

Carbon Taxes: A Reality in British Columbia

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British Columbia has done it—and
very simply.

Tax base

x

Tax rate

=

Revenue

Tax base

x

Tax rate

=

Revenue

Fossil fuels
CO₂-e

Limited
exemptions

$$\boxed{\text{Tax base}} \times \boxed{\text{Tax rate}} = \boxed{\text{Revenue}}$$

Fossil fuels
CO₂-e

\$10/ton 2008



\$30/ton 2012

Limited
exemptions

“Upstream” tax collection

$$\boxed{\text{Tax base}} \times \boxed{\text{Tax rate}} = \boxed{\text{Revenue}}$$

Fossil fuels
CO₂-e

\$10/ton 2008

↓

\$30/ton 2012

Limited
exemptions

Waxman-Markey
\$26/ton 2019

$$\boxed{\text{Tax base}} \times \boxed{\text{Tax rate}} = \boxed{\text{Revenue}}$$

Fossil fuels
CO₂-e

\$10/ton 2008



\$30/ton 2012

Revenue
neutral
tax relief

Limited
exemptions

Waxman-Markey
\$26/ton 2019

Tax rate

x

Tax rate

=

Revenue

Comprehensive

Simple

Quick

Politically viable

The Larson Bill, H.R. 1337

Tax base

x

Tax rate

=

Revenue

Fossil fuels
CO₂

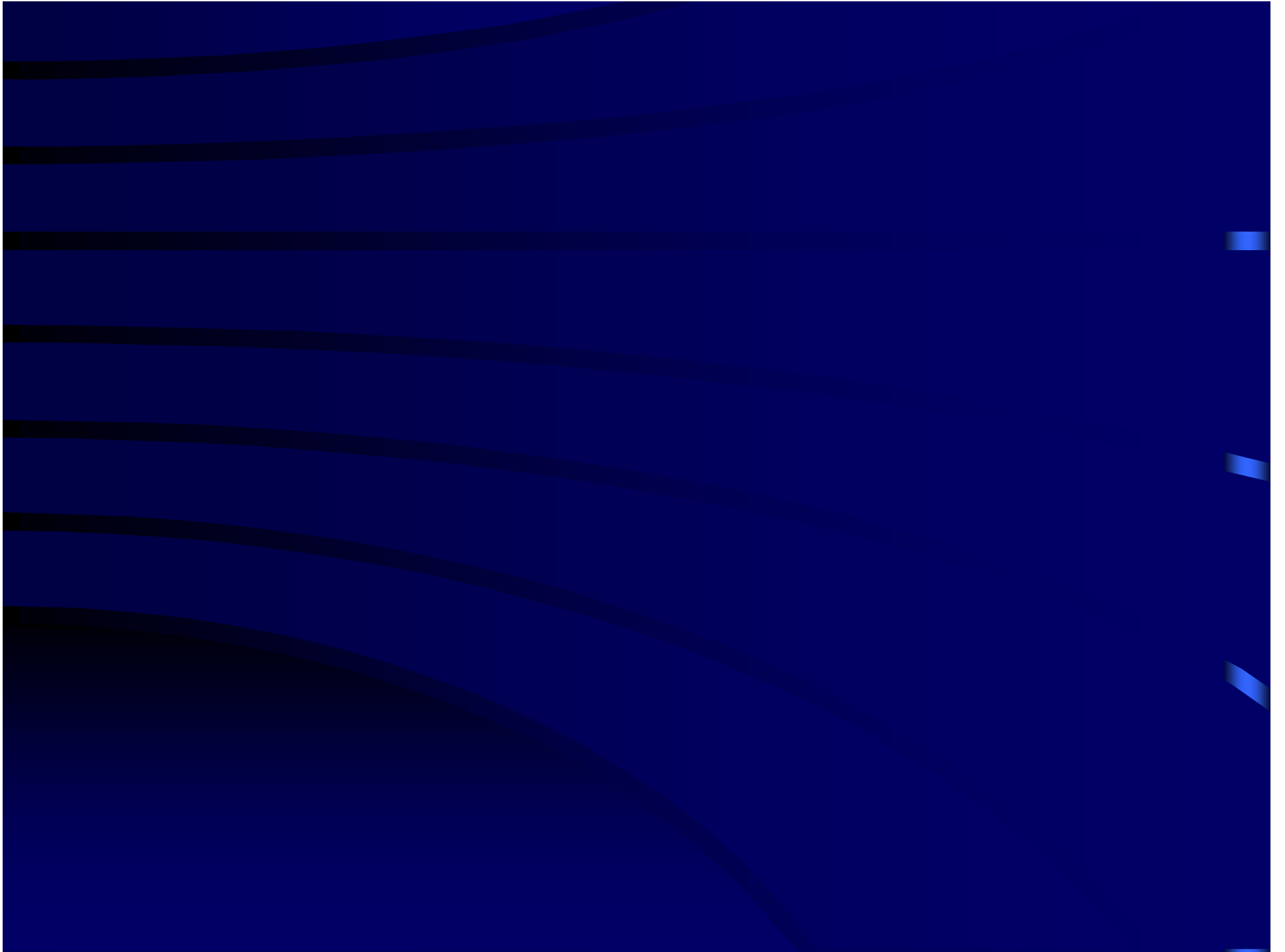
\$15/ton
increasing
\$10/year

Largely
revenue
neutral

Carbon- intensive
Imports

“The CO₂ tax is a good idea.”

Swedish Prime Minister Fredrik Reinfeldt
EU President
June 9, 2009



IRS

EPA

New
commodities

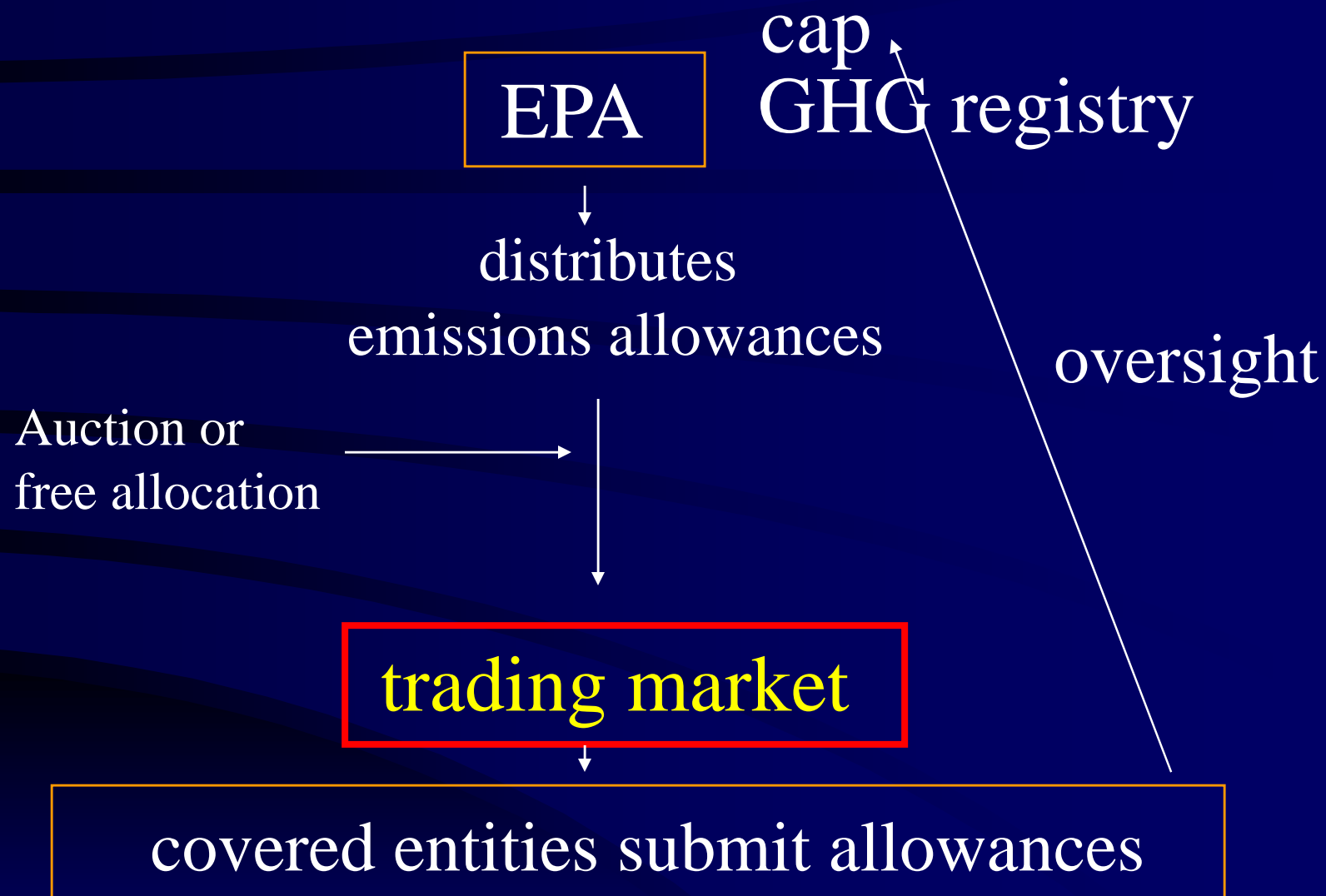
price

trading market

taxpayers

covered
entities







Exchanges
Brokers



Trading
market

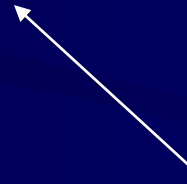
Allowances
Derivatives



Allowance
Registry



Market oversight



Covered entities
Other holders
Public



