

ENVIRONMENTAL JUSTICE

Environmental and climate justice is complex, impacting racial justice, economic inequality, food insecurity, and more, presenting opportunities for impactful action in local communities and through collective policy change at every level of government.

PUTTING A PRICE ON POLLUTION: GUIDANCE FOR YOUR CONGREGATION

Table of Contents

<i>What is a price on pollution?</i>	1
<i>Why do we need one?</i>	1
<i>What forms can a price on pollution take?</i>	1
<i>How can I tell different proposals apart?</i>	2
<i>What principles guide the Reform Movement’s approach to a price on pollution?</i>	4
<i>What are current examples of carbon pricing?</i>	4
<i>How can my community get involved?</i>	4
<i>Additional Resources</i>	5

What is a price on pollution?

In international negotiations, the ‘polluter pays’ principle means that those responsible for putting pollution into the air should pay for the damage it causes to people’s health and the environment. This principle applies to countries that should foot the bill for mitigating climate change but also to companies and individuals. However, in the U.S., there is no way to factor in these costs when purchasing, selling, or using coal, oil, natural gas, or other pollutants. A ‘price on pollution’ is any way to add the cost of pollution to the materials that generate it.

Why do we need one?

The rationale behind carbon pricing is to apply market pressures to the energy market. A price on carbon would make carbon-intensive energy sources, like oil, coal, and natural gas, more expensive compared to renewable energy sources, incentivizing individuals and companies to make different choices. [Carbon taxes are widely seen](#) as one of the most effective ways to begin a transition away from fossil fuels.

What forms can a price on pollution take?

Not all carbon prices are the same. There are many factors that influence a carbon price’s effectiveness and impact. There are two main carbon pricing mechanisms which have been proposed: cap and trade

and a carbon tax. A carbon tax would function just like a tax, adding a set amount or percentage to the cost of any good based on its emissions. A cap and trade scheme requires the government to set a “cap” of the maximum emissions allowed. Then, the government either issues or auctions off permits which entitle the bearer to a certain amount of emissions. Together, all of the permits add up to the initial cap. Companies can then sell each other excess permits in a marketplace.

Both forms of carbon prices have been implemented thus far in different contexts around the world. Proposed legislation in the U.S. Congress uses both methods. [The World Bank Group](#) has a great resource to explore all the different carbon prices that have been implemented thus far.

How can I tell different proposals apart?

There are many facets of carbon prices, and changes to any aspect of the carbon price could result in very different legislation. In general, here are the core questions to ask to understand how strong each carbon price is:

1. What sources, gases, and sectors are covered?

While many of these policies are called carbon prices, there are many greenhouse gases that can be covered by these prices, including methane and nitrous oxide. Knowing what gases are covered is important to understanding the total impact the carbon price will have on the environment.

There are many different sources of pollution, including extraction, refining, electricity production, use in manufacturing and more. Carbon prices should include as many sources of greenhouse gases as possible to maximize the coverage of the policy and limit pollution.

Lastly, some carbon prices exempt certain sectors like manufacturing, agriculture, or the military from these taxes. This limits the impact of the tax on these sectors, but does not curb the amount of greenhouse gases they release into the atmosphere.

2. What is the initial price and how does it change over time?

A carbon price is only effective if it continues to make the price of pollution more expensive than the price of renewable energy. As prices change over time due to inflation, it is imperative that the carbon price changes as well. Furthermore, many policies have a mechanism to raise the price at a steeper rate if the emissions reduction is less than anticipated.

3. How does it interact with international companies, trade, or other carbon prices?

As mentioned earlier, there are carbon prices that exist in many countries, but not the U.S. Companies should not be penalized twice, nor should they be able to move abroad to escape the payment of a carbon price in the U.S. An adequate border carbon adjustment is critical to ensuring that all fuels used in the U.S. or for U.S. products are subject to one, and only one, carbon fee. Additionally, some proposals exempt U.S. exports of fossil fuels or fossil fuel intensive products from the carbon fee. While this may be good for the U.S. trade deficit, it results in more greenhouse gases being placed into the atmosphere by making these fuels cheaper, and more attractive, to other companies.

4. Are there offsets for carbon capture?

New technology has allowed power plants to scrub greenhouse gases out of their emissions, or capture carbon currently in the atmosphere. Most proposals allow for companies that engage in carbon capture, carbon sequestration, or other forms of preventing greenhouse gases from entering the atmosphere to claim that as a credit, or offset, against their total liability under the carbon price. For example, if they emit 100 metric tons of carbon and sequester 5 metric tons, they will only pay the carbon price on 95 metric tons.

5. How does it impact existing regulations or state carbon prices?

Some carbon price proposals include a “regulations moratorium” which would end some current regulations on fossil fuels. Different proposals have drastically different kinds of moratoriums, and some include reinstating these regulations if the carbon price is not sufficiently effective.

6. What happens to the revenue?

Depending on how high the price is, and what gases and sectors are covered, a carbon price could generate billions in revenue. What to do with that money is one of the most variable, and important, aspects of carbon pricing legislation.

Some proposals suggest that all the revenue be returned to citizens on a per capita basis to offset the rise of energy and electricity prices. Under many of these proposals, the vast majority of families would receive back a greater dividend than the amount their energy bills increased by.

Other proposals include other uses of the revenue, in addition to a dividend to low- and middle-income families. These include shoring up the Highway Trust Fund (which will be depleted due to declining gas sales), funding resiliency for U.S. buildings and infrastructure, fulfilling the U.S.’s international obligations to climate change mitigation and adaptation, funding just transition programs for fossil fuel workers who will be negatively impacted, research and development of new technologies, tax credits to further incentivize the transition to renewable fuel sources, and more.

7. If it is given back to citizens, what is the mechanism for that?

Returning a dividend to people is very complicated and must be done to ensure that those who need the money most are able to receive the money. While some proposals entrust this process entirely to the IRS, they risk not getting the money to the many people who do not engage with the IRS. Additionally, many people may be unable to wait for one check a year to pay their energy bills each month. Additionally, many proposals only allow citizens to be eligible for a refund, even though non-citizens pay energy costs in America. [This resource from the Center on Budget and Policy Priorities](#) fully explains one comprehensive system, using EBT programs, Social Security, and the IRS, to ensure the maximum number of people receive their dividend.

8. What is the impact on frontline and other vulnerable populations?

Equity is a cornerstone principle of environmental justice. [Numerous studies](#) have demonstrated that communities of color and low-income communities are disproportionately impacted by climate change. It is crucial that any carbon pricing policy does not further re-entrench these disparities but works to solve them. This includes ensuring that the increased prices do not

disproportionately impact these communities, any dividend is not effectively regressive, and that money not given to a dividend goes to climate protection for these communities.

A second area of concern is funding for just transition programs, or programs that help communities that will be economically disadvantaged by the transition away from fossil fuels. Oil rig workers, coal miners, and others who rely on the fossil fuel industry to feed their family must be provided with job retraining, benefits, and other opportunity to sustain their economic opportunities.

What principles guide the Reform Movement's approach to a price on pollution?

We base our approach to public policy in resolutions passed by the Union for Reform Judaism and the Central Conference of American Rabbis. For instance, in 2009, the URJ adopted a comprehensive climate change policy called [Climate Change and Energy](#). It lists the core aspects of any carbon price we hope to see implemented.

From this resolution, we have outlined our core guidelines for carbon pricing:

- Any carbon price should not be effectively regressive and include assistance to low- and moderate-income people to compensate for proportionately larger expenses for electricity, fuel, and transportation.
- It should not rollback existing environmental protections that would lead to more emissions in the status quo and disproportionate impacts on low income and vulnerable communities.
- It should set us on track to lead the world to 1.5 degrees of warming or less, most likely a reduction of 80 percent of 1990 level by 2050.
- A just transition should be provided for those who work in fossil-fuel dependent industries.
- We also hope that any carbon price would provide funding for international mitigation and adaptation, adaptation funding for frontline communities, and ensure a funding source for investment in renewable energy.

What are current examples of carbon pricing?

In the U.S.:

- [California](#)
- [Washington](#)
- [Regional Greenhouse Gas Initiative](#)
- [Oregon might be next](#)

And [46 countries around the world, including Canada](#), either have carbon prices or are in the process of implementing them.

How can my community get involved?

1. If your state currently has a carbon price, work locally to determine if it is being implemented fully and effectively. If not, there can be advocacy to the different levels of government to ensure that the carbon price is adequately constructed and sufficiently implemented.

2. If your state does not have a carbon price, work with other local organizations to implement one, and work to ensure that the legislation is reflective of the values the Reform Movement holds about carbon pricing.
3. Advocate for a U.S. national carbon price. While the RAC has not endorsed a specific bill at this time, there are [proposals already out and more to come!](#) The current bills are listed below, and please contact the RAC if you have any questions about how these bills work.
 - a. Energy Innovation and Carbon Dividend Act (H.R. 763)
 - b. American Opportunity Carbon Fee Act of 2019 (S.1128)
 - c. Healthy Climate and Family Security Act of 2019 (H.R. 1960/ S.940)

Additional Resources

["11 Essential Questions for Designing a Policy to Price Carbon," Brookings Institute](#)

["Capturing the True Price of Carbon," Friends Committee on National Legislation](#)

["Carbon Pricing Guidance," Sierra Club](#)

["Considering a Carbon Tax: Frequently Asked Questions," Resources for the Future](#)

["Policy Insights from Comparing Carbon Pricing Modeling Scenarios," Brookings Institute](#)

["What you Need to Know about Carbon Pricing," Public Radio International](#)