



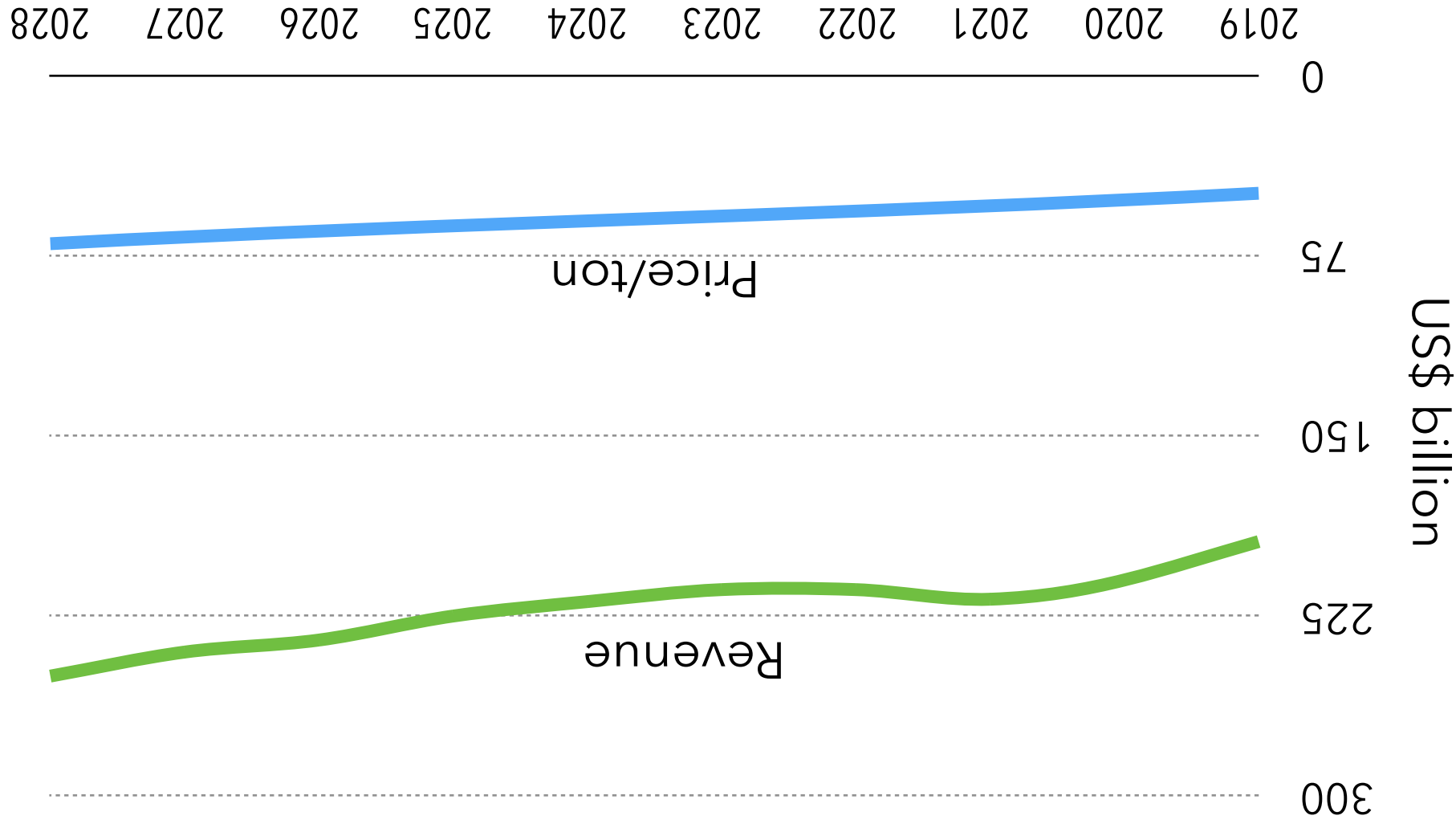
Office of Tax Analysis
Working Paper 115
January 2017

Methodology for Analyzing a Carbon Tax

John Horowitz, Julie-Anne Cronin, Hannah Hawkins,
Laura Konda, and Alex Yuskavage

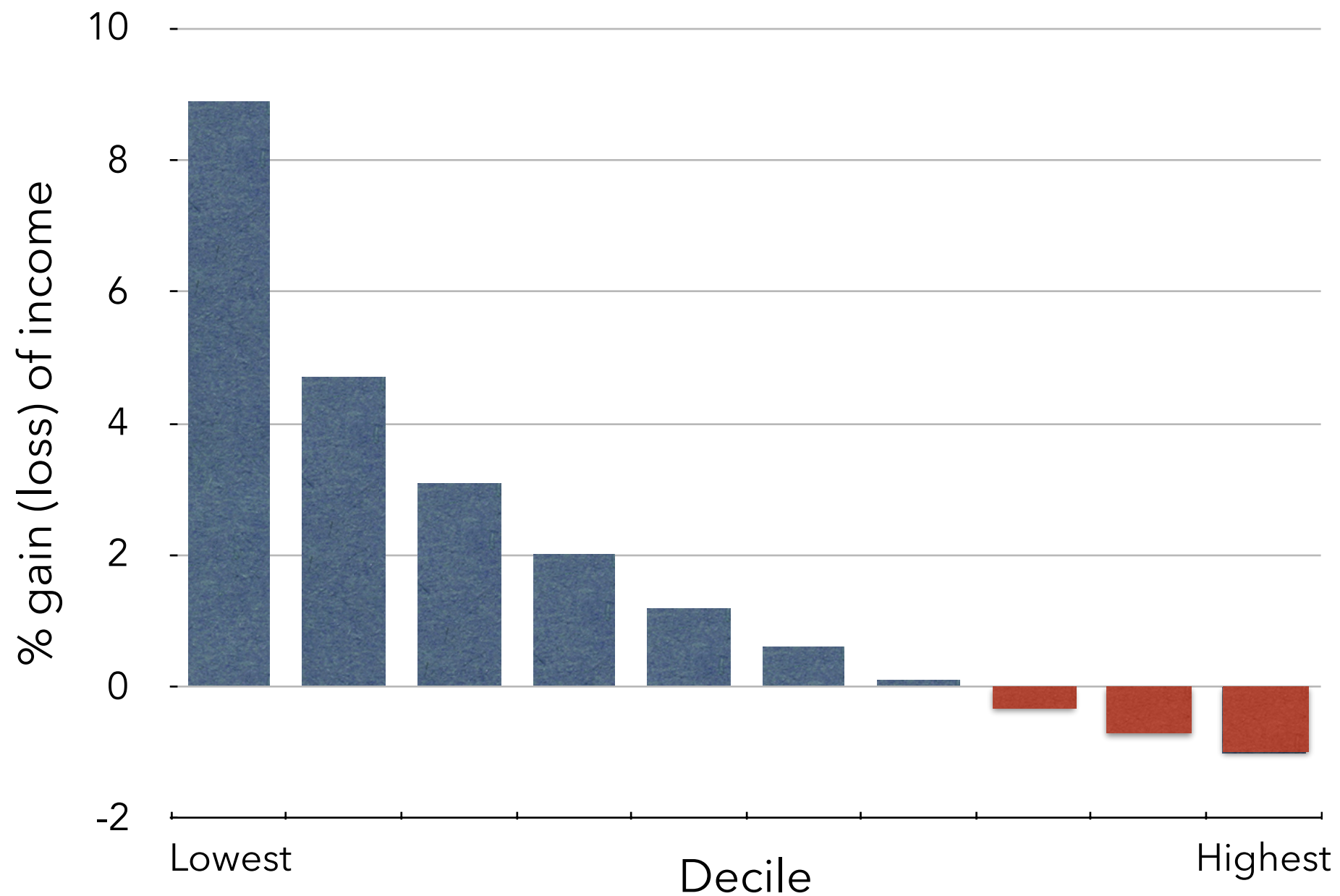
PROJECTED REVENUE FROM CARBON FEES

2019-2028



Source: US Treasury, 2017: www.treasury.gov/resource-center/tax-policy/tax-analysis/Documents/WP-115.pdf

IMPACT OF CARBON DIVIDENDS ON U.S. FAMILY INCOMES



Source: US Treasury, 2017: www.treasury.gov/resource-center/tax-policy/tax-analysis/Documents/WP-115.pdf

Table 2. Tax, Net Revenue, and Emissions under a Carbon Tax (main scenario)										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Tax ^a (\$/mt CO ₂ -e, nominal)	\$49	\$52	\$54	\$56	\$58	\$60	\$62	\$65	\$67	\$70
Revenue and Emissions										
Net revenue ^{b,c} (\$bn, nominal)	\$194	\$210	\$218	\$214	\$214	\$214	\$219	\$225	\$235	\$250

Table 6: The Distribution of \$49/mt Carbon Tax and Revenue Recycling Options

Decile Family Cash Income	Number of Families (millions)	Distribution of Cash Income (%)	Current Law Federal Tax Burden as a % of Cash Income (%)	No Revenue Recycling (%)	\$583 Per Person Rebate (%)	Reduce OASDI Payroll Tax Rate (%)	Reduce Corporate Tax Rate (%)	Change in After-Tax Income	
0 to 10	16.4	1.0	-10.3	-0.8	8.9	0.0	-0.5	0.0	-0.5
10 to 20	17.2	2.1	-4.4	-1.2	4.7	0.0	-1.0	0.0	-1.0
20 to 30	17.2	2.8	1.4	-1.4	3.1	0.1	-1.1	0.1	-1.1
30 to 40	17.2	3.7	5.6	-1.5	2.0	0.0	-1.1	0.0	-1.1
40 to 50	17.2	5.0	9.2	-1.6	1.2	0.1	-1.1	0.1	-1.1
50 to 60	17.2	6.6	12.3	-1.7	0.6	0.1	-1.1	0.1	-1.1
60 to 70	17.2	8.5	15.0	-1.8	0.1	0.2	-1.0	0.2	-1.0
70 to 80	17.2	11.2	17.6	-1.8	-0.3	0.3	-1.0	0.3	-1.0
80 to 90	17.2	15.5	20.9	-1.8	-0.7	0.4	-0.8	0.4	-0.8
90 to 100	17.2	45.1	29.0	-1.5	-1.0	-0.3	1.5	-0.3	1.5