Rep. Oxenham, Sull. 1
Rep. Wells, Merr. 1
October 28, 2019
2019-2831h
10/05

Amendment to HB 735-FN-A

Amend the title of the bill by replacing it with the following:

AN ACT establishing a carbon cashback fee collection and distribution program administered by the department of environmental services.

Amend the bill by replacing all after the enacting clause with the following:

1 Legislative Findings and Intent.

I. Climate change poses significant, immediate and increasing threats to the health, livelihoods, and security of New Hampshire families, businesses, and our natural resources-based economy.

II. State authorities must take action to mitigate the impacts of an increasingly warming and unstable climate and move our state off its current dependence on harmful, out-of-state fossil fuels to a clean energy economy based on New Hampshire's abundant renewable energy resources.

III. Placing a fee on carbon dioxide and related greenhouse gas emissions aims to make New Hampshire citizens whole for the damages caused by carbon pollution. This approach provides the most equitable and cost-effective method to reduce carbon emissions at the scale and speed that is necessary to avoid the consequences identified by the national and international scientific community, most notably by the United Nations' Intergovernmental Panel on Climate Change (IPCC), the National Academy of Sciences and the 2018 Unites State National Climate Assessment.

IV. An annually adjusting fee on carbon pollution corrects both for the subsidies that mask the true cost of carbon-based fuels, costs that impact our health, our clean air resources, and our state. An annually adjusting fee on carbon pollution also provides a predictable price signal that can harness the "invisible hand" of the marketplace to steer economic actors towards a low-carbon future.

V. An annually adjusting fee on carbon pollution encourages technological innovation, promotes increased energy efficiency and encourages further development of renewable energy in New Hampshire. It also provides the regulatory certainty companies have asked for and need for long-term investment in clean-energy alternatives.

VI. A revenue-neutral system that rebates carbon fees back to every adult domiciled in New Hampshire through a direct cash-back program protects low and moderate income groups from increases in energy prices, while using market signals to shift consumers away from higher-cost carbon-polluting products to carbon-reduced or carbon-free purchases.

2 New Chapter; Carbon Cashback Fee. Amend RSA by inserting after chapter 339-G the following new chapter:

CHAPTER 339-H

CARBON CASHBACK FEE

339-H:1 Definitions. In this chapter:

I. "Applicable entity" means the vendor of a carbon-based fuel, at the first point of sale within the state.

II. "Carbon-based fuel" means coal, a petroleum product, natural gas, or electricity produced from such fuels.

III. "Carbon dioxide equivalent" and "C02e" mean the amount of carbon dioxide by mass that would produce the same global warming impact as a given mass of another greenhouse gas over an integrated 20-year time frame after emission, based on the best available science.

IV. "Department" means the department of environmental services.

V. "Electricity suppliers" means electric utilities providing default energy service and competitive electricity retailers.

VI. "Greenhouse gas" or "greenhouse gas emission" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and any other substance emitted into the air that may be reasonably anticipated to cause or contribute to anthropogenic climate change.

VII. "Petroleum product" means all petroleum derivatives, whether in bond or not, which are commonly burned to produce heat, electricity, or motion, or which are commonly processed to produce synthetic gas for burning, or reacted to form proportionate quantities of a greenhouse gas as identified by United States Environmental Protection Agency, including without limitation, propane, gasoline, unleaded gasoline, kerosene, heating oil, diesel fuel, kerosene based jet fuel, and number 4, number 5 and residual oil for utility and non-utility uses, but not including, petroleum feedstocks for plastics production and for reagents used to synthesize non-fuel materials.

339-H:2 Carbon Cashback Fee; Fund Established.

I. Every applicable entity shall pay, in a manner determined in rules adopted pursuant to RSA 541-A by the commissioner of environmental services, a fee to the department on any carbon-based fuel sold, used, or entered into the state by such applicable entity for purposes of distribution or use within the state. As soon as possible after the effective date of this chapter, the department shall adopt in rules the schedule of fees to be levied on the sources of greenhouse gas emissions identified in this chapter.

II. The amount of the fee imposed by paragraph I on any carbon-based fuel shall be equal to the applicable amount per ton of carbon dioxide equivalent that would be emitted through the combustion of such product, as determined in rules adopted pursuant to RSA 541-A by the department of environmental services and pursuant to RSA 339-H:6, including:

(a) The carbon content of fossil fuels sold or used within the state, including, but not limited to, fossil fuels sold or used for aviation or marine purposes; and

(b) The carbon content inherent in electricity consumed within this state that is imported into New Hampshire.

III. For the purposes of paragraph II, the applicable amount shall be:

(a) For any carbon-based fuel sold, used, or imported into the state during calendar year 2020, $20 per short ton carbon dioxide equivalent.

(b) For any carbon-based fuel sold, used, or entered into the state during any calendar year after 2020 and before 2030, an amount equal to the amount in effect under this paragraph for the preceding calendar year plus $10 per short ton carbon dioxide equivalent.

(c) For any carbon-based fuel sold, used, or entered into the state during any calendar year after 2030, an amount equal to the amount in effect in 2030.

IV. The department shall calculate and publish the amount of the fee established under this section in current dollars for each year by October 1 of the previous year, except for the initial year of 2020. For 2020, the department shall calculate and publish the amount of the fee as soon as possible after the effective date of this chapter and begin collecting the fee under paragraphs I-III for the next full quarter after publication.

V. The department shall require all applicable entities to pay the fees required pursuant to this section by the end of each calendar quarter.

VI. From the fees collected, the department shall deduct the amount required to defray the costs associated with the collection, administration, and distribution of the carbon cashback fund. Such amounts deducted shall be deposited in a special account maintained by the department of environmental services to offset the costs of the carbon cashback program. All of the remaining moneys collected by applicable entities paying the fee established in this section shall be deposited in the carbon cashback fund. The carbon cashback fund is hereby established in the treasury and shall be nonlapsing and continually appropriated to the department. Amounts in the fund shall be expended as provided in RSA 339-H:5.

VII. Each applicable entity paying the fee established in this section shall submit an annual compliance report to the department, by a date and in a form prescribed in rules of the department. Each report shall include clear and concise information that demonstrates that the applicable entity made calculations and collected moneys fully in accordance with this section. The department shall determine if each applicable entity complied with the requirements of this chapter, or if additional actions must be taken by the applicable entity to come into compliance.

VIII. Failure to timely pay the fees due under this chapter shall result in the assessment of a 10 percent penalty to be added to the amount of fees due for that quarter. Said penalty shall immediately accrue and thereafter the overdue fees and the penalty shall bear interest at the rate established by the commissioner of safety under RSA 260:40-a. The department may waive all or any portion of penalties or interest for good cause.

339-H:3 Calculation of Emissions Factors.

I. As soon as possible after the effective date of this chapter, the department of environmental services shall, for each carbon-based fuel identified in this chapter, including various sources of electricity consumed in the state, calculate greenhouse gas emissions factors, in units of carbon dioxide equivalent.

II. Emissions factors calculated under this section shall take into account life-cycle greenhouse gas emissions.

III. At least once a year, the department of environmental services shall calculate, for each electricity supplier, greenhouse gas emissions factors, in carbon dioxide equivalent per megawatt-hour, associated with the combustion of each carbon-based fuel identified in this chapter for the purposes of generating electricity.

339-H:4 Reduction in Fees Due. Any fees due under RSA 339-H:2 shall be reduced by the amount of any fee or payment due under any federal law or regional carbon pricing system that establishes a direct greenhouse gas price on the same carbon-based fuels for the same year as the fee required in this chapter, provided however that such reduction shall not be to an amount less than zero.

339-H:5 Use of Funds. The moneys in the carbon cashback fund shall be used for the following:

I. All of the funds in the carbon cashback fund shall be distributed equally to all adults legally domiciled in the state of New Hampshire in the calendar year during which the fees are collected. Eligibility for carbon cashback funds shall be restricted to adults 18 years of age and older legally domiciled in the state on April 1 of each calendar year in which the funds are collected. Eligibility requirements for proof of domicile and annual registration forms shall be adopted by commissioner of the department of environmental services, with the advice and oversight of the Energy Efficiency and Sustainable Energy Board.

II. Fees collected under this chapter and deposited in the carbon cashback fund shall only be used for the purposes described in this section.

339-H:6 Rulemaking. The commissioner of the department of environmental services shall adopt rules under RSA 541-A for:

I. The schedule of fees under RSA 339-H:2.

II. The calculation of emissions factors in RSA 339-H:3.

III. Eligibility requirements and distribution procedures for carbon cashback funds under RSA 339-H:5.

IV. Other matters required for the implementation of this chapter.

3 New Subparagraph; Application of Receipts. Amend RSA 6:12, I(b) by inserting after subparagraph (358) the following new subparagraph:

(359) Moneys deposited in the carbon cashback fund established in RSA 339-H:2.

4 Effective Date. This act shall take effect upon its passage.

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AMENDED ANALYSIS

This bill establishes a carbon cashback fee collected by the department of environmental services from vendors of carbon-based fuel at the first point of sale within the state. The amounts collected, less costs of administration, are to be distributed equally to all adults legally domiciled in the state of New Hampshire on April 1 in the calendar year during which the fees are collected.