

Green

White House-Backed Carbon Tax in Sight for Biden's Climate Bill

By [Jennifer A Dlouhy](#) [+Sign Up](#)

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► U.S. senator says 49 members support almost \$20 per-ton tax

► **Biden tax-and-spending plan to include climate provisions**

The White House and at least 49 senators support a proposal to impose an almost \$20 per-ton fee on carbon as part of President Joe Biden's climate-and-spending legislation, U.S. Senator Sheldon Whitehouse said Saturday.

Under the initiative, the cost on carbon dioxide emissions would start at less than \$20 per ton and increase over time, with revenue possibly rebated back to some consumers or dedicated to help fossil fuel workers amid the transition to clean energy, Whitehouse said on the sidelines of the COP26 climate conference in Scotland on Saturday.

"We have 49 out of 50 votes" from Democrats in the Senate, the Democrat from Rhode Island said. If the Senate passes it, "the House has assured us they will also pass it, and the White House has assured us the president will sign it into law."

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Whitehouse is still trying to win over Senator Joe Manchin, a Democrat from West Virginia who is a swing vote on the legislation and who has said he would oppose a carbon tax.

House Democrats on Friday put off a vote on Biden's \$1.75 trillion package of expanded social benefits, climate measures and tax increases, which would then go to the Senate.

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Economists have long favored a carbon tax as a straightforward approach to countering climate change by embedding the costs of global warming into the very products driving it -- from oil and gas to steel and cement.

Supporters say a carbon levy could lure private investment to emissions-reduction technology that otherwise isn't cost effective, while helping fulfill Biden's Paris Agreement pledge to at least halve U.S. greenhouse gas releases by 2030.

Business Support

Slapping a price on carbon also has drawn business support, including from oil companies and their chief trade group. However, industry backers generally want the carbon tax imposed as a substitute for existing regulations on greenhouse gases -- a trade-off that Whitehouse has ruled out.

Democrats have worked with the Biden administration to hone the plan. Among the refinements: a planned exemption for unleaded gasoline, though other petroleum products, including diesel, wouldn't be spared.

"There were months and months of negotiations with the White House to get them to a place where they were comfortable with it," Whitehouse said.

The White House didn't immediately respond to a request for comment.

Senator Lisa Murkowski, a Republican from Alaska, warned that if a carbon tax is imposed with only Democratic support, it might not be durable enough to outlast future political shifts in Congress and the White House.

"If there is going to be a fee on carbon as a transformational policy, it will only come about if it is bipartisan," she said during an Atlantic Council event at the climate summit.

Deliberations continue on a possible border adjustment to impose a corresponding levy on high-carbon imported goods. Senate Finance Committee Chairman Ron Wyden, a Democrat from Oregon, also is developing a plan for revenues that would be collected. "The strong intention is to find the best way to get it back out to people," Whitehouse said.

Some of the money could be devoted to helping coal miners and other workers who could be displaced by the U.S. shift to clean energy.

“A price on carbon is clearly where we need to head,” said Senator Michael Bennet of Colorado. “One of the great virtues of that is you can use the proceeds of that to help with this transition.”

— *With assistance by Jennifer Epstein*

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