



Evangelical Lutheran Church in America  
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## Carbon Tax/Pricing/Fee Development and Implementation Consideration Questions

The following is shared to complement the ELCA resource "[Carbon Pricing Basics](#)." Any mitigation efforts aimed at reducing greenhouse gas (GHGs) emissions must recognize that addressing emissions in one sector will impact other sectors and all segments of society. That impact is not likely to be equal. The process and research used in developing the policy must comprehend the intended and unintended consequences upon all humanity.

"In its pursuit of justice, this church must question responses that are quick, easy, and, therefore, probably inadequate," reads the ELCA social statement [Freed in Christ: Race, Ethnicity, and Culture](#).

Listed below are some questions developed in September 2020 by the Washington Interfaith Staff Community - Environment and Ecology Working Group (WISC-EEWG) and the ELCA to help in understanding the development and impact of any proposed policy or legislation. Consider these when evaluating policy discussion and proposals and pose them as carbon pricing advocates with legislators.

### Carbon Pricing: General

1. What is the type of carbon pricing mechanism (ex. Emissions trading system or a carbon tax)?
2. If the pricing takes the form of an emissions trading system, how does it ensure that communities located adjacent to a facility emitting GHGs do not continue to be adversely impacted?
3. How is policy development transparency assured? (Transparency includes making public the economic analyses used to develop the carbon pricing mechanism that shows the impact on all entities and communities.)
4. How does the legislation ensure that government accountability is built-in to monitor if goals are being met?

### Carbon Fee or Tax: Components

1. Where in the industrial process is the fee imposed?
2. How much is charged per ton of carbon dioxide or tCO<sub>2</sub>e emissions?
3. How much does the price increase or escalate over time?
4. How are environmental justice concerns addressed?

### Carbon Pricing: Economic Impact

1. Does the policy hold harmless a variety of vulnerable communities, including communities of color, rural, indigenous, and undocumented communities, those with disabilities or chronic health conditions, those not in the wage economy, and those living in poverty?
2. Does the policy protect communities that have been most impacted by the extraction of fossil fuels?
3. Does the policy address communities that are directly harmed by climate impacts?
4. Is the process for identifying and implementing solutions participatory and transparent for all stakeholders?
5. What is the consultation process with stakeholders?

### Carbon Pricing: Carbon Impact

1. What is the amount or per centage of emissions reductions that will be achieved by this legislation? Over what period(s) of time? That is, what is the emission target?

### Carbon Fee: Policy Impact

1. If enacted, what impact will this legislation have on existing laws or regulations? That is, does the bill call for the rollback of existing legislation or regulations; or call for a moratorium on new environmental laws or regulations? Please explain why.
2. How does the policy or legislation remedy the situation if the tax does not work?
3. How does the policy or legislation ensure that there is no border leakage?
4. What impact will this legislation have on any governmental agencies?
5. Where carbon pricing is the most effective tool, a carbon tax must be applied to as many sectors as possible to ensure that all industry that emit greenhouse emissions are addressed. This includes addressing border leakage and trade policy exemptions. How does this legislation address these concerns?

### Carbon Fee: Revenue Usage

1. Where will the revenue be used? Some potential usages are listed below.
  - Dividend to household
  - Investment in renewable energy
  - Infrastructure
  - Climate adaptation
  - Low-income assistance
  - Job creation

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