



For Immediate Release
November 13, 2012

CONTACT: Rachel Harvey, 202-797-6073 rharvey@brookings.edu
Terrance Woodbury, 202-797-2491 twoodbury@brookings.edu

To read the policy brief, visit: <http://www.brookings.edu/research/papers/2012/11/13-carbon-tax>.

Brookings Calls on Congress, Obama Administration to Institute a Carbon Tax

Brookings Policy Briefs Propose Reforms to Strengthen Federalism, Renew Economy

WASHINGTON, D.C.— The Obama administration should institute a carbon tax and dedicate the revenue to clean energy innovation, tax cuts, and deficit reduction, according to a policy brief released today by the Metropolitan Policy Program at Brookings.

This policy brief is part of a new government reform series entitled, [*Remaking Federalism / Renewing the Economy*](#), launched today. The series addresses both the near-term “fiscal cliff” showdown and the longer-term budgetary, economic, and political challenges that will require response in the coming months. Through this series, the Metropolitan Policy Program will encourage the Obama administration to seek solutions beyond the partisan gridlock in Washington and to empower state and metro areas through policies such as instituting a carbon tax.

Brookings scholars estimate that implementing a carbon tax at the rate of \$20 per ton could produce \$1.5 trillion in revenue over 10 years while simultaneously deterring the release of environmentally harmful carbon emissions. While a portion of the revenue generated should be dedicated to clean energy R&D and innovation deployment activity, the larger remainder of the revenue should go to growth-oriented tax cuts, rebates to affected low-income households, and deficit reduction.

“Unlike taxes on productive behavior such as work or profit, a carbon tax discourages destructive behavior while boosting government income,” said Mark Muro, senior fellow and policy director at Brookings and co-author of the policy brief. “But what is equally important is locating a substantial, dedicated source of revenues to invest in accelerating the scale-up and adoption of clean energy technologies.”

The policy memo further describes the current problem, outlines budget implications, and details the implementation requirements of instituting a carbon tax.

The Metropolitan Policy Program at Brookings—*Created in 1996, the Metropolitan Policy Program (MPP) provides decision-makers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas including their component cities, suburbs, and rural areas. To learn more visit: www.brookings.edu/metro. Follow us at [Twitter.com/BrookingsMetro](https://twitter.com/BrookingsMetro).*

###