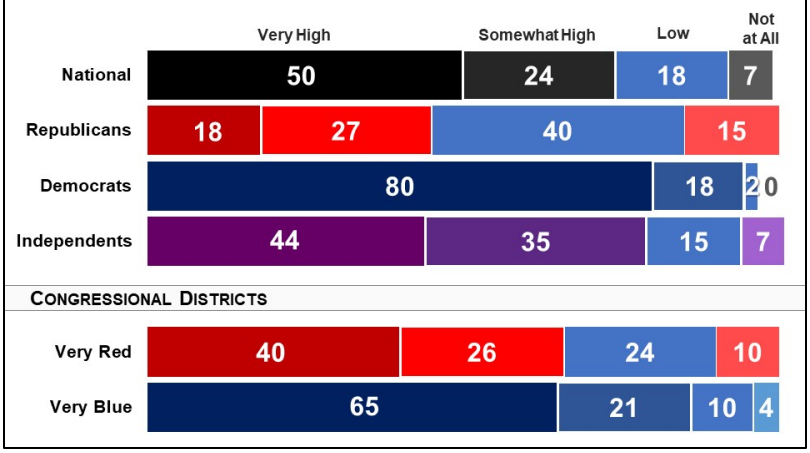


Finally, asked to make a judgment about how high a priority it should be for the government to further reduce greenhouse gases, three in four (74%) gave it a high priority. This included nearly all Democrats (98%) and 79% of independents. Less than half of Republicans (45%) gave it a high priority. Majorities in each type of district gave it a high priority (very red 67%, very blue 86%).

Half said it should be a very high priority, up from 34% in 2016, including 80% of Democrats but just 18% of Republicans.

Reducing Greenhouse Gases — PRIORITY

How high a priority should it be should be for the government to work to further reduce greenhouse gases, especially carbon dioxide?



Carbon Fee and Rebate

Carbon Fee and Full Rebate Plan

Presented a carbon fee and rebate plan more than six in ten favored it, though less than half of Republicans agreed. Large majorities thought that it would be effective in encouraging utility companies to use energy sources that produce less carbon dioxide and to be more energy efficient; and in encouraging companies to be more energy efficient and use alternative energy systems. Confidence was a bit lower, but still a majority thought the plan would be effective in encouraging individuals to be more energy efficient. A majority of Republicans disagreed on all these assessments.

Respondents were introduced to a carbon fee and rebate proposal in which all of the revenue raised would be returned equally to every citizen. It went as follows:

> *Currently, when companies burn coal, oil, or natural gas and emit greenhouse gases into the air they do not pay any fee for doing so. According to this proposal companies would be charged such a fee. The government would not keep the money from this fee but would distribute it to all citizens equally.*
>
> *The idea is that the fee will motivate companies to be more energy-efficient and to shift to energy sources that do not produce carbon dioxide and other greenhouse gases. Still, it is likely that the overall price of energy will go up some. But for most individuals the rebate they get would be at least as much as the increased cost of energy.*

They were then told about the plan in more detail, including:

- how the carbon fee would work,
- how the rebate would work,
- the effects on employment, and
- effects on health and the environment.

Carbon Fee

Respondents were first informed about the amount of the carbon fee, and who it would affect:

> *Companies that produce coal, oil or natural gas, would be charged a fee of $35 for each ton of carbon dioxide emitted from the coal, oil and gas that they burn, and an equivalent amount for other greenhouse gases.*

A carbon fee of $35 was chosen because it is the amount recommended by the IMF as sufficient for the US to reach its Paris Climate Agreement goals. It is also an amount in between the various legislative proposals which range from $15 to $52.

They were then presented with the carbon fee's likely effect on energy prices for consumers, using estimates from the Department of Treasury:

> *...studies by the government indicate these companies would likely pass much of this increased cost on to consumers. The studies estimate that consumers' energy costs would likely be affected as follows:*
>
> - *The price of electricity for the average home would go up about $12 more per month*
> - *The price of gasoline would go up about 31 cents per gallon*
> - *The price of heating an average home with natural gas would go up about $10 a month*
>
> *Businesses would also face these increased costs and it is assumed that some or all of those costs would be passed onto consumers in the form of higher prices for some products and services, such as airline travel.*

They were then presented with the goals of a carbon fee, and the reasoning behind why a carbon fee could lower emissions and increase renewable energy use:

The goal is to produce the following changes:

- *Utility companies that generate electricity would shift more quickly to sources of energy that do not produce carbon, such as wind and solar, or that at least produce less carbon, such as natural gas. They would also become more efficient in energy production.*
- *Utility companies would start investing more in clean energy sources.*
- *People and businesses would be more motivated to do things like buying electric cars and putting solar panels on their roofs.*
- *People and businesses would be encouraged to make a greater effort to save energy, like holding a video meeting instead of flying across the country.*

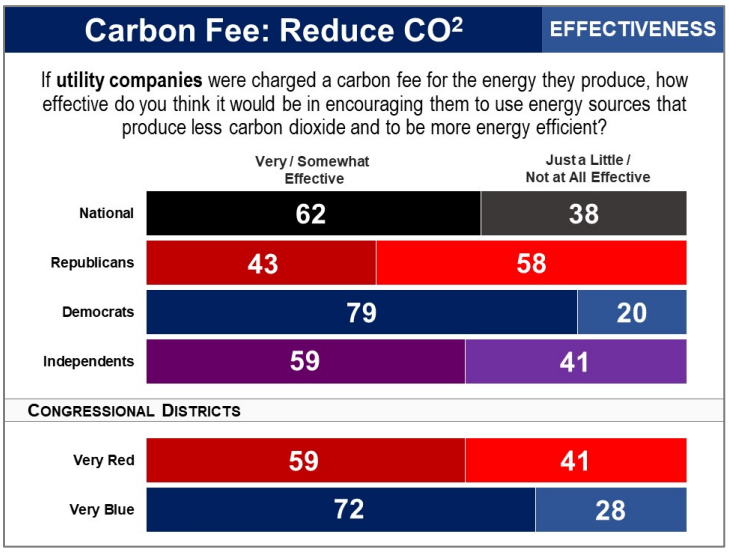
Also, as more people and businesses use cleaner forms of energy, it would be produced on a larger scale, and thus the price of cleaner energy would ***continue to*** *go down which would further encourage its use.*

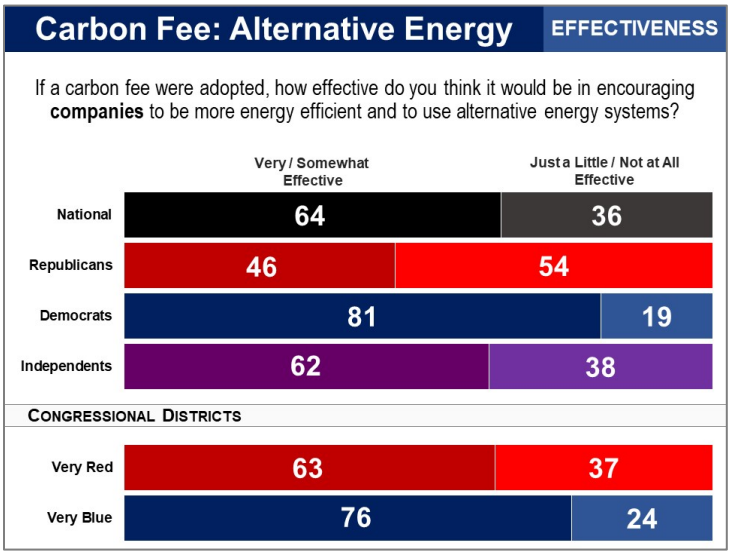
Respondents were then asked a series of questions about how effective they believe a carbon fee would be in encouraging companies and individuals to switch to renewables and become more energy-efficient. Six in ten (62%) said that a carbon fee would be very or somewhat effective in "encouraging utility companies to use energy sources that produce less carbon dioxide and to be more energy efficient," including 79% of Democrats, but less than half of Republicans (43%).

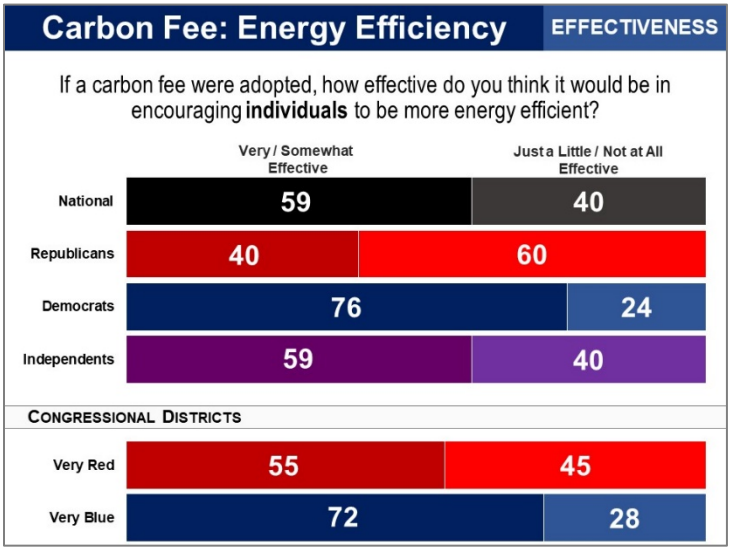
A similar majority (64%) said it would be very or somewhat effective in "encouraging companies in general to be more energy efficient and to use alternative energy systems," including 81% of Democrats, and 46% of Republicans.

Six in ten said it would be effective in "encouraging individuals to be more energy efficient," including three quarters of Democrats but just four in ten Republicans.

Majorities in each type of Congressional district, from very red to very blue, believed that a carbon fee would be effective in encouraging companies and individuals to be more energy efficient and use more renewable sources.







Rebate
Respondents were told that, according to the proposals, each person would receive a rebate of $450 each year, and adults with children would receive a half-size check for each child. They were informed about the net effects on energy costs for different income groups as follows, based on estimations by the Department of Treasury.

For most people – well over half – the amount of the rebate would be more than enough to cover their increased costs due to the carbon fee (including all goods and services affected by the carbon fee, as well as direct energy costs).

People with different income levels would be affected differently. This is because people with lower income levels tend to spend less money on energy and other products and services. Those with higher incomes tend to spend much more.

*Here is a chart showing government estimates of how **individuals** in different income levels could be affected annually by the carbon fee and rebate, on average. These amounts are for individuals. For households with more than one person, both the costs and the rebate would be larger.*

	INCOME LEVEL			
	LOW Less than $25,000	MIDDLE $25,000 - $40,000	UPPER-MIDDLE $40,000 - $65,000	HIGH More than $65,000
Average increased costs due to fee	$100	$250	$450	$850
Rebate	$450	$450	$450	$450
Overall Annual Effect	+$350	+$200	$0	-$400

Respondents were also told that the carbon fee and rebate would eventually phase itself out, “as the price of clean energy continues to get lower and the amount of carbon being produced goes down.”

Effects on Employment
Respondents were told about the potential employment effects, both positive and negative, of a carbon fee and rebate proposal:

As people and companies use less carbon producing energy, there are likely to be some job losses, especially in coal and also oil industries. In communities where these producers of coal and oil have been the primary source of jobs, when they get cut back, this reduces the economic activity throughout the community and can result in additional job losses. Also, businesses that have high energy costs may be hurt.

At the same time, jobs will be gained in energy industries that produce less carbon dioxide, and also from the manufacture and sale of products and services that save energy. In addition, many people will spend the additional income from their rebate, causing job increases.

They were informed that the studies on employment effects show that, whether or not employment goes up or down, “they agree that the change will be very small.”

Health and Environmental Benefits
Lastly, respondents were told about the potential health and environmental benefits of the emissions reductions that would come from a carbon fee plan:

The reduction of air pollution that would come with reduction in carbon dioxide, would have positive health effects. The government estimates by 2030, this reduction would result in at least:

- *2,600 fewer premature deaths a year*
- *127,000 fewer asthma attacks and asthma-related illnesses in children a year*
- *1,400 fewer heart attacks a year*
- *1,700 fewer hospital admissions a year*
- *130,000 fewer lost workdays a year*
- *130,000 fewer missed school days a year*

Also, scientists say that with less carbon dioxide going into the atmosphere there would be less of an increase in storms, hurricanes, flooding, tornadoes, heat waves, and droughts. Therefore, the following negative effects would be lessened:

- *damage to homes, businesses, and roads, bridges and other infrastructure*
- *lost farm crops*
- *deaths and injuries from severe weather*

By avoiding the health and weather effects that would otherwise occur, economists estimate that by 2030 the country would save between $20 billion and $40 billion each year.

Assessing Arguments

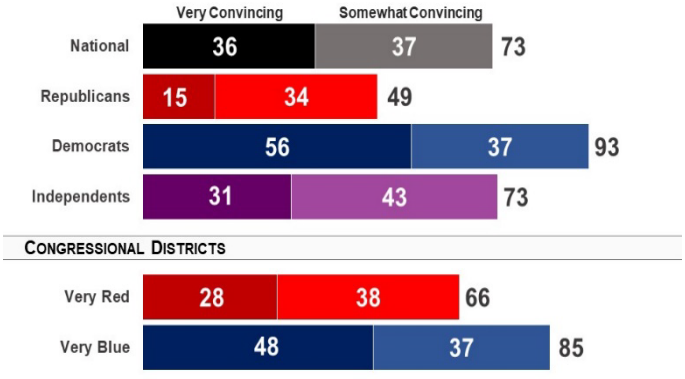
Respondents evaluated three pairs of arguments for and against a carbon fee and rebate plan. Overall, the pro arguments did better than the con arguments, with substantial partisan differences. Each argument was found convincing by a majority of just one party: The pro arguments were found convincing by majorities of Democrats, but no majority of Republicans, and vice versa.

The first pro argument stressed that a carbon fee is the best approach to reducing emissions, because it is a market-oriented solution that requires little bureaucracy, and promotes innovation. This was found convincing by 73%, including 93% of Democrats, but just half of Republicans (49%).

The negative effects on employment in the coal and oil industry were emphasized in the first con argument against, noting that it is "unfair that these workers and their communities take the brunt of this plan." Roughly half (51%) found this convincing, including seven in ten Republicans, but just 32% of Democrats.

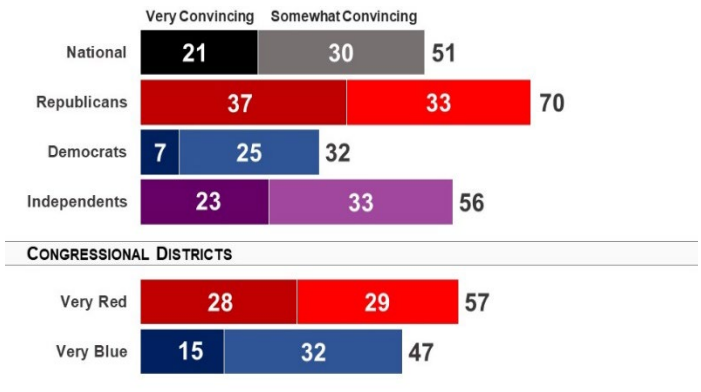
Carbon Fee & Rebate — **Argument in Favor**

Reducing carbon emissions is important for our health and for the environment. Economists, business leaders and climate experts—both Republicans and Democrats—agree that a carbon fee is the best solution. It is the least burdensome approach for businesses and requires less bureaucracy. It simply encourages businesses and individuals to switch to cleaner fuels and more energy-saving practices, rather than letting them pollute at no cost. It also motivates businesses to make innovations. Several countries have put in place carbon fees and they have helped to lower their greenhouse gas emissions.



Carbon Fee & Rebate — **Argument Against**

A carbon fee will make coal and oil so expensive that people will stop using it and many coal and oil companies will go out of business. This will result in people losing their jobs in those industries. Some older workers may never get a job again because it is harder for them to be retrained into a new line of work. It will also hurt the general economy in areas of the country where coal and oil industries are big, driving more people out of work. It is unfair that these workers and their communities take the brunt of this plan.

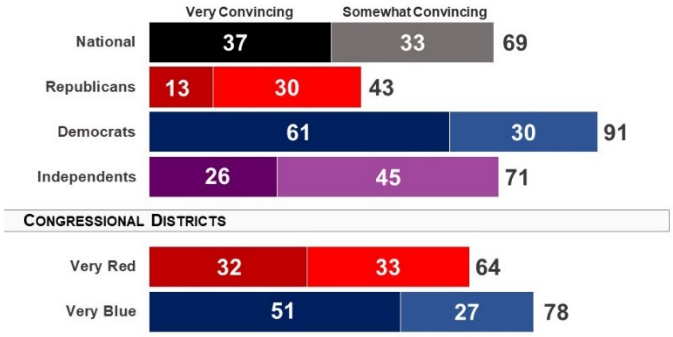


The second argument in favor centered on the fact that the world is moving towards clean energy, and that the US needs to take steps to become the leader in clean energy, which will create new high paying jobs. Seven in ten found this convincing, including 91% of Democrats, but just 43% of Republicans.

The next argument against made the case that, because the US has been reducing its emissions, and countries like China and India are increasing theirs, making such a big change will hurt the US without providing much benefit overall. Fifty-five percent found this convincing, as did eight in ten Republicans. Just three in ten Democrats concurred.

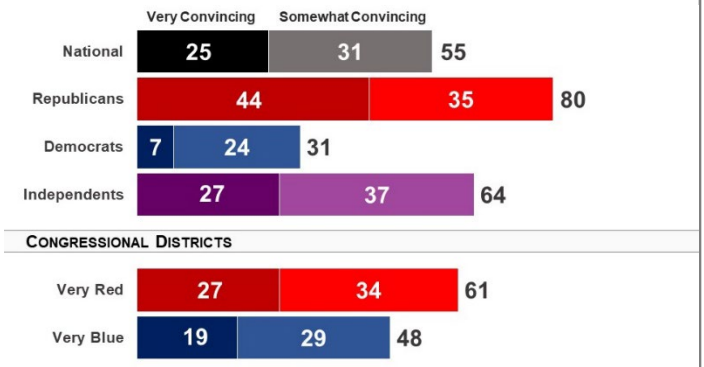
Carbon Fee & Rebate — **Argument in Favor**

The fact is that the world is moving toward cleaner energy and US companies should get ahead of the curve in meeting this demand. China is already ahead of the US in some green energy areas and the US could easily fall further and further behind. A carbon fee will increase demand in the US for clean energy and energy savings technology, and this will help US companies move more aggressively into meeting this demand at home and abroad. This will create new high paying jobs for American workers, stimulate the US economy, and create a cleaner environment.



Carbon Fee & Rebate — **Argument Against**

The US has been one of the more aggressive countries in the world, reducing greenhouse gas emissions from 2005 to 2017 by nearly 20% on a per person basis. But the truth is that globally greenhouse gas emissions continued to go up as many other countries, such as China and India, continued to increase. The US right now only produces 14% of all greenhouse gases. Going through a big effort to get it down further will be very costly and do little good in the big picture.

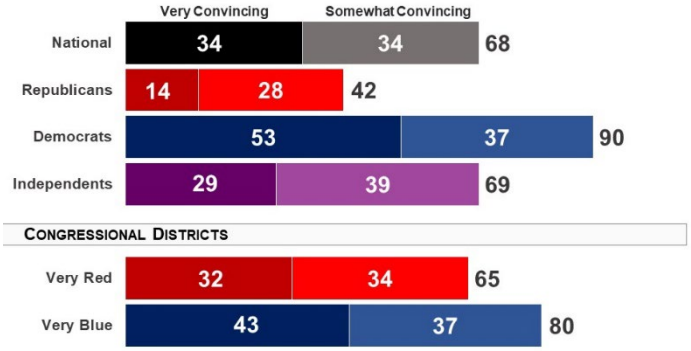


The last argument in favor was a counter to the previous one. It laid out how the US emits more per capita than nearly all other countries, and that as a world leader, the US needs to take bold action to encourage others to follow. Nearly seven in ten (68%) found this convincing, including nine in ten Democrats, but just 42% of Republicans.

The final argument against took the stance that the government should not be trying to control people and businesses' behavior through taxes; that the government, "does not need to be involved in every problem." This argument did the worst, with less than half finding it convincing (48%), including 23% of Democrats. A majorities of Republicans (72%) found it convincing.

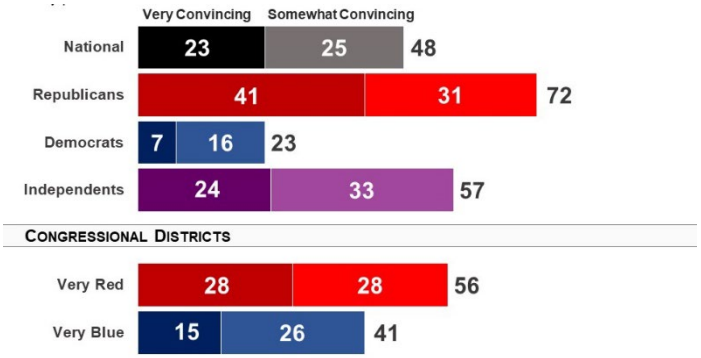
Carbon Fee & Rebate — Argument in Favor

It is true that the US only produces 14% of greenhouse gases, but we also represent only 4% of the world population; we emit far more per person than the vast majority of countries. Also, the US is a major world leader. If the US fails to do its part in dealing with greenhouse gases, it is much less likely that other countries will do their part too--they may simply say "why bother trying?" If the US does its part, others are more likely to follow. We are all in this together.



Carbon Fee & Rebate — Argument Against

The government should not try to control the behavior of people and businesses through taxes. If people want to reduce their carbon emissions, then they can use their power as a consumer or business leader to buy or make products that are more environmentally friendly. This is already widely happening and is contributing to the US' reduction in emissions. The government should step aside and let people and businesses make the changes they think are best. The government does not need to be involved in every problem.



Final Recommendation

Finally, respondents were presented the plan as a whole, and asked for their recommendation:

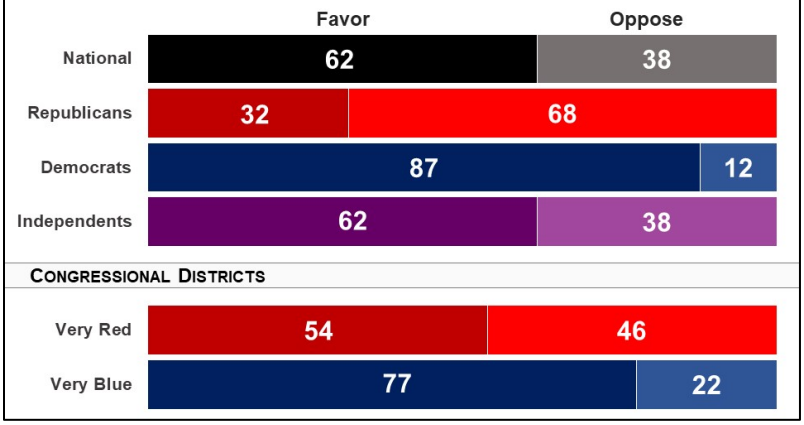
1. *The government would charge companies that produce coal, oil or natural gas, a fee based on the amount of carbon dioxide, and other greenhouse gasses, emitted when the fuels they produce are burned. This amount would be equal to $35 per ton of carbon dioxide produced.*
2. *All of the money collected from that fee would then be given to all citizens equally in the form of a monthly rebate check. The amount would total about $450 per person each year or $37.50 per month. For nearly all low- and middle-income people, the amount of the rebate would be more than the amount needed to cover their increased costs due to the fee.*

A majority of 62% favored the plan, including 87% of Democrats and 62% of independents. Majorities in very red (54%) to very blue (77%) districts agreed. Just one third (32%) of Republicans favored the plan, with 68% opposing it.

Respondents were also asked to rate how acceptable they found the proposal, on a 0-10 scale with 0 being "not at all acceptable", 5 being "just tolerable", and 10 "very acceptable". Overall, 56% found the proposal acceptable (6-10), including 82% of Democrats. A majority of Republicans (56%) found the proposal unacceptable (0-4).

Carbon Fee & Rebate Plan — FINAL RECOMMENDATION

Do you favor or oppose the plan for the government to charge a carbon fee to companies and distribute the money collected from the fee to citizens in the form of a monthly rebate check?



Suspending Existing Regulations and a Moratorium on New Regulations for Energy Companies
A proposed idea to couple the fee and rebate plan with a suspension of existing regulations that require energy companies to limit carbon emissions and a moratorium on new regulations, was opposed by two thirds, including two thirds of Republicans.

One of the proposals for a carbon fee and rebate plan includes a provision to suspend most existing regulations requiring energy companies to limit their carbon emissions and to stop the EPA from imposing any new regulations on carbon dioxide emissions. This is included in several pieces of legislation (H.R. 763, H.R. 4520, H.R. 4058) as well as the Baker-Schultz plan.

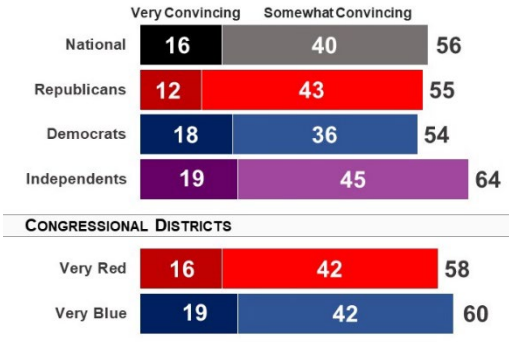
Respondents were told about the proposal including the provision that "*if the carbon fee and rebate does not result in a substantial reduction in carbon dioxide emissions, the regulations would be put back in place sooner. Once targets for emissions reductions have been met, these provisions would expire."*

Arguments for and against were both found convincing by bipartisan majorities, with the argument against doing better. The pro argument stressed that energy companies should be given flexibility to deal with the carbon fee, and that removing regulations is politically savvy "to get the industry leaders on board with the plan." This was found convincing by 56%, including similar shares of Republicans (55%) and Democrats (54%), but a larger share of independents (64%).

The argument against emphasized that in order to reduce carbon emissions, we need to use "every tool in the toolbox," and that removing regulations could negate the positive effects of the carbon fee. Over seven in ten (72%) found this convincing, including two thirds of Republicans and nearly eight in ten Democrats.

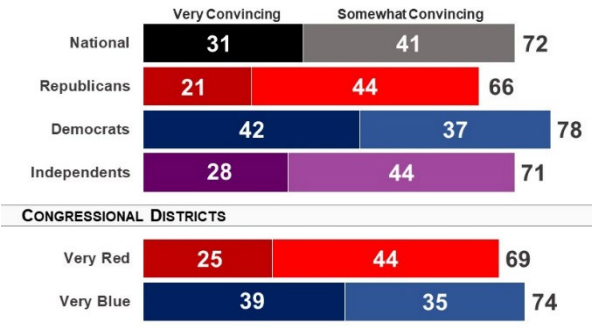
Suspending Regulations on Emissions — **Argument in Favor**

If industries are going to take on the burden of the carbon fee, they should be given the maximum amount of flexibility to deal with it and be innovative. Regulations dictate what the companies must do and limit their options. The pressure of the carbon fee is enough to prompt them to produce cleaner energy. This will also help to get the industry leaders on board with the plan.

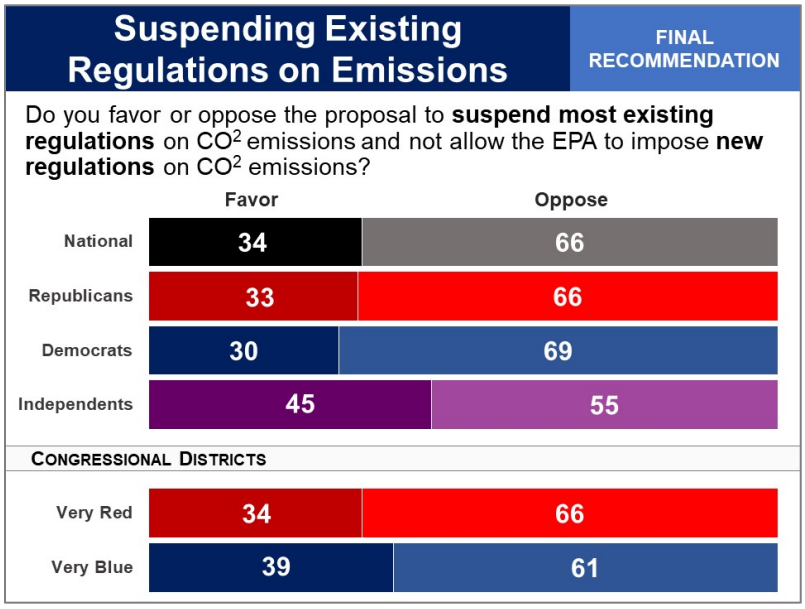


Suspending Regulations on Emissions — **Argument Against**

Reducing carbon emissions down to the necessary levels will require us to use every tool in the toolbox, which includes regulations. Regulations have proven to be very effective. The Clean Air Act has resulted in a nearly 75% reduction in air pollution. Without regulations, companies may simply decide it's more cost effective to just pay the carbon fee and do the polluting that the regulations currently prohibit. This could eliminate the benefit of the carbon fee.



A bipartisan majority of two thirds opposed this proposal, with little partisan difference (Republicans 66%, Democrats 69%). Majorities in very red (66%) to very blue (61%) districts opposed the proposal.



Using Revenues from Fee for Other Purposes

Majorities, though only a minority of Republicans, favored using the revenue from the carbon fee for purposes other than the rebate including:

- *5% of the revenue to go to helping workers who lose their jobs and communities who are negatively affected by the carbon fee, such as those that rely on coal*
- *5% of the revenue to go to providing loans and technical assistance to support the development and production of new technologies to improve energy efficiency and the production, storage and distribution of clean energy*
- *20% of the revenue to be invested in infrastructure to make it more energy efficient and resilient*

Some pieces of legislation calling for a fee and rebate plan, use 30% of the revenue generated from the carbon fee for purposes other than providing a rebate to consumers. These purposes include speeding the transition to a clean energy economy and helping workers and communities negatively impacted by the carbon fee transition into a clean energy economy.

Respondents were presented three proposals for using carbon fee revenue for other purposes, which are included in legislation (S. 2284, H.R. 4051). These included using the carbon fee revenue for:

- *transition assistance for coal workers and communities (5% of revenue)*
- *research, development and deployment of clean energy technology (5% of revenue)*
- *energy-efficient and resilient infrastructure (20% of revenue)*

Respondents were also told by how much each proposal, if enacted, would decrease the rebate they would receive.

Transition Assistance for Coal Workers and Communities

Respondents were presented the proposal for using five percent of the generated revenue for assistance to coal workers and communities, as follows:

> *As discussed, the carbon fee would result in the increase in the price of fuels that produce a lot of carbon, especially coal, but also oil and natural gas. This would result in some businesses that produce, distribute, and use those fuels laying off workers or closing down. For example, coal is the fuel that produces the most carbon dioxide and so it is likely that more coal mines would go out of business and those coal workers would lose their jobs.*
>
> *While there will be many new jobs created in low-carbon and renewable energy industries, many people who lose their job will not readily find a new one in the area where they live.*

How, specifically, the revenue would be used was then laid out:

This money would be used to give workers who lose their jobs:

- *extra unemployment benefits,*
- *protection of their current health and pension benefits,*
- *job training and education to help them transition to a new job.*

Also, communities that are hurt by the carbon fee, such as areas that rely a lot on coal, would be provided money to:

- *fund development projects in order to create jobs,*
- *help those who have especially high increases in energy prices.*

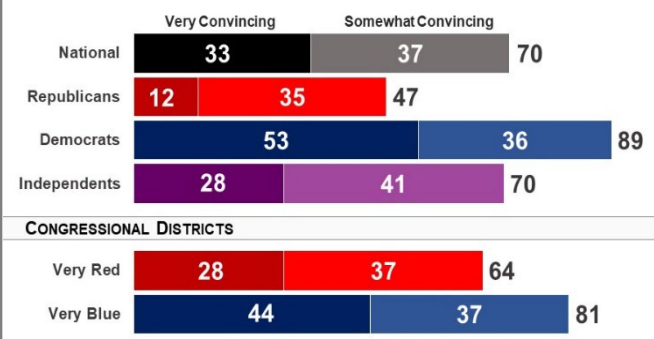
Respondents were told that, if enacted, this proposal would, “reduce the amount of the rebate that people receive (originally $450) by about $20 a year.”

The argument in favor promoted the benefit of ensuring that the affected communities “stay afloat and are brought into the new clean energy economy.” This argument was found convincing by seven in ten, including 89% of Democrats. Among Republicans, just under half (47%) found it convincing.

The argument against, disparaged the proposal as, “yet another government program,” and asserted that the burden of responsibility for finding employment should be on companies and workers, who know better than the government what jobs are needed. While this argument did less well, it still garnered a majority (55%), including three quarters of Republicans, but just one third of Democrats.

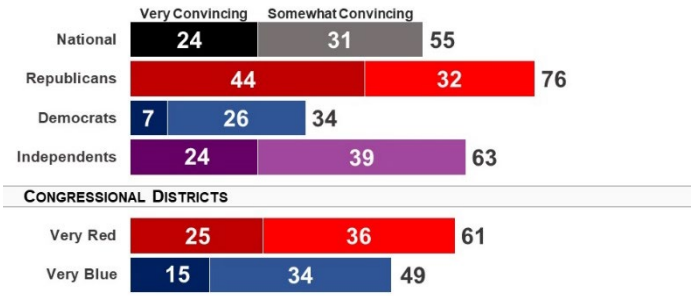
Transition Assistance — **Argument in Favor**

Reducing the amount of air pollution and greenhouse gases would benefit all Americans. However, any time that our economy makes a big change, some people and communities get hurt. It is only fair that, as a society, we devote some money to help people transition into new jobs as quickly as possible. Also, investing in job training and development projects would ensure that communities stay afloat and are brought into the new clean energy economy. Doing this would reduce the rebate very little but would provide enormous benefit to those who need it.

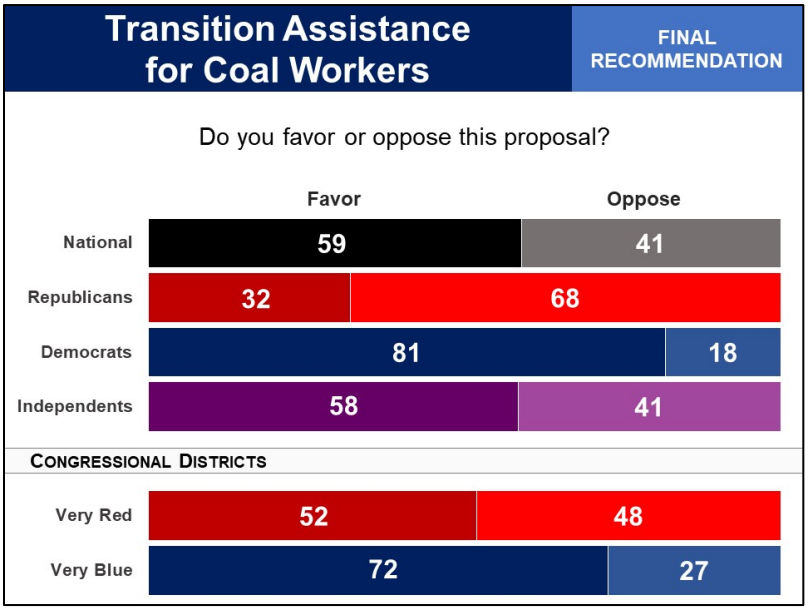


Transition Assistance — **Argument Against**

This proposal is yet another government program. Government programs like this already exist, such as the Appalachian Regional Commission, and often those dollars are redirected for political purposes rather than helping the communities they are intended for. Regardless, such programs reduce people’s incentive to go out and find a job; and if necessary, move to where the new jobs are. Getting people into these new jobs is the responsibility of workers and companies, not the government. Businesses know what they need and can offer training for the necessary skills. Government investment in development projects sounds good, but it is really better for the market to decide where investments should be made.



In the end, respondents were asked, “if a carbon fee were to be adopted,” whether they would favor or oppose the proposal. A majority of 59% favored this proposal, including 81% of Democrats. Among Republicans, just 32% were in favor, and 68% opposed. Majorities in very red (52%) to very blue (72%) were in favor.



Research, Development and Deployment

The next proposal for using the revenue from a carbon fee on something other than a rebate involves spending five percent of the revenue:

> *… to provide loans and technical assistance to support the development and production of new technologies to:*
>
> - *improve energy efficiency,*
> - *improve the production, storage and distribution of clean energy.*

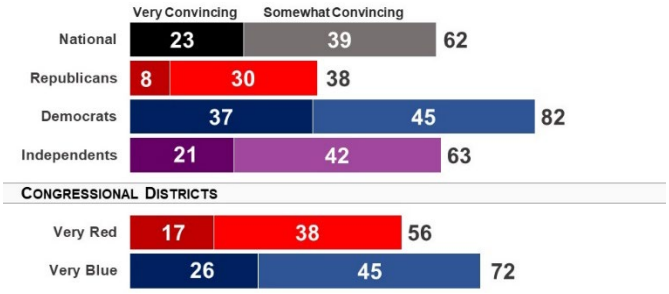
Respondents were told that this would reduce the rebate that people receive by about $20 a year.

Both arguments for and against were found convincing by majorities, again with substantial partisan differences. The argument in favor posited that our need to quickly reduce emissions requires long-term investments that the government is in the best position to make. Over six in ten (62%) found this convincing, including over eight in ten Democrats, but less than four in ten Republicans.

The argument against espoused the belief that, “the government should not be in the business of deciding what technologies are most promising,” and proclaimed that the carbon fee would be enough of a push to spur private business to invest in clean energy technologies. This was found convincing by nearly six in ten (58%), including three quarters of Republicans, but just four in ten Democrats.

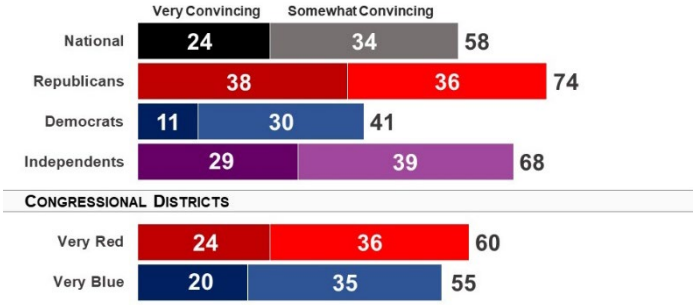
Research, Development & Deployment — Argument in Favor

A lot of the new technologies that we need to quickly reduce carbon dioxide and other greenhouse gases require long-term investments that may not pay off quickly. Thus, in many cases private investors are not willing to make those investments. Therefore, because these investments will benefit everybody, the government should be ready to step in and jump start the process. Using a small amount of the carbon fee to invest in clean energy will make the transition to a clean energy economy much quicker and will give the US a big advantage in the clean energy business.



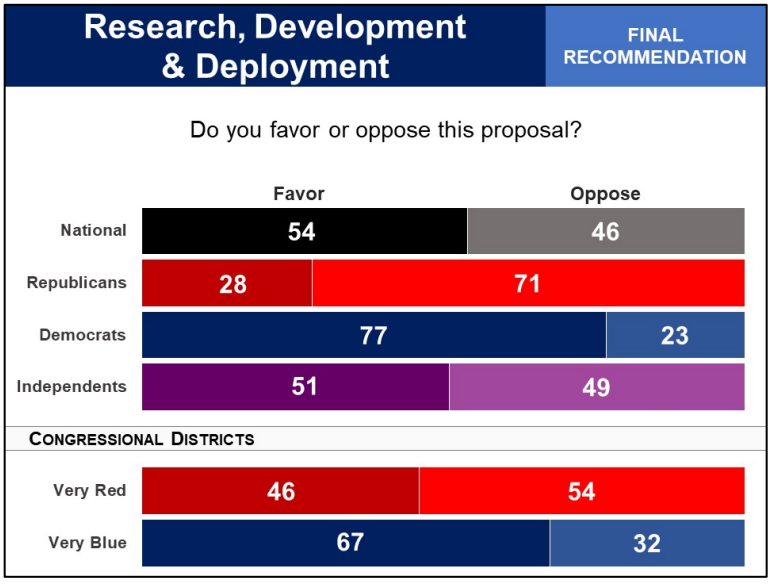
Research, Development & Deployment — Argument Against

The government should not be in the business of deciding what technologies are the most promising. Private companies are in a better position to make bets on technologies that are the most promising and they will target the investments in a smarter way because they actually have to make their money back, unlike the government. The carbon fee will be enough of a push to get the private sector to start investing money into new technologies. We should not reduce the amount of the rebate: the money should go to the people who can use it as they see fit.



In the end, a modest majority of 54% favored the proposal, including 77% of Democrats, but just 28% of Republicans. Majorities in nearly all types of districts favored the proposal, from somewhat red (51%) to very blue (67%) districts. In very red districts, less than half were in favor (46%).

Research, Development & Deployment — FINAL RECOMMENDATION



Infrastructure

The final and most costly proposal for using carbon fee revenue on something other than a rebate would spend twenty percent of the revenue:

> *… to invest in infrastructure to make it more energy efficient and resilient. This includes rebuilding or upgrading:*
>
> - *the electric grid,*
> - *water systems,*
> - *government buildings,*
> - *roads and bridges.*

This investment would be used to make infrastructure:

- *more energy-efficient*
- *more capable of withstanding major storms, floods, and other severe weather events.*

In addition, it would include developing:

- *more public transportation*
- *new clean energy systems like charging stations for electric cars.*

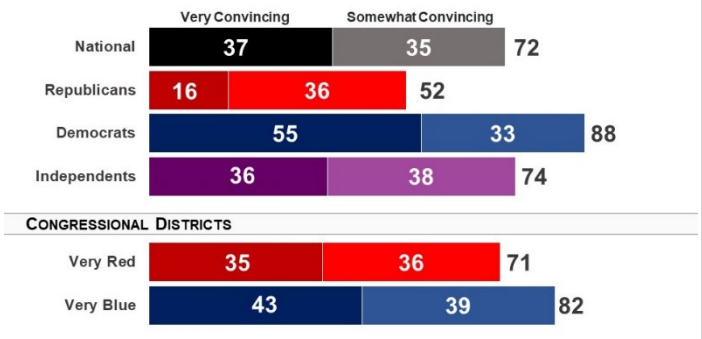
Respondents were informed that this would reduce the rebate by about $90 a year.

The argument in favor received bipartisan majority support. It emphasized the poor state of the country's infrastructure, and how an investment now in energy-efficient and resilient infrastructure will save us money in the long run. Over seven in ten (72%) found this convincing, as did 52% of Republicans and 88% of Democrats.

The argument against reminded respondents that most infrastructure is owned by states and cities, who should rely less on the federal government; and that reducing the rebate by $90 could hurt middle income people. A modest majority of 54% found this convincing, including 69% of Republicans, but just 37% of Democrats.

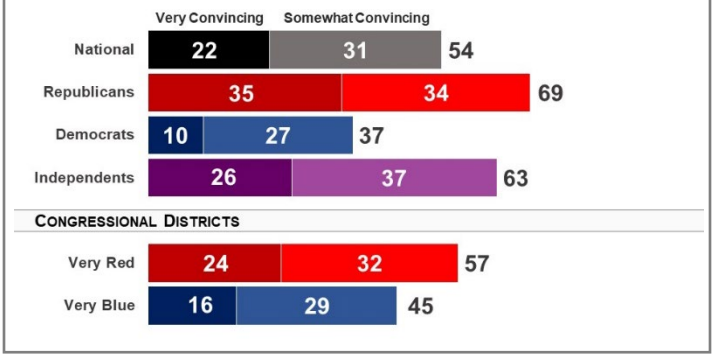
Infrastructure — **Argument in Favor**

A lot of the infrastructure in this country is in terrible condition - it is dangerous and vulnerable to being destroyed by major storms or floods. Poor roads make cars use more gas, old buildings leak heat, and the outdated electric grid wastes energy. We need to make our infrastructure more energy-efficient and resilient. And if we don't do it now, we will end up spending even more money when the infrastructure falls apart. We also need to invest in more and better public transportation and new clean energy systems. Using some of the revenue from the carbon fee for these purposes is a wise investment.



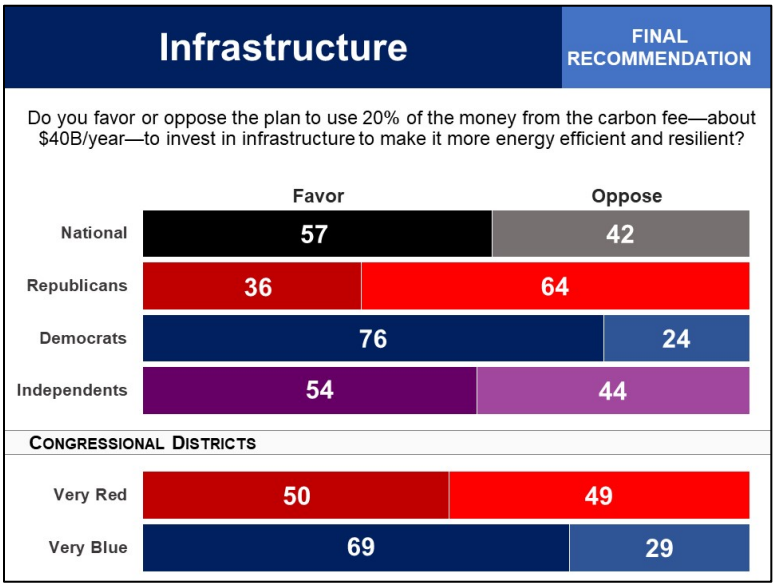
Infrastructure — **Argument Against**

Most infrastructure is owned and operated by states and cities. They need to rely less on the federal government and more on themselves. Local government knows best what they need to spend on. If the citizens of different states and cities want to invest in their own infrastructure, they can redirect spending to that or raise their taxes. The federal government should not be responsible for everything in this country. Furthermore, reducing the rebate by $90 would mean that middle class people will lose a lot of the cushion against the price increases that come from the carbon fee.



Asked for their final recommendation, 57% favored the proposal, including 76% of Democrats, but just over a third of Republicans (36%).

At least half of those in very red (50%) to very blue (69%) districts favored the proposal.

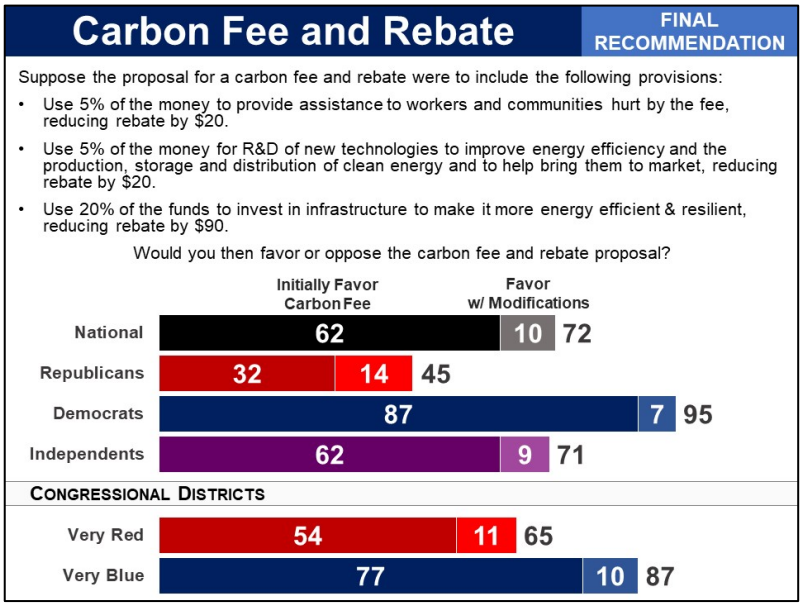


Carbon Fee Re-Ask

Respondents who opposed the carbon fee and rebate plan, and favored at least one of the proposals for using the revenue for other purposes (15% of the sample) were then asked whether, if the carbon fee and rebate plan were to include the proposal(s) they favored, if they would then favor the plan.

Two thirds of this group or 10% of the total sample said they would then favor the plan, including 14% of Republicans and 7% of Democrats.

Combining these respondents with those who initially favored the carbon fee and rebate plan, 72% favored some version of the carbon fee and rebate plan, either with or without using some of the revenue for other purposes. This includes 95% of Democrats, 71% of independents and 45% of Republicans.



Voice Of the People is a non-partisan organization that seeks to re-anchor our democracy in its founding principles by giving 'We the People' a greater role in government. VOP furthers the use of innovative methods and technology to give the American people a more effective voice in the policymaking process. VOP is working to urge Congress to take these new methods to scale so that Members of Congress have a large, scientifically-selected, representative sample of their constituents to be consulted on current issues and providing a voice that accurately reflects the values and priorities of their district or state.

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The **Program for Public Consultation** seeks to improve democratic governance by consulting the citizenry on key public policy issues governments face. It has developed innovative survey methods that simulate the process that policymakers go through—getting a briefing, hearing arguments, dealing with tradeoffs—before coming to their conclusion. It also uses surveys to help find common ground between conflicting parties. The Program for Public Consultation is part of the School of Public Policy at the University of Maryland.

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ACKNOWLEDGEMENTS

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