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Carbon Emissions Tax - a User Fee for the Public Atmosphere

On May 13, 2009, in the United States House of Representatives, House Resolution 2380 was introduced by Bob Inglis (R-South Carolina) and Dan Lipinski (D-Illinois). HR 2380 proposes a revenue-neutral imposition of tax on "combustible fossil fuels", including petroleum products, natural gas, and coal, paired with a reduction in the Social Security tax in an amount equal to the revenue raised from the increase in fuel tax.

This proposal is similar to the proposal offered in this column in July, 2007, to increase the Federal gasoline tax by a dollar a gallon and pay out six hundred dollars per year to everybody who files a Federal income tax return. HR 2380 is lots more intricate, requiring a calculation of actual carbon emissions per amounts of different fuels, and designed to redistribute the carbon tax revenues only to those who presently pay Social Security tax and to redistribute more dollars to those who pay more Social Security taxes, meaning those who have higher taxable incomes. Nevertheless, introducing into the legislative universe the concept of taxing carbon emissions is a development to be celebrated.

HR 2380 is tailored to appeal to a constituency with incomes in the hundred-thousand-dollar range, as reducing the employee share of Social Security tax from 7.5% to 6.5% returns $1,000.00 to an employee earning $100,000.00, but returns only $300.00 to an employee earning $30,000.00. Both employees, as consumers, are going to face the increase in price from the pass-through of the carbon tax, for gasoline and for home heating. This column's 2007 proposal that the carbon-tax revenue be distributed as a flat $600.00 per tax-return-filing adult seems more equitable, but if it takes the mechanism of poor folks in the Frozen North subsidizing comfortable-income folks in the Sunny South to get Republican support to tax carbon emissions, that's the price we humans pay to try to protect our biosphere for our offspring.

Congress should be convinced to treat the atmosphere as a natural resource in the public domain, exactly as the broadcast telecommunications spectrum, or an offshore oil field, or any public lands made available to private enterprises for grazing, logging, mining, or drilling. For a century, the Federal government has sold licenses to private entities to use those resources. Commercial activities which use the public atmosphere as an exhaust disposal for gaseous waste products should be required to pay a dumping fee for that waste, just as they pay a dumping fee to a landfill for disposal of solid waste. A government that charges for a license to broadcast a radio signal over the public airwaves should charge for emission of greenhouse gases into the public atmosphere.

This writer approves of the Old Country approach of doing things the easy way if available. The gasoline tax is the easy way to address carbon emissions. Ninety years ago the gasoline tax was initiated as a "user tax" for the construction and maintenance of public roads, on the theory that the folks who bought gasoline were the ones who benefited from the use of the roads, so it is equitable that the roads be paid for by those who use them. In March, 2009, U. S. Secretary of Transportation Ray LaHood suggested that the fuel tax be replaced by a "mileage tax". This was immediately squelched by the President, but the theory behind the suggestion is reasonable in a world where the public atmosphere is not considered a natural resource.

The mileage tax charges the taxpayer for each mile driven on the public roadway, thus equitably allocating the cost of maintaining the public roadway to the taxpayer who uses that public improvement. This is entirely appropriate for the original 1919 context of the gasoline tax. In 2009, the use of the public roadway is not as important as the use of the public atmosphere. The gasoline tax should be re-characterized as a tax on the use of the public atmosphere as an exhaust disposal, rather than a tax on the wear and tear resulting from the use of the public roadway. Ultimately, the revenues from the gasoline taxes imposed by the Federal government and by State governments should no longer be restricted to funding road maintenance, but should be available for general expenditures.

In 2008 about 362 million gallons of gasoline a day were delivered to the pump in the United States, of which about 12 million gallons a day were delivered in Ohio. If Ohio increased its gasoline tax by a quarter a gallon, it would generate an additional 3 million dollars a day, just over a billion dollars a year. The Ohio General Assembly should consider this when it reviews its options for the 900 million dollar shortfall in the current State budget. More than likely nobody notices when the price of gasoline changes by a quarter a gallon from one day to the next.

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