



Carbon Cashback

It Pays to Put a Price on Pollution

Carbon Cashback Hawaii has finalized its carbon cashback bill for the 2024 legislative session. The bill would put a price on pollution while providing financial relief to residents.

The price on pollution would be assessed through a carbon emissions fee using the existing Environmental Response, Energy, and Food Security Tax (commonly referred to as the barrel tax), which currently assesses a very low fee on fossil fuels. The purpose of the relatively low fee is to mitigate some of the risks and adverse impacts of fossil fuel use and climate change, not to reduce consumption. The additional carbon emissions fee proposed by the bill is designed to be large enough to change people's behavior—to reduce their consumption of fossil fuels. The carbon emissions fee would start small and increase in steps.



The revenue from the carbon emissions fee would be distributed in equal shares as a climate rebate, or “cashback,” to Hawaii residents through refundable tax credits. Most families would experience a net financial gain because their climate rebate would be greater than the additional amount they would spend due to the carbon emissions fee. On average, low-income families would experience the greatest net financial gain.

The following table contains the carbon emissions fee (expressed in cents per gallon of gasoline) and the dividend for the first 10 years of the program. After that, the fee increases only to account for expected inflation, and the climate rebate starts to decline after the 14th year (because the revenues from the carbon emissions fee are expected to decline as people respond by using less fossil fuels).

Year	Carbon Emissions Fee (per gallon)	Climate Rebate (per adult)
1	5 cents	\$36
2	10 cents	\$73
3	20 cents	\$146
4	30 cents	\$218
5	40 cents	\$289
6	50 cents	\$360
7	60 cents	\$425
8	70 cents	\$488
9	80 cents	\$548
10	90 cents	\$607

Every resident who files a State income tax return would be eligible for the carbon rebate. Married couples filing jointly would be eligible for double the rebate. Each dependent would be eligible for half of the rebate. For example, a family of two adults and a child would be eligible for just over \$1,500 in the 10th year of the program.

Carbon Cashback would provide financial relief to families while discouraging the consumption of fossil fuels, which is necessary to avert a global climate tragedy.

Carbon Cashback Hawaii is working with a number of lawmakers, and we expect our bill to be introduced in the 2024 legislative session.

Climate News

2023 has seen a record number of billion-dollar weather and climate disasters in the United States, and that's only through September. The Maui firestorm was the 23rd of the year, and the floods from Hurricane Idalia the 24th. This is according to [NOAA's National Centers for Environmental Information](#), which has been tallying the costs of severe weather and climate events since 1980.

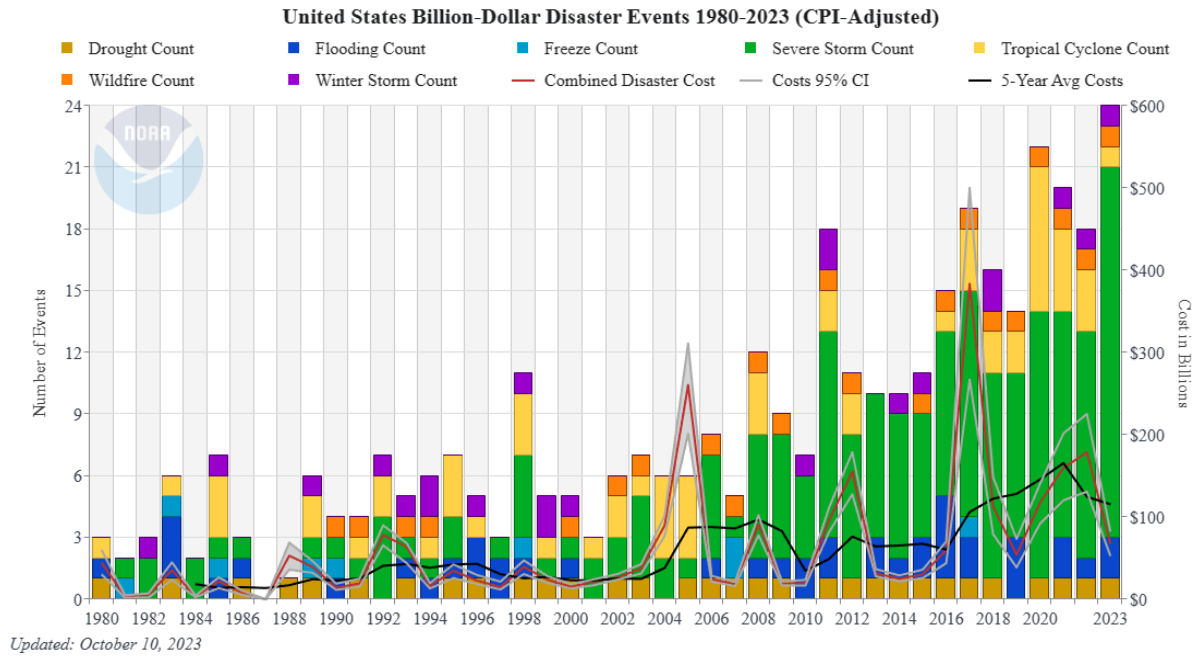


Image from [NOAA Center for Environmental Information](#)

These disasters are not solely attributable to climate change, but as NOAA’s Adam Smith describes the increasing number of costly and deadly weather events, “Exposure plus vulnerability plus climate change is supercharging more of these into billion-dollar disasters.” See this [AP story](#) for more.

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carboncashbackhawaii@gmail.com

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