120TH CONGRESS
1ST SESSION

**H. R. _____**

IN THE HOUSE OF REPRESENTATIVES

JANUARY __, 2027

M__. _____ introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, Natural Resources, Education and Workforce, and Foreign Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

# A BILL

To secure the right of present and future generations to a livable future by ending the extraction of fossil fuels in the United States on a just, orderly, and statutory schedule—by recovering the excess profits of large fossil fuel enterprises, pricing fossil carbon at the source and at the border, returning the proceeds to the People in equal shares, limiting extraction and exports to a declining ceiling, and guaranteeing the livelihoods of the workers, families, Tribes, and communities who have powered the Nation—and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Extinguishing the Social License to Burn Fossils Act of 2027" or the "ELBA Act of 2027".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:


Sec. 1. Short title; table of contents.
Sec. 2. Findings and purposes.
Sec. 3. Fallback provisions.

Sec. 4. Definitions; extraction trajectory; schedules and delayed enactment.
Sec. 5. Severability; relationship between titles.

Title I—Revenue, Climate Dividend, and Transition Guarantees

Subtitle A—Revenue, Dividend, and Transition Guarantees

Sec. 101. Excess fossil fuel profits tax.
Sec. 102. Fossil carbon charge and trajectory enforcement charge.
Sec. 103. Border carbon charge on imports.
Sec. 104. Repeal of fossil fuel tax preferences for covered taxpayers.
Sec. 105. Climate dividend.
Sec. 106. Climate Justice and Just Transition Trust Fund.
Sec. 107. Worker wage, health, and pension guarantees.
Sec. 108. Community and Tribal transition.
Sec. 109. Household energy assistance; fair-return backstop; price emergencies.
Sec. 110. Effective dates for title I.

Subtitle B—Climate Change Education

Sec. 121. Short title; definitions.
Sec. 122. Climate Literacy Account; floor, cap, and allocation.
Sec. 123. Climate Change Education Program; Environmental Literacy Program.
Sec. 124. Climate change education grants.
Sec. 125. Tribal climate education.
Sec. 126. Public media and NASA climate communications.
Sec. 127. Evaluation and report.

Title II—Extraction Ceiling, New Capacity, Exports, and Accountability

Sec. 201. United States fossil carbon ceiling.
Sec. 202. Science ratchet; no release of tonnes.
Sec. 203. No new fossil fuel capacity; Federal lease buy-back.
Sec. 204. Export license quota.
Sec. 205. Successor liability and financial assurance.
Sec. 206. Fenceline protection and refinery retirement.
Sec. 207. Household energy affordability standards.
Sec. 208. Labor standards and pension security.
Sec. 209. Carbon accounting and distributional reports.

Sec. 210. Regulations; consultation; principle of interpretation.
Sec. 211. Climate Change Education Office; public information; local control; public broadcasting.
Sec. 212. Effective dates for title II.

## SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) the People of the United States hold the unalienable Rights of Life, Liberty, and the pursuit of Happiness, and governments are instituted among them to secure those Rights; those Rights belong equally to the generations not yet born, who cannot vote, petition, or bring suit for themselves; they cannot be secured on a planet whose climate no longer sustains the conditions in which the Nation was founded and has flourished; the People, present and future, therefore have a right to a livable future, and the Congress has the duty, and the power, to secure it;

(2) human activities, principally the burning of fossil fuels, have unequivocally caused global warming, as found by the Intergovernmental Panel on Climate Change in its Sixth Assessment Report (2021–2023), the most recent comprehensive assessment of that Panel; human-induced warming reached approximately 1.37 degrees Celsius above the 1850–1900 average in 2025 and is increasing at approximately 0.27 degrees Celsius per decade; and the years 2023 through 2025 were the first three-year period to average more than 1.5 degrees Celsius above pre-industrial levels;

(3) global warming is, to a close approximation, proportional to cumulative emissions of carbon dioxide, about 0.45 degrees Celsius for each 1,000,000,000,000 metric tons emitted; a limit on warming is therefore a limit on the total quantity of fossil carbon that may be extracted and burned;

(4) on January 1, 2026, approximately 130,000,000,000 metric tons of carbon dioxide remained to be emitted for an even chance of limiting warming to 1.5 degrees Celsius, about three years of current global emissions; the emissions expected over the lifetimes of fossil fuel infrastructure already in existence exceed that amount, so that no new fossil fuel extraction capacity is consistent with that limit;

(5) governments plan to produce approximately 120 percent more fossil fuels in 2030 than is consistent with limiting warming to 1.5 degrees Celsius, and the United States, the world's largest producer of oil and of methane gas (natural gas), is among the largest planned expanders; in 2023 the United States joined the global commitment to transition away from fossil fuels in energy systems "in a just, orderly and equitable manner" (decision 1/CMA.5);

(6) the fossil fuels extracted in the United States in 2025 contained approximately 5,200,000,000 metric tons of carbon dioxide, about one-seventh of global fossil carbon dioxide, although the United States is home to about one twenty-fourth of the world's people, and the United States is responsible for about one-quarter of all cumulative fossil carbon dioxide emitted since the industrial era began;

(7) no trajectory of United States extraction that begins in 2028 remains within any equitable share of the remaining carbon budget; the extraction trajectory established by section 4(d) ends coal extraction by 2035 and oil and gas extraction by 2040, permits approximately 29,000,000,000 metric tons of carbon dioxide to be extracted from 2028 onward, about twice the quantity of a trajectory derived from the remaining budget alone, and permits in 2030 approximately three-quarters of 2025 extraction, more than the reductions in the pathways assessed by the Intergovernmental Panel on Climate Change as limiting warming to 1.5 degrees Celsius; the Congress states this departure plainly so that the People may hold it to account;

(8) the Congress adopts that trajectory as a ceiling and not as a target, because a transition whose costs fall on households, workers, and communities that cannot bear them will not endure, and a law repealed before its end date delivers fewer reductions than a slower law that remains in force; the prohibition of new extraction capacity is expected to hold extraction below the ceiling; the ceiling may be tightened as the science is updated and as substitutes, dividends, and protections take hold, but may not be loosened except by Act of Congress; and no pause, waiver, emergency, or plan under this Act releases any ton of carbon dioxide from the ceiling;

(9) the burning of fossil fuels imposes substantial costs on all Americans and on future generations through heat, flood, drought, wildfire, crop loss, sea-level rise, and ocean acidification; those costs fall first and hardest on low-income households, communities of color, Tribal Nations, rural communities, outdoor workers, children, the elderly, and the people of other

nations least responsible for the emissions;

(10) the extraction, processing, transport, and combustion of fossil fuels also concentrate toxic air and water pollution in fenceline communities—including the petrochemical corridor of the Gulf Coast, the coalfields of Appalachia, the Navajo Nation and other Tribal lands, the Permian and other oil and gas basins, and urban neighborhoods near refineries, ports, and peaking power plants—whose residents have borne disproportionate harms to health and life for generations;

(11) low-income households spend a share of income on home energy several times larger than that of median households, and the Low-Income Home Energy Assistance Program reaches only a fraction of eligible households;

(12) a charge on fossil carbon whose revenue is not returned to the People is regressive; but because the remaining capacity of the atmosphere belongs equally to every person, and because higher-income households consume more fossil energy, a return of the revenue in equal per-person amounts leaves most low- and moderate-income households with more than they pay;

(13) the profits of fossil fuel enterprises accrue predominantly to the wealthiest households, while the costs of fossil fuel pollution and of an abrupt or disorderly decline of the industry fall predominantly on workers, retirees, and communities that depend on the industry for wages, pensions, health care, and the public revenue that supports their schools and services;

(14) the managers of fossil fuel enterprises owe fiduciary duties that presently reward expanding extraction and delaying transition, in conflict with the People's interest in a livable future; a tax on excess fossil fuel profits that rises on a known schedule, a tax on the entire profit of new extraction capacity, a statutory extraction trajectory, and a prohibition of new capacity together realign those incentives with the public interest;

(15) no person holds an unrestricted license to profit from the extraction of a fossil fuel after the statutory end year for that fuel; a taxpayer that chooses to continue extracting a fossil fuel after the year in which the law ends its extraction, or in material breach of the trajectory, may fairly be taxed on its whole income for so long as it continues, because such a taxpayer will have received notice, an opportunity to cure, and a safe harbor for divestment,

and because the revenue is returned to the People who bear the cost of the excess extraction;

(16) the workers who have powered the Nation, and the communities that host fossil fuel production, did not choose the climate crisis, and the Nation owes them a guarantee of wages, health care, pensions, and economic renewal as the fossil fuel era ends; history, including the closures of coal mines and power plants in Appalachia and on the Navajo and Hopi Nations, shows that transitions left to markets alone strand workers, pensions, and public budgets;

(17) operations for the extraction of fossil fuels should not be moved outside the United States for subsequent import, nor should the decline of domestic consumption be offset by growth in exports; the Constitution forbids any tax or duty on articles exported from any State, but the Congress may regulate the quantity of exports under its power to regulate commerce with foreign nations, as it did for crude oil from 1975 to 2015; a declining export license quota, issued without any fee, charge, or auction, ensures that the exported share of United States extraction does not grow as the ceiling falls;

(18) the export quota declines on a schedule that allows allies bound by net-zero laws, and the electric systems of Mexico and Canada, time to replace United States supply without resort to coal or to interruptions of household electric service;

(19) refined petroleum products, including those classified under heading 2710, 2712, 2713, or 2715 of the Harmonized Tariff Schedule of the United States, are deliberately excluded from the border measures, the extraction ceiling, and the export quota of this Act, because—

> (A) the climate-relevant quantity is fossil carbon brought out of the ground, which this Act controls at the wellhead and the mine and prices at the border;
>
> (B) refineries in operation on the date of the introduction of this Act are committed infrastructure whose output is bounded by the crude oil the ceiling and the border charge allow them to run;
>
> (C) restricting the trade in refined products would move refining to other countries, where it is often less efficient and more polluting, without reducing extraction anywhere, and would strand refinery workers and host communities before their guarantees

take effect; and

(D) it is therefore consistent with the purposes of this Act for existing refining infrastructure to serve global demand while it is depreciated and retired over its remaining useful life, provided that no new or expanded refining capacity is built and that the communities hosting existing refineries receive the enforceable fenceline protections of section 206;

natural bitumen, classified under heading 2714 of such Schedule, is not a refined product and is a covered fossil fuel;

(20) methane emitted from oil and gas operations, as directly measured, substantially exceeds Federal inventory estimates; methane reductions are the fastest available means to slow near-term warming, and they also reduce co-emitted pollutants that harm fenceline communities;

(21) wells and mines abandoned by insolvent operators burden rural and Tribal communities with pollution and public cleanup costs, and the transfer of aging assets to undercapitalized operators must not be permitted to shift the costs of fossil fuel production onto the public;

(22) most iron and steel produced in the United States (approximately 72 percent of raw steel in 2024) is made in electric arc furnaces that consume little or no coal, but integrated mills that reduce iron ore in blast furnaces depend on metallurgical coal and coke for which no substitute is yet available at scale; the direct reduction of iron with methane gas is commercially available and is under construction in the United States, while ironmaking with hydrogen and other non-fossil reductants is advancing but will not replace those mills within the period in which thermal coal extraction ends; a separate and declining allowance for metallurgical coal used in domestic ironmaking, together with a charge at the border on the fossil carbon embodied in imported iron and steel equal to the charge borne by domestic producers, prevents the transition from moving steel production and its emissions abroad, protects the workers of those mills, keeps the end of fossil carbon extraction on schedule, and, by ending the operation of coke ovens by 2040, protects the communities that live beside them;

(23) people who see feasible actions they can take are more likely to engage in addressing climate change, while information that conveys threat without efficacy can leave people afraid or hopeless; in late 2025, 45 percent of adults in the United States reported feeling afraid, and 40 percent

hopeless, when thinking about global warming; and classroom instruction tied to local impacts and solutions has been shown to increase students' climate knowledge and their readiness to act;

(24) the benefits of this Act, including the climate dividend, household energy assistance, and worker guarantees, reach the People only to the extent that the People know of them, and clear public information about such benefits, and about new technologies and programs as they become available, provided in the languages commonly spoken in the communities served, is necessary to their full effect;

(25) [BRACKETED—NOT FOR FILING] a national survey of public middle and high school science teachers published in 2016 found that only 30 percent of middle school and 45 percent of high school science teachers knew that more than 80 percent of climate scientists conclude that recent warming is caused mostly by human activities, and that the median teacher devoted 1 to 2 hours to climate change in a course; no comparable national survey has since been conducted;

(26) Federal courts have held that State laws requiring fossil fuel producers to pay for climate damages may be preempted, and Federal scientific assessments and the finding that greenhouse gases endanger public health and welfare have been withdrawn or delayed since 2025; national action by the Congress is therefore required, and the Congress establishes the findings of this section by statute;

(27) the extraction, import, export, and sale of fossil fuels substantially affect interstate and foreign commerce and commerce with the Indian Tribes, and the Congress acts under its powers to lay and collect taxes, duties, and excises, to provide for the general welfare, to regulate commerce with foreign nations, among the several States, and with the Indian Tribes, to make rules respecting the property of the United States, and to make all laws necessary and proper for carrying those powers into execution; and

(28) while this Act is an important front in protecting the People from global heating, further legislation in the United States, including to reduce demand for fossil fuels and to remove carbon dioxide from the atmosphere, and cooperation among nations are needed.

(b) PURPOSES.—The purposes of this Act are—

(1) to end the extraction of fossil fuels in the United States on a statutory

schedule, ending coal extraction by 2035 and oil and gas extraction by 2040, under a ceiling that may be tightened but not loosened;

(2) to ensure that the costs of that transition are not borne by low-income households, workers, retirees, Tribes, or fenceline and fossil-dependent communities;

(3) to return the proceeds of the measures in this Act to the People in equal shares, and to direct not less than 40 percent of the benefits of the transition investments under this Act to disadvantaged communities;

(4) to prevent the abandonment of wells, mines, pensions, and public budgets in the course of the transition; and

(5) to ensure that students, teachers, workers, and the public have access to accurate, evidence-based education about climate change, the remaining carbon budget, and the measures and benefits of this Act.

## SEC. 3. FALLBACK PROVISIONS.

(a) DEFINITIONS.—In this section—

(1) the term "final judgment" means a judgment of the Supreme Court of the United States, or a judgment of a United States court of appeals with respect to which the time to petition for a writ of certiorari has expired or certiorari has been denied; and

(2) the term "fallback date" means the first day of the first calendar quarter beginning more than 180 days after the date on which a final judgment described in this section is entered.

(b) PROFITS TAX FALLBACK: SUPPLEMENTAL CARBON CHARGE.—If section 59B of the Internal Revenue Code of 1986 (as added by section 101) is held invalid by final judgment in its entirety, or as applied to all covered taxpayers described in subsection (d)(1) of such section, then, beginning on the fallback date—

(1) in the case of any covered fossil fuel extracted in, or entered into, the United States by a person who would be a covered taxpayer within the meaning of such section 59B(d) (determined without regard to such judgment), the applicable amount under section 4691(c) of such Code shall be increased by 50 percent;

(2) the increase under paragraph (1) shall be treated for all purposes of such Code as part of the tax imposed by such section 4691, and for purposes of section 103 of this Act as part of the charge imposed by such section; and

(3) paragraph (1) shall cease to apply on the first day of the first calendar quarter beginning after the date on which a tax on the excess fossil fuel profits of covered taxpayers substantially similar to such section 59B is again in effect.

(c) COMPLIANCE TIER FALLBACK.—If subsection (g) of section 59B of such Code is held invalid by final judgment, in whole or as applied to income not attributable to fossil fuel activities, then, beginning on the fallback date, in the case of any covered taxpayer that would be subject to a final compliance determination under such subsection (determined without regard to such judgment)—

(1) the applicable percentage under subsection (b) of such section shall be 75 percent;

(2) the normal return allowance under subsection (c)(3) of such section shall be zero; and

(3) the enforcement rate under section 4692(c) of such Code applicable to such taxpayer shall be doubled.

(d) CEILING FALLBACK: TRAJECTORY ENFORCEMENT.—

(1) CEILING.—If section 201 is held invalid by final judgment, in whole or as applied to any class of persons or property, or is not in effect for any calendar year, then for such calendar year and with respect to such persons or property, the trajectory quantity under section 4692(b) of such Code shall be determined under paragraph (2)(B) of such section.

(2) NEW CAPACITY.—If section 203 is held invalid by final judgment, in whole or as applied to any class of persons or property, then beginning on the fallback date, with respect to covered fossil fuel extracted from any new capacity property (as defined in section 59B(b)(2)(B) of such Code) to which such judgment applies, the property base quantity under section 4692(b)(3) of such Code shall be zero, and the enforcement rate under section 4692(c) of such Code shall be increased by 50 percent.

(e) CONTINUITY OF PROTECTIONS.—Notwithstanding any judgment described in this section, sections 105 and 107 through 109, and the amendments made by those sections, shall continue in effect. To the extent that amounts in the Climate Justice and Just Transition Trust Fund are insufficient to pay any benefit under section 107 or to maintain the floor under section 109(a)(1), there are appropriated, out of any money in the Treasury not otherwise appropriated, such sums as are necessary to pay such benefit or maintain such floor in full.

(f) JUST COMPENSATION; JUDGMENT FUND.—

> (1) NO TAKING WITHOUT COMPENSATION.—Nothing in this Act shall be construed to take private property for public use without just compensation, or to suspend any right secured by the Constitution.
>
> (2) COMPENSATION IN LIEU OF INVALIDATION.—If the application of any provision of this Act to any property interest would effect a taking of private property for public use, such provision shall continue to apply, and the owner shall be entitled to just compensation in an action in the United States Court of Federal Claims under section 1491 of title 28, United States Code.
>
> (3) SOURCE OF PAYMENT.—Any compensation, judgment, or settlement described in paragraph (2), and any judgment or settlement on any claim that an application of this Act breaches a lease or contract with the United States, shall be paid from the permanent judgment appropriation under section 1304 of title 31, United States Code, and shall not be paid from the Climate Justice and Just Transition Trust Fund or any account thereof.

(g) ADMINISTRATION.—Any increase in tax under this section shall be assessed, collected, and paid in the same manner as the tax to which it relates, and amounts equivalent to such increase shall be appropriated to the Climate Justice and Just Transition Trust Fund under section 9513 of the Internal Revenue Code of 1986.

## SEC. 4. DEFINITIONS; EXTRACTION TRAJECTORY; SCHEDULES AND DELAYED ENACTMENT.

(a) COVERED FOSSIL FUEL.—In this Act, the term "covered fossil fuel" means the following products, divided into the following categories:

(1) COAL.—Products classified under heading 2701, 2702, or 2704 of the HTS, and coal (including lignite) extracted within the United States, measured in metric tons. Metallurgical coal is a subcategory of coal, treated as provided in subsection (d)(5).

(2) PETROLEUM.—Products classified under heading 2709 or 2714, or subheading 2711.12, 2711.13, or 2711.19, of the HTS, and crude oil, condensate, natural gasoline, natural bitumen, oil derived from tar sands or oil shale, and natural gas liquids extracted within the United States, measured in barrels of 42 United States gallons or, for natural bitumen, in metric tons.

(3) NATURAL GAS.—Products classified under heading 2705, or subheading 2711.11 or 2711.21, of the HTS, and natural gas extracted within the United States, whether in gaseous or liquefied form, measured in million British thermal units (higher heating value). Natural gas is also known as methane gas.

(b) REFINED PRODUCTS EXCLUDED.—For the reasons stated in section 2(a)(19), products classified under heading 2710, 2712, 2713, or 2715 of the HTS are not covered fossil fuels. Nothing in section 102 or 103, or in title II (other than sections 203 and 206), shall be construed to impose a charge on, or to restrict the import or export of, any such product.

(c) OTHER DEFINITIONS.—In this Act—

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

(2) BASE QUANTITY.—The term "base quantity" means, for each category, the carbon content of covered fossil fuel of that category extracted within the United States in calendar year 2025, as determined by the Administrator in consultation with the Administrator of the Energy Information Administration. The base quantity for coal does not include metallurgical coal, the base quantity for which is determined under subsection (d)(5)(A).

(3) CARBON CONTENT.—The term "carbon content" means the mass, in metric tons, of carbon dioxide that would be emitted by the complete combustion of a covered fossil fuel, determined by the Administrator using measured composition or the emission factors in subpart C or MM of part 98 of title 40, Code of Federal Regulations (or any successor provisions).

(4) EXTRACT.—The term "extract" means to remove a covered fossil fuel from the earth and from the property on which it was produced. The Administrator shall prescribe points of measurement ensuring that the carbon in each covered fossil fuel is counted once.

(5) FIRST APPLICABLE YEAR.—The term "first applicable year" means calendar year 2028 or, if this Act is enacted after September 30, 2027, the first calendar year beginning more than 90 days after the date of the enactment of this Act.

(6) HTS.—The term "HTS" means the Harmonized Tariff Schedule of the United States.

(7) INTRODUCTION DATE.—The term "introduction date" means the date on which the bill enacted as this Act was introduced in the House of Representatives.

(8) PROGRAM YEAR.—The term "program year" means the first applicable year and each calendar year thereafter, numbered consecutively beginning with program year 1 for the first applicable year.

(9) METALLURGICAL COAL.—The term "metallurgical coal" means coal extracted within the United States that is delivered, under a chain-of-custody certification prescribed by the Administrator, to an ironmaking facility in the United States and consumed there in a coke oven battery or as a reductant, including by pulverized coal injection, in the production of iron. The term "ironmaking facility" means a blast furnace, and any coke oven battery supplying it, in operation on the introduction date.

(d) UNITED STATES EXTRACTION TRAJECTORY.—

(1) TRAJECTORY PERCENTAGE.—The trajectory percentage for each category for each calendar year is the percentage specified in the following table, as adjusted under subsection (f) and under section 202 (if in effect):

Table 1: United States extraction trajectory: ceiling on extraction in each calendar year, as a percentage of the 2025 base quantity of each category.

| Calendar year | Coal | Petroleum | Natural gas |
|---|---|---|---|
| 2028 | 88 | 92 | 92 |
| 2029 | 75 | 85 | 85 |
| 2030 | 63 | 77 | 77 |
| 2031 | 50 | 69 | 69 |
| 2032 | 38 | 62 | 62 |
| 2033 | 25 | 54 | 54 |
| 2034 | 13 | 46 | 46 |
| 2035 | 0 | 38 | 38 |
| 2036 | 0 | 31 | 31 |
| 2037 | 0 | 23 | 23 |
| 2038 | 0 | 15 | 15 |
| 2039 | 0 | 8 | 8 |
| 2040 and each year thereafter | 0 | 0 | 0 |

(2) National Trajectory Quantity.—The national trajectory quantity for each category for each calendar year is the base quantity for such category multiplied by the trajectory percentage for such category for such year.

(3) Statutory End Year.—The statutory end year is calendar year 2035 for coal and calendar year 2040 for petroleum and for natural gas, or such earlier calendar year as may be provided by Act of Congress or results from a reduction to zero under section 202.

(4) Ceiling, Not Target.—The trajectory percentages are maximum quantities. Nothing in this Act shall be construed to entitle any person to extract any quantity of covered fossil fuel.

(5) Metallurgical Coal Transition.—

(A) Separate Trajectory.—Metallurgical coal shall be treated as a separate category for purposes of sections 201 and 202 of this Act and sections 4692 and 59B(g) of the Internal Revenue Code of 1986, and shall not count against the national trajectory quantity for coal. The base quantity for metallurgical coal is the carbon content of coal extracted within the United States and consumed in ironmaking facilities during calendar year 2025, as determined by the Administrator.

(B) TRAJECTORY PERCENTAGE.—The trajectory percentage for metallurgical coal is 100 percent for calendar years 2028 through 2030, and for each calendar year thereafter is the percentage for the preceding calendar year reduced by 10 percentage points, so that it reaches zero in calendar year 2040. Such percentage may be reduced, but not increased, under subsection (g) and section 202.

(C) STATUTORY END YEAR.—Notwithstanding paragraph (3), the statutory end year for metallurgical coal is calendar year 2040, or such earlier calendar year as may be provided by Act of Congress or results from a reduction to zero under section 202.

(D) DIVERSION.—Coal extracted under a metallurgical coal allowance that is not consumed in an ironmaking facility in the United States within 18 months after extraction, including coal that is exported, shall be treated as coal extracted without an allowance for purposes of section 201(f) and as excess extraction of coal for purposes of section 4692.

(E) FACILITY CONDITIONS.—

(i) RELINE GATE.—No metallurgical coal allowance shall be assigned to, purchased for, or surrendered with respect to coal or coke consumed at any blast furnace or coke oven battery for which a reline or rebuild is completed after the introduction date, unless the owner or operator has filed under section 206(d) a conversion plan under which such blast furnace or battery permanently ceases operation, and is replaced by direct reduction or electric arc furnace capacity, not later than December 31, 2039. The Administrator shall define by regulation the term "reline or rebuild", which shall include any replacement of the hearth or stack refractory of a blast furnace and any rebuild or reconstruction of a coke oven battery. A conversion plan filed under this clause is enforceable under section 206(d)(3).

(ii) HAZARDOUS AIR POLLUTANT COMPLIANCE.—For any calendar quarter during which an ironmaking facility is not in full compliance with the national emission standards for hazardous air pollutants for coke oven batteries and for coke ovens (subparts L and CCCCC

of part 63 of title 40, Code of Federal Regulations), as amended by the final rule published on July 5, 2024, including the fenceline monitoring requirements for benzene, the metallurgical coal allowances assigned to such facility for such quarter shall be void and permanently retired, and coal and coke consumed at such facility during such quarter shall be treated as diverted under subparagraph (D), with liability resting on the owner or operator of the facility. This clause applies notwithstanding any exemption granted under section 112(i)(4) of the Clean Air Act (42 U.S.C. 7412(i)(4)) and any extension of a compliance date after July 5, 2024.

(iii) REPEATED VIOLATION.—If an ironmaking facility is subject to a final enforcement action under the Clean Air Act for a violation at a coke oven battery or blast furnace, or is designated a high-priority violator by the Administrator for 8 consecutive calendar quarters without an enforceable compliance schedule, the allowances assigned to such facility for the following calendar year shall be permanently retired.

(iv) NO REASSIGNMENT.—Allowances retired under this subparagraph shall not be reassigned, reauctioned, or restored.

(e) RATE AND PRICE SCHEDULES.—If the first applicable year is later than calendar year 2028, each calendar year specified in the table in section 59B(b)(1) or 4691(c)(1) of the Internal Revenue Code of 1986 (as added by this Act) shall be deemed to refer to the calendar year that is the same number of years after the first applicable year as such specified year is after 2028.

(f) QUANTITY SCHEDULES NOT POSTPONED.—

(1) IN GENERAL.—The table in subsection (d)(1) and the table in section 204(c) shall apply to the calendar years specified in such tables, without regard to the date of the enactment of this Act, and no statutory end year shall be postponed by reason of such date.

(2) RAMP-IN WITHOUT ADDED TONNES.—If the first applicable year is later than calendar year 2028—

(A) the percentage for each category for the first applicable year shall be the percentage specified for the preceding calendar year; and

(B) the excess of the percentage determined under subparagraph (A) over the percentage specified for the first applicable year shall be subtracted, in equal parts, from the percentages for each later calendar year before the statutory end year for such category (but not below zero).

(3) NO INCREASE.—In no event shall the sum of the percentages applicable to any category for the first applicable year and all later calendar years exceed the sum of the percentages specified in the table for such years.

(g) TIGHTENING ONLY.—No officer or employee of the United States may increase any trajectory percentage, national trajectory quantity, or export quota percentage under this Act, or postpone any statutory end year. Any such increase or postponement shall require an Act of Congress.

## SEC. 5. SEVERABILITY; RELATIONSHIP BETWEEN TITLES.

(a) IN GENERAL.—If any provision of this Act or of an amendment made by this Act, or the application of such provision to any person or circumstance, is held invalid, the remainder of this Act and of such amendments, and the application of such provision to other persons or circumstances, shall not be affected. The Congress declares that it would have enacted each title, section, subsection, table, and rate step of this Act independently of every other, including—

(1) title II independently of title I, and title I independently of title II;

(2) section 59B(g) of the Internal Revenue Code of 1986 independently of the remainder of such section 59B, and the remainder of such section independently of such section 59B(g);

(3) sections 105 and 107 through 109 independently of sections 101 through 104; and

(4) sections 201, 203, and 204 independently of any trade agreement to which the United States is a party.

(b) IMPORT CHARGE NOT SEVERABLE FROM DOMESTIC CHARGE.—Notwithstanding subsection (a), the charges under section 103, including subsection (i), are not severable from the tax imposed by section 4691 of the Internal Revenue Code of 1986. If such tax is held invalid in its entirety, such charges shall cease to apply on the same date.

(c) EXPORTS.—If the tax imposed by section 4691 or 4692 of such Code is held invalid as applied to any covered fossil fuel extracted for export, such fuel shall be exempt from such tax, and such holding shall not affect the application of such tax to any other covered fossil fuel.

(d) RELATIONSHIP BETWEEN TITLES.—Title I may be considered and enacted separately from title II, and title II separately from title I. If either title is not in effect—

(1) each provision of the other title that refers to it shall be applied as if the provisions referred to were not in effect, except as provided in section 3;

(2) amounts that title II directs to be deposited in the Climate Justice and Just Transition Trust Fund shall, until such Trust Fund is established, be deposited in the general fund of the Treasury, and the Secretary of the Treasury shall report such amounts annually to the Congress; and

(3) sections 2 through 5 shall apply to each title in effect.

# TITLE I—REVENUE, CLIMATE DIVIDEND, AND TRANSITION GUARANTEES

## Subtitle A—Revenue, Dividend, and Transition Guarantees

### SEC. 101. EXCESS FOSSIL FUEL PROFITS TAX.

(a) IN GENERAL.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new part:

**"PART VIII—EXCESS FOSSIL FUEL PROFITS**

"Sec. 59B. Excess fossil fuel profits tax.

**"SEC. 59B. EXCESS FOSSIL FUEL PROFITS TAX.**

"(a) IMPOSITION OF TAX.—In the case of a covered taxpayer, there is hereby imposed (in addition to any other tax imposed by this subtitle) a tax for each taxable year equal to the applicable percentage of the excess fossil fuel profits of such taxpayer for such taxable year, except as provided in subsection (g).

"(b) APPLICABLE PERCENTAGE.—

"(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the applicable percentage for any taxable year shall be determined under the following table, by the calendar year in which the taxable year begins:

Table 2: Applicable percentage of excess fossil fuel profits.

| **Calendar year** | **Applicable percentage** |
|---|---|
| 2028 | 25 percent |
| 2029 | 35 percent |
| 2030 | 45 percent |
| 2031 | 55 percent |
| 2032 | 65 percent |
| 2033 and thereafter | 75 percent |

"(2) NEW CAPACITY.—

"(A) IN GENERAL.—In the case of excess fossil fuel profits attributable to any new capacity property, the applicable percentage shall be 75 percent for every taxable year, and the normal return allowance under subsection (c)(3) shall be zero with respect to such property.

"(B) NEW CAPACITY PROPERTY.—The term 'new capacity property' means—

"(i) any oil or gas well the drilling of which commenced after the introduction date,

"(ii) any coal mine, or expansion of the permitted area of a coal mine, for which a permit was first issued after the introduction date, and

"(iii) any liquefaction facility or train, export terminal, refinery, offshore production platform, or pipeline for the

transportation of covered fossil fuel (or any expansion of the capacity of any such property), the construction of which commenced after the introduction date.

"(C) INTRODUCTION DATE.—The term 'introduction date' has the meaning given such term in section 4(c)(7) of the Extinguishing the Social License to Burn Fossils Act of 2027.

"(3) JUST TRANSITION PLAN.—In the case of a covered taxpayer that has in effect for the entire taxable year a just transition plan certified under subsection (i), the applicable percentage determined under paragraph (1) (but not paragraph (2)) shall be reduced by 15 percentage points, but not below 25 percent.

"(4) CHANGES IN RATE DURING A TAXABLE YEAR.—Section 15 shall apply to any change in the applicable percentage under this subsection as if such change were a change in a rate of tax imposed by this chapter.

"(c) EXCESS FOSSIL FUEL PROFITS.—For purposes of this section—

"(1) IN GENERAL.—The term 'excess fossil fuel profits' means, with respect to any taxable year, the excess (if any) of—

"(A) the fossil fuel taxable income of the taxpayer for such taxable year, reduced by the portion of the regular tax liability (as defined in section 26(b)) and of the tax imposed by section 55 that is properly allocable to such income, over

"(B) the normal return allowance of the taxpayer for such taxable year.

"(2) FOSSIL FUEL TAXABLE INCOME.—The term 'fossil fuel taxable income' means the portion of the taxable income of the taxpayer (determined without regard to this section, and computed in the case of a partnership under section 703(a)) that is properly allocable to fossil fuel activities, determined under regulations prescribed by the Secretary applying principles similar to those of sections 482 and 861 through 865. In the absence of such regulations, or where the taxpayer does not establish such allocation to the satisfaction of the Secretary, fossil fuel taxable income shall equal such taxable income multiplied by the ratio of fossil fuel gross receipts to total gross receipts of the taxpayer for the taxable year.

"(3) NORMAL RETURN ALLOWANCE.—The term 'normal return allowance' means the product of—

"(A) the Federal long-term rate (as determined under section 1274(d)) in effect for the first month of the taxable year, plus 4 percentage points, multiplied by

"(B) the average adjusted basis of the tangible property of the taxpayer used in fossil fuel activities (other than new capacity property), determined as if the alternative depreciation system of section 168(g) had applied to such property for all taxable years.

"(d) COVERED TAXPAYER.—For purposes of this section—

"(1) IN GENERAL.—The term 'covered taxpayer' means any person (including a partnership, a foreign person with respect to income effectively connected with the conduct of a trade or business within the United States, and an organization described in section 501(a)) if—

"(A) the fossil fuel gross receipts of such person for calendar year 2026 exceeded $100,000,000, or

"(B) the fossil fuel gross receipts of such person for the taxable year exceed $100,000,000.

"(2) AGGREGATION.—All persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414, and all members of the same controlled group of corporations (within the meaning of section 267(f)), shall be treated as one person for purposes of this section. Each such person shall be jointly and severally liable for the tax imposed by this section on any member of the group, and the tax shall be apportioned among such persons under regulations prescribed by the Secretary.

"(3) NO CASCADING OWNERSHIP.—No person shall be treated as a covered taxpayer, and no amount shall be treated as fossil fuel gross receipts, fossil fuel taxable income, or compliance tier base of any person, by reason of such person holding stock, a partnership interest, debt, a deposit, an annuity or insurance contract, an interest in a pension or retirement plan, or any other financial interest in a covered taxpayer, or receiving any dividend, interest, distribution, or gain with respect to such an interest, except

to the extent such person is a member of an aggregated group described in paragraph (2) that includes such covered taxpayer.

"(4) PARTNERSHIPS.—In the case of a partnership that is a covered taxpayer, the tax imposed by this section shall be determined, assessed, and collected at the partnership level, and no partner shall be liable for such tax except as a member of an aggregated group described in paragraph (2).

"(5) EXCLUSIONS.—The term 'covered taxpayer' shall not include—

"(A) any State or political subdivision thereof, any Indian Tribal government (within the meaning of section 7701(a)(40)), or any agency or instrumentality of any of the foregoing,

"(B) any mutual or cooperative electric or telephone company described in section 501(c)(12), or

"(C) any individual, except with respect to fossil fuel gross receipts derived by such individual from a trade or business conducted directly by such individual and not through an entity.

"(6) COMPLETE DIVESTMENT.—A person shall not be treated as a covered taxpayer for any taxable year beginning after the date on which such person and every member of its aggregated group have permanently ceased all fossil fuel activities and disposed of all interests in property used in fossil fuel activities, other than property permanently plugged, retired, or reclaimed.

"(7) INDEXING.—In the case of any calendar year beginning after 2028, the dollar amount in paragraph (1)(B) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2027' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(e) FOSSIL FUEL ACTIVITIES AND RECEIPTS.—For purposes of this section—

"(1) FOSSIL FUEL ACTIVITIES.—The term 'fossil fuel activities' means the extraction, mining, production, refining, processing, liquefaction, storage, transportation by pipeline or vessel, import, export, or sale at wholesale of any covered fossil fuel.

"(2) FOSSIL FUEL GROSS RECEIPTS.—The term 'fossil fuel gross receipts' means gross receipts from fossil fuel activities, including royalties, net

profits interests, production payments, and tolling and capacity fees, but not including—

"(A) receipts from the retail sale of covered fossil fuels to ultimate consumers, or

"(B) receipts of a public utility from the distribution of natural gas or electricity to retail customers at rates subject to regulation by a State or local regulatory authority.

"(3) COVERED FOSSIL FUEL.—The term 'covered fossil fuel' means crude oil (including crude oil condensates and natural gasoline), natural gas, natural gas liquids, coal (including lignite and coke), natural bitumen, oil derived from tar sands or shale, and any product of the refining or processing of any of the foregoing. Such term shall not include renewable natural gas, landfill gas, or gas produced from the treatment of municipal solid waste or wastewater.

"(f) CREDITS AGAINST TAX.—

"(1) IN GENERAL.—No credit shall be allowed against the tax imposed by this section other than the credits allowed under this subsection and under sections 31 and 33.

"(2) ORPHANED WELL AND ABANDONED MINE CREDIT.—There shall be allowed as a credit against the tax imposed by this section for the taxable year an amount equal to the amounts paid or incurred by the taxpayer during such taxable year to permanently plug, remediate, and reclaim orphaned oil and gas wells and abandoned coal mines, as certified by the Secretary of the Interior, for which neither the taxpayer nor any member of its aggregated group (or any predecessor thereof) was ever an owner, operator, or lessee, and which work is performed by laborers and mechanics paid wages at rates not less than those prevailing as determined under subchapter IV of chapter 31 of title 40, United States Code.

"(3) PENSION SECURITY CREDIT.—There shall be allowed as a credit against the tax imposed by this section for the taxable year an amount equal to 50 percent of the contributions made by the taxpayer during such taxable year, in excess of the minimum required contributions, to any defined benefit plan or multiemployer plan covering workers employed in

fossil fuel activities, including the United Mine Workers of America 1974 Pension Plan.

"(4) LIMITATION.—The credits allowed under paragraphs (2) and (3) for any taxable year shall not exceed 25 percent of the tax imposed by this section (determined before such credits) for such taxable year.

"(g) COMPLIANCE TIER.—

"(1) IN GENERAL.—In the case of a covered taxpayer that is subject to a final compliance determination for any portion of a taxable year, the tax imposed by subsection (a) for such taxable year shall be the sum of—

"(A) the amount determined under subsection (a) (without regard to this subsection), multiplied by the fraction of the days in the taxable year for which no final compliance determination is in effect, plus

"(B) 75 percent of the compliance tier base of such taxpayer for such taxable year, multiplied by the fraction of the days in the taxable year for which a final compliance determination is in effect.

Subsections (b)(3) and (f)(2) and (3) shall not apply with respect to the amount described in subparagraph (B).

"(2) COMPLIANCE TIER BASE.—The term 'compliance tier base' means the taxable income of the taxpayer from all sources (determined without regard to this section and, in the case of a foreign person, limited to taxable income effectively connected with the conduct of a trade or business within the United States), reduced by the regular tax liability (as defined in section 26(b)) and the tax imposed by section 55 for such taxable year.

"(3) GROUNDS.—A covered taxpayer is in noncompliance if the taxpayer or any member of its aggregated group—

"(A) EXTRACTION AFTER STATUTORY END YEAR.—extracts, or holds an operating or working interest in any property from which is extracted, any covered fossil fuel of a category during or after the statutory end year for such category (as defined in section 4(d)(3) of the Extinguishing the Social License to Burn Fossils Act of 2027), other than extraction described in section

4692(e) or metallurgical coal (as defined in section 4(c)(9) of such Act) extracted under, and within, an allowance established under section 201(i) of such Act; or

"(B) MATERIAL BREACH OF TRAJECTORY.—extracts covered fossil fuel of any category in excess of its trajectory quantity (as defined in section 4692(b)(2)) for such category by more than 10 percent in each of 2 consecutive calendar years, or by more than 25 percent in any calendar year.

"(4) NOTICE AND OPPORTUNITY TO CURE.—

"(A) NOTICE.—If the Secretary, on the basis of extraction quantities determined by the Administrator of the Environmental Protection Agency and the Administrator of the Energy Information Administration, determines that a covered taxpayer is in noncompliance, the Secretary shall issue to the taxpayer a written notice of proposed compliance determination, stating the grounds, the properties and quantities concerned, the actions that would cure the noncompliance, and the date on which the cure period ends.

"(B) CURE PERIOD.—The cure period is the 180-day period beginning on the date on which the notice is issued.

"(C) CURE.—A taxpayer cures the noncompliance if, before the end of the cure period—

"(i) in the case of grounds described in paragraph (3)(A), the taxpayer and every member of its aggregated group have ceased all extraction described in such paragraph and have plugged, or posted financial assurance sufficient to pay the full cost of plugging and reclaiming, each property concerned; or

"(ii) in the case of grounds described in paragraph (3)(B), the taxpayer has reduced its extraction of the category concerned to a rate not exceeding its trajectory quantity on an annualized basis, and has entered into a closing agreement under section 7121 under which its trajectory quantity for the following calendar year is reduced by 150 percent of the excess extraction giving rise to the notice.

"(D) LIMITATION ON CURE.—A taxpayer may cure under subparagraph (C)(ii) not more than once in any period of 5 consecutive calendar years.

"(E) HEARING.—Before the end of the cure period, the taxpayer may request a conference with the Independent Office of Appeals, which shall issue a written decision before any final compliance determination is made.

"(5) FINAL COMPLIANCE DETERMINATION.—If the taxpayer does not cure the noncompliance before the end of the cure period, the Secretary shall issue a final compliance determination. Such determination shall be in effect beginning on the first day of the first month beginning after the later of the end of the cure period or the date of the decision under paragraph (4)(E), and shall not apply to any period before such day. The taxpayer may contest the determination in any proceeding for the redetermination of a deficiency, or for a refund, of the tax imposed by this section.

"(6) TERMINATION.—A final compliance determination shall cease to be in effect beginning on the first day of the first month beginning after the date on which the Secretary certifies that—

"(A) in the case of grounds described in paragraph (3)(A), the taxpayer has met the requirements of paragraph (4)(C)(i);

"(B) in the case of grounds described in paragraph (3)(B), the taxpayer's extraction of the category concerned has not exceeded its trajectory quantity for 12 consecutive months; or

"(C) the taxpayer qualifies for the divestment safe harbor under paragraph (7).

"(7) DIVESTMENT SAFE HARBOR.—Paragraph (1) shall not apply, and any notice or final compliance determination with respect to the taxpayer shall terminate, if the taxpayer and every member of its aggregated group—

"(A) have permanently ceased extraction from, or have disposed of all interests (including working interests, royalties, net profits interests, production payments, and offtake arrangements with participation in price or profit) in, each property to which the grounds relate, by transfer to a person that is not a member of its aggregated group and is not otherwise related to the taxpayer within the meaning of section 267(b) or 707(b)(1);

"(B) have obtained from each transferee the posting of financial assurance sufficient to pay the full cost of plugging, remediating, and reclaiming such property, as determined by the Secretary of the Interior, and the transferee's assumption of the property base quantity of such property under section 4692(b)(3); and

"(C) retain no option or right to reacquire any such interest, and the disposition is not a transaction or arrangement described in subsection (h)(5).

A disposition under this paragraph shall not relieve any transferee of liability under this section or section 4692 with respect to its own extraction.

"(8) COORDINATION.—The tax determined under this subsection shall be treated for all purposes of this title as the tax imposed by this section.

"(h) SPECIAL RULES.—

"(1) NO DEDUCTION.—No deduction shall be allowed under this chapter for the tax imposed by this section.

"(2) NO FOREIGN TAX CREDIT.—No credit under section 901 shall be allowed against the tax imposed by this section.

"(3) TREATY OVERRIDE.—Pursuant to section 7852(d), this section shall apply notwithstanding any treaty obligation of the United States in effect on the date of the enactment of this section.

"(4) NO RATE RECOVERY.—The tax imposed by this section shall not be included in the cost of service, revenue requirement, or rates of any public utility, natural gas company, or oil pipeline subject to regulation by the Federal Energy Regulatory Commission or by a State or local regulatory authority. Any rate that includes such tax shall be deemed unjust and unreasonable for purposes of section 4 of the Natural Gas Act (15 U.S.C. 717c), section 205 of the Federal Power Act (16 U.S.C. 824d), and section 1(5) of part I of the Interstate Commerce Act (as in effect under 49 U.S.C. 60502), and shall be deemed unlawful under the law of every State. For payments in lieu of rate recovery where required by the Constitution, see section 109(b) of the Extinguishing the Social License to Burn Fossils Act of 2027.

"(5) ANTI-AVOIDANCE.—The Secretary shall disregard, or recharacterize as the Secretary determines appropriate, any transaction or arrangement

a principal purpose of which is to reduce fossil fuel gross receipts, fossil fuel taxable income, excess fossil fuel profits, or compliance tier base, or to avoid a compliance determination, including—

"(A) transfers of property or activities to related persons, spin-offs, or reorganizations occurring after the introduction date,

"(B) related-party debt, which shall be treated as equity to the extent provided in regulations under section 385,

"(C) compensation to any covered employee (as defined in section 162(m)(3)) in excess of $1,000,000, which shall not be taken into account in determining fossil fuel taxable income, and

"(D) the acquisition of a covered taxpayer, or of property used in fossil fuel activities, by a foreign person or by an organization not subject to tax, which shall not relieve such property of the tax imposed by this section with respect to income effectively connected with the conduct of a trade or business within the United States.

"(6) TRANSFEREES OF FOSSIL FUEL PROPERTY.—If any property used in fossil fuel activities is transferred after the introduction date by a covered taxpayer to a person that is not a covered taxpayer, then for the 10 taxable years following the transfer the transferee shall be treated as a covered taxpayer with respect to fossil fuel taxable income from such property. This paragraph shall not apply to property that is permanently plugged, retired, or reclaimed, or that is transferred to a State, an Indian Tribal government, or a public entity for that purpose.

"(7) PENALTY.—Section 6662 shall be applied with respect to any underpayment of the tax imposed by this section attributable to a transaction described in paragraph (5) by substituting '40 percent' for '20 percent'.

"(i) JUST TRANSITION PLAN.—

"(1) IN GENERAL.—A just transition plan is a plan, binding on the covered taxpayer and every member of its aggregated group, which is certified jointly by the Secretary, the Secretary of Labor, and the Secretary of the Interior and which provides—

"(A) that the taxpayer will place no new capacity property in service,

"(B) for an annual decline in the extraction of each category of covered fossil fuel by the taxpayer at a rate not slower than the extraction trajectory established by section 4(d) of the Extinguishing the Social License to Burn Fossils Act of 2027, reaching zero not later than the statutory end year for such category,

"(C) for full funding of all defined benefit pension and retiree health obligations to workers employed in the taxpayer's fossil fuel activities, determined on a plan-termination basis,

"(D) for financial assurance, in the form of bonds or trust funds, sufficient to pay the full cost of plugging, remediating, and reclaiming every well, mine, and facility of the taxpayer,

"(E) for advance notice of not less than 12 months to workers, labor organizations, and affected State, local, and Tribal governments before any facility closure or mass layoff, and for priority recall and retraining of affected workers, and

"(F) for a community benefits agreement, negotiated with representatives of each community and Indian Tribe that hosts a major facility of the taxpayer, addressing local hiring, pollution reduction, and site remediation.

"(2) REVOCATION.—Certification shall be revoked, and the reduction under subsection (b)(3) shall be recaptured with interest for every taxable year to which it applied, upon a material violation of the plan or upon a final compliance determination under subsection (g).

"(j) INFORMATION REPORTING.—Each covered taxpayer shall make a return, at such time and in such form as the Secretary may prescribe, setting forth fossil fuel gross receipts, fossil fuel taxable income, the normal return allowance, extraction by property and category, new capacity property, and such other information as the Secretary may require. Such return shall be treated as an information return for purposes of sections 6721 and 6722.

"(k) REGULATIONS.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out this section, including regulations providing for the allocation of income and receipts to fossil fuel activities, the treatment of consolidated groups under section 1502, the application of this section to foreign persons and to organizations otherwise exempt from tax, the procedures under subsection (g), and the prevention of avoidance.".

(b) Conforming Amendments.—

(1) Section 26(b)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph: "(__) section 59B (relating to excess fossil fuel profits tax).".

(2) Sections 6425(c)(1)(A) and 6655(g)(1)(A) of such Code are each amended by inserting "plus the tax imposed by section 59B" after "section 55".

(3) Section 275(a)(1) of such Code is amended by inserting "(including the tax imposed by section 59B)" after "Federal income taxes".

(c) Clerical Amendment.—The table of parts for subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

"Part VIII. Excess fossil fuel profits.".

## SEC. 102. FOSSIL CARBON CHARGE AND TRAJECTORY ENFORCEMENT CHARGE.

(a) In General.—Chapter 38 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subchapter:

**"Subchapter E—Fossil Carbon**

"Sec. 4691. Fossil carbon charge.
"Sec. 4692. Trajectory enforcement charge.

**"SEC. 4691. FOSSIL CARBON CHARGE.**

"(a) In General.—There is hereby imposed a tax on the extraction in the United States of any covered fossil fuel, at the time such fuel is first measured at the well, lease, or mine, equal to the applicable amount multiplied by the number of metric tons of carbon dioxide equivalent content of such fuel.

"(b) LIABILITY.—The tax imposed by this section shall be paid by the operator of the well, lease, or mine. Any person to whom the property is transferred after the date of the enactment of this section shall be jointly and severally liable for such tax.

"(c) APPLICABLE AMOUNT.—

"(1) IN GENERAL.—Except as provided in paragraph (3), the applicable amount for any calendar year shall be determined under the following table:

Table 3: Applicable amount per metric ton of carbon dioxide equivalent.

| **Calendar year** | **Applicable amount** |
|---|---|
| 2028 | $40 |
| 2029 | $52 |
| 2030 | $64 |
| 2031 | $76 |
| 2032 | $88 |
| 2033 | $100 |
| 2034 and each year thereafter | prior year amount plus $10, not to exceed $190 |

"(2) INFLATION ADJUSTMENT.—For calendar years beginning after 2028, each dollar amount in the table in paragraph (1) shall be increased by the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2027' for 'calendar year 2016' in subparagraph (A)(ii) thereof.

"(3) HOUSEHOLD PROTECTION PAUSE.—

"(A) DETERMINATION.—Not later than September 30 of each calendar year beginning with the second program year, the Secretary, in consultation with the Joint Committee on Taxation and the Commissioner of Labor Statistics, shall determine and publish whether households in the lowest two quintiles of household income bore, on average, during the preceding calendar year, costs attributable to this section, section 4692, and section 103 of the Extinguishing the Social License to Burn Fossils Act of 2027 exceeding the amounts they received under section 6439 and under the Low-Income Home Energy Assistance Act of 1981.

"(B) FREEZE.—If the determination under subparagraph (A) is affirmative, the applicable amount for the calendar year following the year in which the determination is made shall equal the applicable amount for the calendar year in which the determination is made.

"(C) NO REDUCTION; RESUMPTION.—A pause under this paragraph shall not reduce any applicable amount. For the calendar year after a pause year, the applicable amount shall be the amount determined under paragraphs (1) and (2) for that year without regard to this paragraph.

"(D) LIMITATION.—No pause under this paragraph shall apply to more than 1 calendar year in any period of 3 consecutive calendar years.

"(E) PRICE ONLY.—A pause under this paragraph applies only to the applicable amount used to compute the tax under this section and the charge under section 103 of such Act. It shall not apply in determining the enforcement rate under section 4692, and shall not increase or postpone any trajectory percentage, national trajectory quantity, statutory end year, allowance, or export quota under such Act.

"(F) RELIEF.—For assistance to households in a pause year, see section 6439(e)(5) and section 109(a)(2) of such Act.

"(d) CARBON DIOXIDE EQUIVALENT CONTENT.—The carbon dioxide equivalent content of any covered fossil fuel shall be determined by the Administrator of the Environmental Protection Agency and shall equal the sum of—

"(1) the carbon content of such fuel (as defined in section 4(c)(3) of such Act), and

"(2) the methane emitted in the extraction, processing, and transport of such fuel to the point of measurement, determined by measurement-based monitoring at the facility level, including aerial and satellite verification (or, absent such monitoring, a default intensity at the 75th percentile of measured intensities for comparable production), converted to carbon dioxide equivalent using the 20-year global warming potential of fossil methane assessed in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

"(e) DURABLE FEEDSTOCK REFUND.—The Secretary shall refund the tax imposed by this section with respect to any portion of a covered fossil fuel used as a feedstock in the manufacture of a durable product if the Administrator of the Environmental Protection Agency certifies that the carbon contained in such product will not be emitted within 100 years. No refund shall be allowed for any feedstock used to manufacture single-use plastics, fuels, fertilizers, or products whose predominant end-of-life treatment is incineration.

"(f) DEFINITIONS.—For purposes of this subchapter—

> "(1) the terms 'covered fossil fuel', 'carbon content', 'extract', 'first applicable year', 'program year', 'trajectory percentage', 'national trajectory quantity', and 'statutory end year' have the meanings given such terms in section 4 of the Extinguishing the Social License to Burn Fossils Act of 2027; and
>
> "(2) the term 'United States' has the meaning given such term by section 4612(a)(4).

"(g) COORDINATION.—No tax shall be imposed by this section on any covered fossil fuel with respect to which a charge has been imposed under section 103 of such Act.

**"SEC. 4692. TRAJECTORY ENFORCEMENT CHARGE.**

"(a) IMPOSITION OF TAX.—There is hereby imposed on the operator of each covered property a tax for each calendar year, with respect to each category of covered fossil fuel, equal to the enforcement rate multiplied by the number of metric tons of carbon content of the excess extraction of such category by such operator for such year.

"(b) EXCESS EXTRACTION; TRAJECTORY QUANTITY.—For purposes of this section—

> "(1) EXCESS EXTRACTION.—The term 'excess extraction' means the excess (if any) of the carbon content of covered fossil fuel of a category extracted from the covered properties of the operator during the calendar year over the trajectory quantity of the operator for such category for such year.
>
> "(2) TRAJECTORY QUANTITY.—The trajectory quantity of an operator for any category for any calendar year is—

"(A) if section 201 of the Extinguishing the Social License to Burn Fossils Act of 2027 is in effect for such year with respect to such operator, the number of extraction allowances of such category surrendered by the operator for such year under such section, and

"(B) in any other case, the sum, for each covered property of the operator, of the property base quantity of such property for such category multiplied by the trajectory percentage for such category for such year,

reduced by any amount agreed under section 59B(g)(4)(C)(ii).

"(3) PROPERTY BASE QUANTITY.—The property base quantity of any covered property for any category is the carbon content of covered fossil fuel of such category extracted from such property during calendar year 2025, as determined by the Secretary in consultation with the Administrator of the Environmental Protection Agency and the Administrator of the Energy Information Administration. The property base quantity of a covered property from which no covered fossil fuel was extracted during calendar year 2025 shall be zero. Upon the transfer of a covered property, its property base quantity shall pass to the transferee and shall not be increased.

"(4) COVERED PROPERTY.—The term 'covered property' means any well, lease, unit, or mine, as defined in regulations prescribed by the Secretary. Extraction from a well drilled within a unit after calendar year 2025 shall be attributed to such unit.

"(5) AGGREGATION.—All persons treated as one person under section 59B(d)(2) shall be treated as one operator for purposes of this section, and shall be jointly and severally liable for the tax imposed by this section.

"(c) ENFORCEMENT RATE.—

"(1) IN GENERAL.—The enforcement rate for any category for any calendar year is 200 percent of the applicable amount under section 4691(c) for such year, determined without regard to section 4691(c)(3).

"(2) COMPOUNDING FOR NATIONAL OVERSHOOT.—The rate determined under paragraph (1) shall be increased by 50 percent, compounded, for each consecutive preceding calendar year (beginning with the first applicable year) for which the national extraction of such category, as determined

under subsection (d), exceeded the national trajectory quantity for such category.

"(3) AFTER STATUTORY END YEAR.—For any calendar year during or after the statutory end year for any category, the enforcement rate for such category shall be not less than 400 percent of such applicable amount.

"(d) NATIONAL DETERMINATION.—Not later than June 30 of each calendar year beginning with the second program year, the Secretary, in consultation with the Administrator of the Environmental Protection Agency and the Administrator of the Energy Information Administration, shall determine and publish the national extraction of each category for the preceding calendar year and whether it exceeded the national trajectory quantity for such category.

"(e) EXCEPTIONS.—No tax shall be imposed by this section, and no extraction shall be taken into account under section 59B(g)(3), with respect to covered fossil fuel extracted incidentally to plugging, well control, safety, or monitoring of existing wells or mines, or to the permanent geologic storage of carbon dioxide (other than in connection with enhanced oil or natural gas recovery).

"(f) SPECIAL RULES.—No deduction shall be allowed under chapter 1 for the tax imposed by this section, and such tax shall be subject to the rule of section 59B(h)(4) as if it were imposed by such section.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out this section, including rules for the measurement and attribution of extraction, the treatment of commingled production and unitized properties, and the prevention of avoidance through the division or transfer of properties.".

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 38 of such Code is amended by adding at the end the following new item:

"Subchapter E. Fossil carbon.".

## SEC. 103. BORDER CARBON CHARGE ON IMPORTS.

(a) IMPOSITION.—In addition to any other duty, there is imposed on each covered fossil fuel entered, or withdrawn from warehouse, for consumption in the customs territory of the United States a charge equal to the amount of tax that would be imposed under section 4691 of the Internal Revenue Code of 1986 if such fuel had been

extracted in the United States, determined using the carbon dioxide equivalent content of such fuel under section 4691(d) of such Code and taking into account the upstream methane intensity of the source of such fuel where verified by the Administrator (or, if not so verified, a default intensity at the 75th percentile of measured intensities for comparable production).

(b) BORDER ADJUSTMENT.—The charge under subsection (a) is a charge equivalent to an internal tax imposed in respect of a like domestic product, within the meaning of Article II:2(a) of the General Agreement on Tariffs and Trade 1994, and shall not exceed such internal tax.

(c) CREDIT FOR FOREIGN CARBON PRICE.—The charge under subsection (a) shall be reduced by the amount of any explicit carbon price, per metric ton of carbon dioxide equivalent, effectively paid with respect to such fuel in the country of extraction, as determined by the Secretary of the Treasury in consultation with the Administrator.

(d) NORTH AMERICAN PIPELINE TRANSITION.—The charge under subsection (a) shall not apply to any covered fossil fuel that is an originating good under the USMCA (as defined in section 3 of the United States–Mexico–Canada Agreement Implementation Act (19 U.S.C. 4502)) and that is entered by pipeline during program years 1 through 3, and shall apply to such fuel at 50 percent of the otherwise applicable rate during program years 4 and 5.

(e) RECIPROCITY.—The Secretary of the Treasury, upon certification by the United States Trade Representative, may by regulation reduce the charge under subsection (a) with respect to covered fossil fuel extracted in a country that has in effect an enforceable limit on fossil fuel extraction, or an explicit carbon price, comparable in effect to this Act, to the extent of such comparable measure, and shall report each such reduction to the Congress.

(f) ADMINISTRATION.—The charge under this section shall be treated as a duty for purposes of the Tariff Act of 1930, except that no drawback shall be allowed under section 313 of such Act. Covered fossil fuel transported in bond through the United States, and not entered for consumption, shall not be subject to such charge. U.S. Customs and Border Protection shall administer this section.

(g) MODIFICATION OF HTS.—The President shall modify chapter 99 of the HTS to carry out this section not later than 90 days before the first day of the first applicable year.

(h) DEPOSIT OF RECEIPTS.—Amounts equivalent to the charges received under this

section shall be appropriated to the Climate Justice and Just Transition Trust Fund under section 9513 of the Internal Revenue Code of 1986.

(i) IRON AND STEEL PRODUCTS.—

(1) IMPOSITION.—In addition to any other duty, there is imposed on each covered iron and steel product entered, or withdrawn from warehouse, for consumption in the customs territory of the United States a charge equal to the embodied fossil carbon of such product, in metric tons of carbon dioxide equivalent, multiplied by the applicable amount under section 4691(c) of the Internal Revenue Code of 1986 for the calendar year of entry.

(2) COVERED IRON AND STEEL PRODUCT.—The term "covered iron and steel product" means any product classified in chapter 72 of the HTS, and any product classified in chapter 73 of the HTS that the Secretary of Commerce designates by regulation as consisting predominantly of iron or steel by weight.

(3) EMBODIED FOSSIL CARBON.—The term "embodied fossil carbon" means the carbon dioxide equivalent content, determined under section 4691(d) of such Code, of the covered fossil fuels and products thereof consumed in producing the iron and steel contained in a product, including coke, coal, and natural gas used as fuel or reductant, and excluding carbon dioxide released from limestone, dolomite, or other carbonates and emissions from purchased electricity. The Administrator shall publish default values, per metric ton of product, for each country of origin and each production route, including blast furnace–basic oxygen furnace, direct reduced iron–electric arc furnace, and scrap–electric arc furnace, equal to the average embodied fossil carbon for that route in that country, as determined using the emissions intensity study of the Department of Energy and the National Energy Technology Laboratory and updated not less often than every 3 years, increased by a mark-up of 10 percent for the first applicable year, 20 percent for the following calendar year, and 30 percent for each calendar year thereafter. Where reliable data for a country are not available, the default value shall be the 80th percentile of embodied fossil carbon for that route among producers worldwide. An importer may instead establish the embodied fossil carbon of a product from facility-level data verified by an accredited independent verifier under regulations prescribed by the Administrator.

(4) PARITY.—The charge under this subsection shall not exceed the tax

imposed under section 4691 of such Code that would be borne, on the covered fossil fuels consumed, by a like product produced in the United States by the same production route. Subsections (b), (c), (e), (f), and (h) shall apply to the charge under this subsection as they apply to the charge under subsection (a), and subsection (d) shall not apply.

(5) LEAST-DEVELOPED COUNTRIES.—The charge under this subsection shall not apply to a covered iron and steel product originating in a country that is designated as a least-developed beneficiary developing country under section 502(a)(2) of the Trade Act of 1974 (19 U.S.C. 2462(a)(2)), for any calendar year in which such country accounted for less than 3 percent of global exports of covered iron and steel products in the most recent year for which data are available, as determined by the Secretary of Commerce.

(6) ORIGIN.—For purposes of this subsection, including the determination of default values under paragraph (3), a covered iron and steel product originates in the country in which the steel contained in it was melted and poured or, in the case of iron, in which the iron was smelted or reduced.

(j) EFFECTIVE DATE.—Subsection (i) shall apply beginning on the first day of the first applicable year. The President shall modify chapter 99 of the HTS to carry out subsection (i) not later than 180 days before that day.

(k) RELATIONSHIP TO OTHER MEASURES.—The charge under subsection (i) is in addition to, and shall not be reduced by, any duty imposed under section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862), except to the extent the Secretary of the Treasury determines that such duty is itself an explicit carbon price.

## SEC. 104. REPEAL OF FOSSIL FUEL TAX PREFERENCES FOR COVERED TAXPAYERS.

(a) INTANGIBLE DRILLING COSTS.—Section 263(c) of the Internal Revenue Code of 1986 shall not apply to any covered taxpayer (as defined in section 59B(d) of such Code).

(b) PERCENTAGE DEPLETION.—Sections 613 and 613A of such Code shall not apply to any covered taxpayer, and the allowance for depletion of such a taxpayer shall be computed under section 612.

(c) Enhanced Oil Recovery and Marginal Well Credits.—No credit shall be allowed under section 43 or 45I of such Code to any covered taxpayer.

## SEC. 105. CLIMATE DIVIDEND.

(a) In General.—Subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

**"SEC. 6439. CLIMATE DIVIDEND.**

"(a) Allowance of Credit.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by subtitle A for the taxable year an amount equal to the sum of the climate dividend amounts determined under subsection (b) for each calendar quarter ending in such taxable year.

"(b) Climate Dividend Amount.—

> "(1) Per-person Share.—The per-person share for any calendar quarter is the amount determined by the Secretary, not later than 30 days after the end of such quarter, by dividing the amounts transferred to the Climate Dividend Account under section 9513(c)(1) for such quarter by the number of eligible individuals and dependents, as estimated by the Secretary.
>
> "(2) Equal Shares.—The climate dividend amount of an eligible individual for any calendar quarter is one per-person share, increased by one full per-person share for each dependent (as defined in section 152) of such individual.
>
> "(3) Joint Returns.—In the case of a joint return, each spouse who is an eligible individual shall receive one full per-person share.
>
> "(4) No Phase-down.—The credit allowed by this section shall not be reduced by reason of the income of the taxpayer.

"(c) Eligible Individual.—The term 'eligible individual' means any individual who resides in the United States (including any possession of the United States) for more than one-half of the calendar quarter, other than—

> "(1) any nonresident alien individual,

"(2) any individual with respect to whom a deduction under section 151 is allowable to another taxpayer (who shall instead be counted under subsection (b)(2)), and

"(3) an estate or trust.

An individual or dependent shall not fail to be taken into account under this section by reason of lacking a social security number if such individual or dependent has a taxpayer identification number issued under section 6109.

"(d) TREATMENT OF CREDIT.—The credit allowed by subsection (a) shall be treated as allowed by subpart C of part IV of subchapter A of chapter 1.

"(e) ADVANCE PAYMENTS.—

"(1) IN GENERAL.—The Secretary shall pay to each eligible individual, not later than 90 days after the end of each calendar quarter, an advance payment equal to the climate dividend amount for such quarter, determined on the basis of the return of tax for the taxable year two years preceding the current taxable year (or, if more recent information is available to the Secretary, such information).

"(2) INDIVIDUALS WHO DO NOT FILE.—The Secretary shall make advance payments under paragraph (1) automatically, without application, to individuals who are not required to file a return of tax, using information available from the Social Security Administration, the Railroad Retirement Board, the Department of Veterans Affairs, the Department of Agriculture with respect to the supplemental nutrition assistance program, the Department of Health and Human Services with respect to the Medicaid program, and any State agency, under rules similar to those of section 6428A(f)(5)(H) (as in effect on the date of the enactment of this section). The Secretary shall establish a simplified online and paper registration for individuals not otherwise identified.

"(3) METHOD OF PAYMENT AND NOTICE.—Advance payments shall be made by direct deposit, by prepaid debit card, or by check, at the election of the recipient. Each payment shall be accompanied by, or itemized in, a notice stating 'Climate Dividend—Energy Rebate: your equal share of fossil fuel carbon charges and excess profits', the per-person share for the quarter, and the total amounts received in the Treasury for such quarter under sections 59B, 4691, and 4692 and section 103 of the Extinguishing the Social License to Burn Fossils Act of 2027.

"(4) OUTREACH.—The Secretary shall conduct outreach in partnership with community-based organizations, Tribal governments, and volunteer income tax assistance programs, in the languages commonly spoken by eligible individuals.

"(5) ACCELERATED PAYMENT.—For any calendar quarter that ends during a calendar year for which a household protection pause applies under section 4691(c)(3), or during which a price emergency determination under section 109(c) of such Act is in effect, the advance payment under paragraph (1) shall be made not later than 30 days after the end of such quarter.

"(6) RECONCILIATION.—The credit allowed under subsection (a) shall be reduced (but not below zero) by the aggregate advance payments made to the taxpayer under this subsection. No taxpayer shall be required to repay any advance payment except in the case of fraud.

"(f) PROTECTION OF PAYMENTS.—

"(1) EXEMPT FROM OFFSET.—No credit or payment under this section shall be subject to reduction or offset under section 6402 or under section 3716 or 3720A of title 31, United States Code, or under any other provision of law.

"(2) EXEMPT FROM GARNISHMENT.—No amount paid under this section shall be subject to assignment, execution, levy, attachment, garnishment, or other legal process.

"(3) NOT INCOME; NO EFFECT ON BENEFITS.—Amounts paid under this section shall not be included in gross income, and shall be disregarded in determining eligibility for, or the amount of, any benefit or assistance under any Federal program or under any State or local program financed in whole or in part with Federal funds, in the manner provided in section 6409.

"(g) POSSESSIONS.—The Secretary shall make payments to each possession of the United States with a mirror code tax system, and to each other possession, in amounts equal to the aggregate amounts that would have been paid under this section to residents of such possession, under rules similar to those of section 6428(h) (as in effect on March 27, 2020).

"(h) PAYMENT FROM TRUST FUND.—The Secretary shall transfer from the Climate Dividend Account of the Climate Justice and Just Transition Trust Fund to the general

fund of the Treasury amounts equal to the credits allowed and advance payments made under this section.

"(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out this section, including regulations to prevent the duplication of payments and to provide for payments with respect to individuals who die during a calendar quarter.".

(b) CONFORMING AMENDMENTS.—

(1) Section 6211(b)(4)(A) of the Internal Revenue Code of 1986 is amended by inserting "6439," after "6431,".

(2) Section 1324(b)(2) of title 31, United States Code, is amended by inserting "6439," after "6431,".

(3) The table of sections for subchapter B of chapter 65 of such Code is amended by adding at the end the following new item: "Sec. 6439. Climate dividend.".

## SEC. 106. CLIMATE JUSTICE AND JUST TRANSITION TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

### "SEC. 9513. CLIMATE JUSTICE AND JUST TRANSITION TRUST FUND.

"(a) CREATION.—There is established in the Treasury of the United States a trust fund to be known as the 'Climate Justice and Just Transition Trust Fund', consisting of such amounts as may be appropriated or credited to such Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS.—There are hereby appropriated to the Trust Fund amounts equivalent to—

"(1) the taxes received in the Treasury under sections 59B, 4691, and 4692,

"(2) the charges received under section 103 of the Extinguishing the Social License to Burn Fossils Act of 2027,

"(3) the increases in tax received under section 3 of such Act, and

"(4) the auction proceeds and penalties received under section 201 of such Act.

"(c) ACCOUNTS.—Amounts transferred to the Trust Fund for each calendar quarter (other than amounts described in subsection (g)(1) and (2)) shall be allocated among the following accounts:

"(1) CLIMATE DIVIDEND ACCOUNT.—59.65 percent, which shall be available without further appropriation to pay the credit and advance payments under section 6439.

"(2) HOUSEHOLD ENERGY ACCOUNT.—11.93 percent, which shall be available without further appropriation to carry out section 109 of such Act.

"(3) WORKER GUARANTEE ACCOUNT.—12.92 percent, which shall be available without further appropriation to carry out section 107 of such Act.

"(4) COMMUNITY TRANSITION ACCOUNT.—15 percent, which shall be available without further appropriation to carry out section 108 of such Act.

"(5) CLIMATE LITERACY ACCOUNT.—0.50 percent, which shall be available without further appropriation to carry out subtitle B of title I of such Act, subject to the floor and cap under section 122 of such Act.

"(d) RESERVE.—Amounts in the Worker Guarantee Account not needed for current obligations shall be retained in such account as a reserve to pay benefits guaranteed under section 107 of such Act in future years, and the Secretary shall invest such amounts in interest-bearing obligations of the United States.

"(e) SUPPLEMENT, NOT SUPPLANT.—Amounts made available from the Trust Fund shall supplement, and not supplant, amounts otherwise appropriated for the Low-Income Home Energy Assistance Program, the Weatherization Assistance Program, the Abandoned Mine Reclamation Fund, the Workforce Innovation and Opportunity Act, and programs serving Indian Tribes.

"(f) NO PAYMENT OF TAKINGS AWARDS.—No amount in the Trust Fund shall be used to pay any judgment, award, or settlement described in section 3(f)(3) of such Act.

"(g) IRON AND STEEL RECEIPTS.—Of the amounts transferred under subsection (b)(2) that are attributable to the charge under section 103(i) of such Act for each calendar quarter—

"(1) 25 percent, for calendar quarters beginning before January 1, 2041, shall be credited to an Ironmaking Fenceline Health Account, which shall be available without further appropriation to carry out section 108(f) of such Act;

"(2) 25 percent, for calendar quarters beginning before January 1, 2036, shall be credited to a Steel Conversion Account, which shall be available without further appropriation to carry out section 108(g) of such Act, except that any amount in such Account not obligated by the end of the fiscal year following the fiscal year in which it was credited shall be allocated under subsection (c); and

"(3) the remainder shall be allocated under subsection (c).

".

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding at the end the following new item: "Sec. 9513. Climate Justice and Just Transition Trust Fund.".

## SEC. 107. WORKER WAGE, HEALTH, AND PENSION GUARANTEES.

(a) COVERED WORKER.—In this section, the term "covered worker" means any individual who, for an aggregate of not less than 12 months during the 5-year period ending on the date of separation, was employed (including as a contractor or through a staffing agency) in fossil fuel activities (as defined in section 59B(e)(1) of the Internal Revenue Code of 1986), in coal mining, in oil and gas field services, in the construction of fossil fuel facilities, or at an electric generating unit fueled by fossil fuels, or at an ironmaking facility (as defined in section 4(c)(9)), and who after the date of the enactment of this Act is separated from such employment, or has hours or wages reduced by not less than 20 percent, by reason of a reduction in fossil fuel production, processing, transport, or use.

(b) WAGE GUARANTEE.—The Secretary of Labor shall pay to each covered worker a wage replacement benefit equal to—

(1) 100 percent of the worker's average weekly wage during the 12 months before separation, for the first 3 years after separation, and

(2) 70 percent of such average weekly wage, for the 2 years thereafter,

reduced by any wages earned in subsequent employment, so that a worker who accepts lower-paid employment receives the difference. The average weekly wage taken into account shall not exceed 200 percent of the national average weekly wage.

(c) HEALTH COVERAGE.—For the period during which a covered worker receives benefits under subsection (b), and for any covered worker described in subsection (d) until the worker becomes eligible for Medicare, the Secretary of Labor shall pay 100 percent of the premium for continuation coverage under part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, or for equivalent coverage, for the worker and the worker's family.

(d) BRIDGE TO RETIREMENT.—A covered worker who is age 55 or older, or who has 20 or more years of service in fossil fuel activities, on the date of separation may elect, in lieu of benefits under subsection (b)(2), a bridge benefit equal to 70 percent of the worker's average weekly wage until the earlier of the date the worker attains age 62 or begins receiving retirement benefits, together with service credit for such period under any pension plan in which the worker participated.

(e) PENSION GUARANTEE.—

(1) SINGLE-EMPLOYER PLANS.—Notwithstanding section 4022 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322), the Pension Benefit Guaranty Corporation shall guarantee 100 percent of the nonforfeitable benefits accrued by covered workers under any single-employer plan maintained by an employer engaged in fossil fuel activities that terminates after the date of the enactment of this Act, and shall be reimbursed from the Worker Guarantee Account for the cost of the guarantee in excess of the amount otherwise guaranteed.

(2) MULTIEMPLOYER PLANS.—The Secretary of the Treasury shall transfer from the Worker Guarantee Account to any multiemployer plan in which covered workers participate, including the United Mine Workers of America 1974 Pension Plan, such amounts as are necessary to pay all benefits under such plan without reduction for the life of the plan.

(3) RETIREE HEALTH.—The Secretary of the Treasury shall transfer from the Worker Guarantee Account to the United Mine Workers of America 1993 Benefit Plan, the Combined Benefit Fund, and any other retiree health plan for workers in fossil fuel activities whose sponsoring employer has become insolvent, such amounts as are necessary to provide benefits without reduction.

(f) TRAINING, EDUCATION, AND REEMPLOYMENT.—

(1) TRAINING.—Covered workers shall be eligible for training, relocation, and job search assistance under the Workforce Innovation and Opportunity Act at no cost to the worker, paid from the Worker Guarantee Account.

(2) TUITION.—A covered worker who enrolls not later than 5 years after the date of separation shall be entitled to payment, from the Worker Guarantee Account, of tuition and required fees for not more than 4 academic years, or the equivalent, of enrollment in a program of study at a public institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) or in a registered apprenticeship program under the Act of August 16, 1937 (29 U.S.C. 50 et seq.), in an amount for any academic year not exceeding the average in-State tuition and required fees at public 4-year institutions of higher education for such year, as determined by the Secretary of Education.

(3) WAGE BENEFIT WHILE ENROLLED.—Enrollment described in paragraph (2) shall not suspend or reduce any benefit under subsection (b) or (d). Payments under paragraph (2), and grants, stipends, or other student financial assistance, shall not be treated as wages for purposes of subsection (b). Nothing in this subsection extends the period for which benefits are payable under subsection (b).

(4) PRIORITY HIRING.—Covered workers shall have priority in hiring for reclamation, plugging, and clean energy projects funded under this Act.

(5) REPORTING.—The Secretary of Labor shall publish annually, for covered workers who receive assistance under paragraph (1) or (2), rates of program completion and employment and median earnings 2 and 4 years after separation, by type of program and by industry of separation.

(g) ENTITLEMENT; GENERAL FUND BACKSTOP.—The benefits under this section are an entitlement of each covered worker. To the extent amounts in the Worker Guarantee Account are insufficient, there are appropriated, out of any money in the Treasury not otherwise appropriated, such sums as are necessary to pay such benefits in full.

## SEC. 108. COMMUNITY AND TRIBAL TRANSITION.

(a) DEFINITIONS.—In this section—

(1) DISADVANTAGED COMMUNITY.—The term "disadvantaged community" means a census tract, or the lands of an Indian Tribe, that—

(A) has a median household income below 80 percent of the area median income or 200 percent of the poverty line, and

(B) either—

(i) is located within 3 miles of a refinery, petrochemical facility, liquefaction facility, export terminal, coal mine, coal ash impoundment, ironmaking facility (as defined in section 4(c)(9)) or coke oven battery, or fossil-fueled electric generating unit used primarily to meet peak demand,

(ii) is in the highest quartile nationally of cumulative pollution burden, as determined by the Administrator, or

(iii) has an average home energy burden exceeding 6 percent of household income;

or is located in a fossil fuel-dependent community.

(2) FOSSIL FUEL-DEPENDENT COMMUNITY.—The term "fossil fuel-dependent community" means a county, municipality, school district, or Tribal jurisdiction in which, in any year after 2015, not less than 5 percent of employment, or not less than 10 percent of public revenue, was derived from fossil fuel activities or royalties.

(3) INDIAN TRIBE.—The term "Indian Tribe" has the meaning given such term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5304), and includes Native Hawaiian organizations.

(b) ALLOCATION OF COMMUNITY TRANSITION ACCOUNT.—Of the amounts in the Community Transition Account for each fiscal year—

(1) TRIBAL SET-ASIDE.—not less than 15 percent shall be provided directly to Indian Tribes, off the top and before any other allocation under this subsection, by formula developed in consultation with Indian Tribes and weighted toward Tribes whose lands host or hosted fossil fuel production or generation, through contracts and compacts under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5301 et seq.), and shall not be passed through any State;

(2) PUBLIC REVENUE REPLACEMENT.—not more than 35 percent shall be used for grants to States, units of local government, school districts, and Indian Tribes in fossil fuel-dependent communities equal to 90 percent of the decline in severance tax, royalty, and property tax revenue below the average for fiscal years 2024 through 2026, reduced by 10 percentage points for each fiscal year after the third fiscal year in which such grants are made; if amounts are insufficient for full payment, payments supporting public schools shall be made in full first, followed by payments supporting health care and public safety;

(3) RECLAMATION AND REMEDIATION.—not less than 15 percent shall be used to plug and remediate orphaned wells and reclaim abandoned mines, coal ash impoundments, and contaminated sites, in addition to amounts otherwise available for such purposes, under the labor standards of section 208 (if in effect); and

(4) COMMUNITY TRANSITION GRANTS.—the remainder shall be used for grants to community transition boards established under subsection (c) for economic diversification, public infrastructure, clean energy owned by communities, cooperatives, or Tribes, health clinics and environmental health monitoring, voluntary relocation assistance for fenceline residents, and broadband, water, and housing.

(c) COMMUNITY TRANSITION BOARDS.—A community transition board eligible for a grant under subsection (b)(4) shall be established by the governing body of a unit of local government or Indian Tribe (or a consortium thereof) and shall have a majority of members who are residents of the community, including representatives of workers, labor organizations, and residents of disadvantaged communities. Each board shall adopt a transition plan through a public process that includes participatory budgeting, hearings held in the community, and materials in the languages commonly spoken in the community.

(d) JUSTICE40 REQUIREMENT.—Not less than 40 percent of the benefits of amounts made available from the Household Energy Account and the Community Transition Account (other than amounts under subsection (b)(1)) in each fiscal year shall flow to disadvantaged communities, and the Secretary of the Treasury shall publish an annual accounting of such benefits by census tract and Tribal jurisdiction.

(e) ADMINISTRATION.—This section shall be administered by the Secretary of Commerce, acting through the Economic Development Administration, in coordination with the Secretary of the Interior, the Secretary of Energy, and the Administrator,

except that subsection (b)(1) shall be administered by the Secretary of the Interior, subsection (b)(3) by the Secretary of the Interior in coordination with State and Tribal reclamation programs, subsection (f) by the Secretary of Health and Human Services, and subsection (g) by the Secretary of Energy.

(f) IRONMAKING FENCELINE HEALTH.—The Secretary of Health and Human Services, acting through the Director of the Centers for Disease Control and Prevention and in coordination with the Administrator, shall use amounts in the Ironmaking Fenceline Health Account under section 9513(g)(1) of the Internal Revenue Code of 1986 for grants to State, local, and Tribal health departments, community health centers, and community transition boards established under subsection (c), for health monitoring, clinical care, asthma and cardiovascular programs, community air monitoring, and voluntary relocation assistance, in census tracts and Tribal lands located wholly or partly within 3 miles of an ironmaking facility (as defined in section 4(c)(9)) or of any coke oven battery that operated after January 1, 2020. Not less than 40 percent of such amounts shall be provided through community transition boards or community-based organizations.

(g) STEEL CONVERSION GRANTS.—

(1) IN GENERAL.—The Secretary of Energy shall use amounts in the Steel Conversion Account under section 9513(g)(2) of such Code for grants to the owners of ironmaking facilities for the construction of direct reduction or electric arc furnace capacity at, or adjacent to, the site of an existing ironmaking facility.

(2) CONDITIONS.—A grant under this subsection may be made only if—

(A) the owner has filed a conversion plan under section 206(d) for the facility;

(B) the project is carried out in accordance with the labor standards of section 208;

(C) the owner has entered into a community benefits agreement with the community transition board (if any) for the area, or, if there is none, with representatives of the workers and residents of the area, including on hiring priority for covered workers employed at the facility;

(D) no part of the grant is used for any blast furnace, coke oven battery, or coal handling facility; and

(E) the Federal share does not exceed 50 percent of the cost of the project.

(3) RECAPTURE.—The Secretary of Energy shall recapture any grant under this subsection, with interest, if the owner fails to carry out the conversion plan or the community benefits agreement.

## SEC. 109. HOUSEHOLD ENERGY ASSISTANCE; FAIR-RETURN BACKSTOP; PRICE EMERGENCIES.

(a) LOW-INCOME HOME ENERGY ASSISTANCE.—

(1) FLOOR.—For each fiscal year beginning with fiscal year 2028 (or, if later, the first fiscal year beginning after the date of the enactment of this Act) and ending with fiscal year 2040, amounts from the Household Energy Account shall be made available to carry out the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) in such amounts as are necessary so that the total amount available under such Act for such fiscal year is not less than $10,000,000,000, adjusted for inflation after fiscal year 2028. To the extent such Account is insufficient, there are appropriated, out of any money in the Treasury not otherwise appropriated, such sums as are necessary to maintain such floor.

(2) EMERGENCY SUPPLEMENT.—In any calendar year for which a household protection pause applies under section 4691(c)(3) of the Internal Revenue Code of 1986, and for any period during which a price emergency determination under subsection (c) is in effect, an additional amount equal to 25 percent of the amount described in paragraph (1) shall be made available from the Household Energy Account, or if insufficient from the general fund of the Treasury, for emergency energy assistance under section 2604(e) of such Act.

(3) ELIGIBILITY.—Notwithstanding section 2605(b)(2) of such Act, a State may provide assistance to any household with income not exceeding 80 percent of the area median income, and shall treat any household receiving benefits under section 107 of this Act as eligible.

(b) FAIR-RETURN BACKSTOP.—If a court of competent jurisdiction finally determines that section 59B(h)(4) of the Internal Revenue Code of 1986 (including as applied

by section 4692(f) of such Code), as applied to a particular utility, would deny such utility a constitutionally required return, the Secretary of the Treasury shall pay to such utility, from the Household Energy Account (or, if insufficient, from the general fund of the Treasury), the minimum amount necessary to provide such return, and no such amount shall be recovered from ratepayers.

(c) PRICE EMERGENCIES ANSWERED WITH MONEY, NOT TONNES.—

(1) DETERMINATION.—The Secretary of Energy shall make a price emergency determination, effective for 180 days, if—

(A) the national average retail price of regular gasoline, as reported weekly by the Energy Information Administration, exceeds for 4 consecutive weeks 125 percent of its average for the preceding 5 calendar years, adjusted for inflation; or

(B) the monthly average Henry Hub natural gas spot price exceeds $8 per million British thermal units (adjusted for inflation after 2027) for 2 consecutive months.

(2) EFFECT.—A price emergency determination shall require the emergency supplement under subsection (a)(2) and accelerated payments under section 6439(e)(5) of such Code. It shall not reduce, freeze, or postpone any tax, charge, rate, trajectory percentage, allowance, export quota, or statutory end year under this Act.

(d) WEATHERIZATION AND ELECTRIFICATION.—Amounts from the Household Energy Account not needed under subsections (a) and (b) shall be used to carry out the Weatherization Assistance Program under part A of title IV of the Energy Conservation and Production Act (42 U.S.C. 6861 et seq.), including the installation of heat pumps, efficient electric appliances, and rooftop or community solar for low-income households, and for renter households only where the property owner agrees not to increase rent by reason of such improvements, and not to evict tenants without just cause, for 5 years.

## SEC. 110. EFFECTIVE DATES FOR TITLE I.

(a) EXCESS PROFITS TAX.—The amendments made by section 101 shall apply to taxable years beginning on or after January 1 of the first applicable year. Section

59B(b)(2) of the Internal Revenue Code of 1986 shall apply to new capacity property (as defined therein) by reference to the introduction date, and section 59B(h)(6) of such Code shall apply to transfers after the introduction date.

(b) CARBON CHARGES AND IMPORT CHARGE.—The amendments made by section 102, and the charge under section 103, shall apply to covered fossil fuels extracted, entered, or withdrawn from warehouse for consumption on or after January 1 of the first applicable year, and the charge under section 103 shall not take effect before the tax under section 4691 of such Code.

(c) TAX PREFERENCES.—Section 104 shall apply to costs paid or incurred, and to taxable years beginning, on or after January 1 of the first applicable year.

(d) CLIMATE DIVIDEND.—The amendments made by section 105 shall apply to taxable years beginning on or after January 1 of the first applicable year, and the first advance payment under section 6439 of such Code shall be made not later than 90 days after the end of the first calendar quarter of the first applicable year.

(e) OTHER PROVISIONS.—Sections 106 through 109 shall take effect on the date of the enactment of this Act, and benefits under section 107 shall be paid with respect to separations and reductions occurring on or after such date.

(f) CLIMATE CHANGE EDUCATION.—Subtitle B and the amendment made by section 106 adding section 9513(c)(5) of the Internal Revenue Code of 1986 shall take effect on the date of the enactment of this Act, and amounts shall first be allocated to the Climate Literacy Account for the first calendar quarter of the first applicable year.

## Subtitle B—Climate Change Education

### SEC. 121. SHORT TITLE; DEFINITIONS.

(a) SHORT TITLE.—This subtitle may be cited as the "Climate Change Education Act of 2027".

(b) DEFINITIONS.—In this subtitle—

> (1) CLIMATE CHANGE EDUCATION.—The term "climate change education" means formal, informal, and nonformal interdisciplinary learning at all age levels about—

(A) sustainable energy production and consumption, climate change, climate adaptation and mitigation, climate resilience, and climate justice;

(B) the effects of the combustion of fossil fuels, of climate change, of climate adaptation and mitigation, of climate resilience, and of climate justice on the environmental, energy, social, and economic systems of the United States, including on environmental justice communities;

(C) accounting of past and future emissions of carbon dioxide from the combustion of fossil fuels and from changes in land use, and of the remaining global budget of such emissions for limiting warming to 1.5 degrees Celsius, 2 degrees Celsius, and other levels of warming, including the estimates published under section 202(a); and

(D) the measures of this Act and the benefits available under it.

(2) CLIMATE JUSTICE.—The term "climate justice" means the fair treatment and meaningful involvement of all people, regardless of race, color, culture, national origin, or income, with respect to the development, implementation, and enforcement of policies and projects to ensure that each person enjoys the same degree of protection from the adverse effects of climate change.

(3) CLIMATE LITERACY.—The term "climate literacy" means competence or knowledge of climate change, its causes and impacts, and the technical, scientific, economic, and social dynamics of promising solutions.

(4) ENVIRONMENTAL JUSTICE COMMUNITY.—The term "environmental justice community" means a community with significant representation of communities of color, low-income communities, or Tribal and indigenous communities that experiences, or is at risk of experiencing, higher or more adverse human health or environmental effects as compared to other communities, and includes any disadvantaged community (as defined in section 108(a)(1)).

(5) GREEN ECONOMY.—The term "green economy" means an economy that results in improved human and economic well-being and social equity by significantly reducing environmental risks and ecological scarcities.

(6) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given such term in section 101 of the Higher

Education Act of 1965 (20 U.S.C. 1001).

(7) LOCAL EDUCATIONAL AGENCY; STATE EDUCATIONAL AGENCY.—The terms "local educational agency" and "State educational agency" have the meanings given such terms in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(8) NONFORMAL.—The term "nonformal" means, with respect to learning, out-of-school educational programming carried out by nonprofit organizations and public agencies.

(9) NONPROFIT ORGANIZATION.—The term "nonprofit organization" means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code.

(10) TRIBAL EDUCATION AGENCY.—The term "Tribal education agency" means the agency, department, or instrumentality of an Indian Tribe (as defined in section 108(a)(3)) that is primarily responsible for supporting Tribal students' elementary and secondary education.

(11) UNDER SECRETARY.—The term "Under Secretary" means the Under Secretary of Commerce for Oceans and Atmosphere.

(12) YOUTH CORPS ORGANIZATION.—The term "youth corps organization" includes a qualified youth or conservation corps (as defined in section 203 of the National and Community Service Act of 1990 (42 U.S.C. 12572)).

## SEC. 122. CLIMATE LITERACY ACCOUNT; FLOOR, CAP, AND ALLOCATION.

(a) AVAILABILITY.—Amounts in the Climate Literacy Account under section 9513(c)(5) of the Internal Revenue Code of 1986 shall be available to the Under Secretary without further appropriation to carry out this subtitle, and shall remain available until expended.

(b) FLOOR.—For each fiscal year beginning with fiscal year 2028 (or, if later, the first fiscal year beginning after the date of the enactment of this Act) and ending with fiscal year 2040, if the amounts transferred to the Climate Literacy Account for such fiscal year are less than $400,000,000, adjusted for inflation after fiscal year 2028, the difference—

(1) for any such fiscal year ending on or before September 30, 2036, is appropriated, out of any money in the Treasury not otherwise appropriated, to such Account; and

(2) for any later such fiscal year, shall be transferred to such Account from the Climate Dividend Account.

(c) CAP.—Amounts that would be transferred to the Climate Literacy Account for any fiscal year in excess of $1,500,000,000, adjusted for inflation after fiscal year 2028, shall instead be allocated among the accounts described in paragraphs (1) through (3) of section 9513(c) of such Code in proportion to their percentages under such paragraphs.

(d) ALLOCATION.—Of the amounts available under this section for each fiscal year—

(1) 78 percent shall be used for grants under section 124;

(2) 6 percent shall be used to carry out the Environmental Literacy Program under section 123(c);

(3) 5 percent shall be used for public media under section 126(a);

(4) 3 percent shall be used for Tribal climate education under section 125;

(5) 3 percent shall be transferred to the Administrator of the National Aeronautics and Space Administration to carry out section 126(b);

(6) 3 percent shall be transferred to the Director of the National Science Foundation to carry out section 127(a); and

(7) not more than 2 percent may be used for the administration of this subtitle, subject to section 127(b).

(e) NO TRANSFER OR REPROGRAMMING.—Amounts made available under this subtitle shall be used only for the purposes specified in this subtitle, and may not be transferred or reprogrammed for any other purpose.

(f) SUPPLEMENT, NOT SUPPLANT.—Amounts made available under this subtitle shall supplement, and not supplant, amounts otherwise appropriated for education programs of the National Oceanic and Atmospheric Administration, the National Aeronautics and Space Administration, the National Science Foundation, and the Department of Education.

## SEC. 123. CLIMATE CHANGE EDUCATION PROGRAM; ENVIRONMENTAL LITERACY PROGRAM.

(a) PROGRAM.—Not later than 1 year after the date of the enactment of this Act, the Under Secretary, acting through the Office of Education of the National Oceanic and Atmospheric Administration and the Climate Change Education Office (as established or maintained under section 211), shall establish a Climate Change Education Program to—

(1) increase the climate literacy of the United States by broadening the understanding of climate change, including its possible long-term and short-term consequences and potential solutions;

(2) apply the latest scientific and technological discoveries, including through the use of the scientific assets of the National Oceanic and Atmospheric Administration and the National Aeronautics and Space Administration, to provide formal, informal, and nonformal learning opportunities to individuals of all ages, including individuals of diverse cultural and linguistic backgrounds; and

(3) emphasize actionable information to help people understand and promote implementation of new technologies, programs, and incentives related to climate change, climate adaptation and mitigation, and climate resilience, including the benefits available under this Act.

(b) COMMUNITIES OF PRACTICE.—The Under Secretary shall support a community of practice for the recipients of grants in each category under section 124(b).

(c) ENVIRONMENTAL LITERACY PROGRAM.—The Under Secretary shall carry out, through the Office of Education, the Environmental Literacy Program of the National Oceanic and Atmospheric Administration, as in effect on January 1, 2025, as a program of competitive grants to institutions of formal, informal, and nonformal education, including museums, aquariums, nature centers, and community organizations, for education on climate change, climate resilience, and the remaining carbon budget, with not less than 40 percent of such grants serving environmental justice communities.

## SEC. 124. CLIMATE CHANGE EDUCATION GRANTS.

(a) IN GENERAL.—As part of the Climate Change Education Program, the Under Secretary shall make grants—

(1) to State educational agencies, in partnership with local educational agencies and local nonprofit organizations, to encourage and support plans and programs for formal and informal climate change education for grades 4 through 12—

(A) to ensure that students graduate from high school with high climate literacy, including through relevant teacher training and professional development; science, technology, engineering, arts and design, and mathematics education; and interdisciplinary studies; and

(B) to integrate key principles of climate change education into existing State academic content standards or curriculum frameworks, create model State climate change curricula, and develop and implement State teacher training programs;

(2) to institutions of higher education to—

(A) improve the quality of and access to training, certification, and higher education for jobs in the green economy, including sustainability science, and reduce institutional barriers to interdisciplinary teaching of climate change education; and

(B) engage teams of faculty and students in applied climate research and in services to local communities related to climate mitigation and adaptation, with priority for communities affected by climate change;

(3) to professional associations, for projects that build capacity at the State and national levels for continuing education by practicing professionals and the general public in green economy fields; and

(4) to youth corps organizations, for climate change education and service-learning in climate resilience, conservation, and the remediation of fossil fuel sites.

(b) ALLOCATION.—Of the amounts made available under section 122(d)(1) for each fiscal year—

(1) 50 percent shall be used for grants under subsection (a)(1);

(2) 30 percent shall be used for grants under subsection (a)(2);

(3) 10 percent shall be used for grants under subsection (a)(3); and

(4) 10 percent shall be used for grants under subsection (a)(4).

(c) MINIMUM STATE AWARD.—Each grant under subsection (a)(1) shall be in an amount not less than $1,000,000.

(d) ENVIRONMENTAL JUSTICE.—

(1) HIGHER EDUCATION AND YOUTH CORPS.—Not less than 40 percent of the amounts used for grants under each of paragraphs (2) and (4) of subsection (b) shall be used for grants to entities that serve environmental justice communities.

(2) STATE EDUCATIONAL AGENCIES.—Each State educational agency receiving a grant under subsection (a)(1) shall use not less than 40 percent of such grant for subgrants to, or activities in, local educational agencies that serve disadvantaged communities (as defined in section 108(a)(1)).

(e) INTERAGENCY AGREEMENT.—The Under Secretary may carry out subsection (a)(1) through an interagency agreement with the Secretary of Education, and may enter into an interagency agreement with the Director of the National Science Foundation for the review of applications.

(f) RESERVED ENROLLMENT FOR COVERED WORKERS.—Each institution of higher education receiving a grant under subsection (a)(2)(A) shall reserve places in each funded program of training, certification, or study for covered workers (as defined in section 107(a)) and shall accept payment under section 107(f)(2) for such workers.

(g) YOUTH CORPS PRIORITY.—In making grants under subsection (a)(4), the Under Secretary shall give priority to youth corps organizations that serve fossil fuel-dependent communities (as defined in section 108(a)(2)) or Indian Tribes. A youth corps organization may partner with projects funded under section 108(b)(3), and corps members engaged in such projects shall be compensated in accordance with section 208 (if in effect).

## SEC. 125. TRIBAL CLIMATE EDUCATION.

(a) IN GENERAL.—The Under Secretary, in coordination with the Secretary of the Interior, shall use the amounts made available under section 122(d)(4) for grants directly to Indian Tribes and Tribal education agencies, and to Native Hawaiian organizations, for climate change education, including education that incorporates Indigenous knowledge, by formula developed in consultation with Indian Tribes.

(b) NO PASS-THROUGH.—Amounts under this section shall not be passed through any State, and may be provided through contracts and compacts under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5301 et seq.).

## SEC. 126. PUBLIC MEDIA AND NASA CLIMATE COMMUNICATIONS.

(a) PUBLIC MEDIA.—

> (1) IN GENERAL.—The Under Secretary shall provide the amounts made available under section 122(d)(3) to the Corporation for Public Broadcasting for competitive grants to public broadcasting entities, noncommercial educational broadcast station licensees, and independent and nonprofit producers for the production, broadcast, and digital distribution of science-based climate change education programming that uses data of the National Oceanic and Atmospheric Administration and the National Aeronautics and Space Administration.
>
> (2) INTERIM AWARDS.—For any fiscal year in which the Corporation for Public Broadcasting is not in existence or is not making grants on the first day of such fiscal year, the Under Secretary shall make such grants directly by competitive award to the entities described in paragraph (1).
>
> (3) EDITORIAL INDEPENDENCE.—No officer or employee of the United States shall direct, supervise, or control the content of any programming funded under this subsection.

(b) NASA CLIMATE COMMUNICATIONS.—The Administrator of the National Aeronautics and Space Administration, acting through the Science Mission Directorate, shall use the amounts transferred under section 122(d)(5) to restore and maintain public climate communications, including a public website presenting climate data and information, open access to Earth science data, and educational products derived from such data, and to support the programs under sections 123 through 126(a).

## SEC. 127. EVALUATION AND REPORT.

(a) INDEPENDENT EVALUATION.—The Director of the National Science Foundation, directly or through an interagency agreement with the Director of the Institute of Education Sciences, shall use the amounts transferred under section 122(d)(6) for independent evaluation of the effectiveness of activities funded under this subtitle, using experimental or quasi-experimental designs where practicable, and for a national survey of the climate change knowledge, preparation, and instructional time of public school science teachers, conducted not less often than every 4 years.

(b) REPORT AS CONDITION OF ADMINISTRATIVE FUNDS.—Amounts under section 122(d)(7) shall be available for a fiscal year only if the Under Secretary has submitted to the Congress, not later than the end of the preceding fiscal year (beginning with the second fiscal year after the date of the enactment of this Act), a report on the scientific merits, educational effectiveness, and broader effects of activities carried out under this subtitle, including the results of evaluations under subsection (a) and the distribution of funds to environmental justice communities and Indian Tribes.

# TITLE II—EXTRACTION CEILING, NEW CAPACITY, EXPORTS, AND ACCOUNTABILITY

## SEC. 201. UNITED STATES FOSSIL CARBON CEILING.

(a) EXTRACTION ALLOWANCES.—For each calendar year beginning with the first applicable year, the Administrator shall establish, for each category of covered fossil fuel, a number of extraction allowances, each authorizing the extraction of covered fossil fuel with a carbon content of 1 metric ton, equal to the national trajectory quantity for such category for such year.

(b) END OF EXTRACTION.—No allowance shall be established for any category for any calendar year during or after the statutory end year for such category.

(c) REQUIREMENT.—Beginning on January 1 of the first applicable year, no person shall extract any covered fossil fuel within the United States unless such person surrenders to the Administrator, not later than April 1 of the following calendar year, extraction allowances of the same category equal to the carbon content of the fuel extracted.

(d) AUCTION.—The Secretary of the Treasury shall sell all allowances established un-

der subsection (a) by quarterly auction, beginning not later than 90 days before the first applicable year. No allowance shall be allocated without charge. No allowance shall be sold for less than a reserve price of $5 per allowance, adjusted for inflation after 2028, and any allowance not sold at or above the reserve price shall be permanently retired. No person may purchase allowances unless it maintains the financial assurance required by section 205(b).

(e) BANKING.—An allowance may be surrendered for the year for which it is established or for any later year, except that no allowance may be surrendered for extraction during or after the statutory end year for its category. No allowance may be borrowed from any future year.

(f) ENFORCEMENT.—A person who fails to surrender allowances as required shall pay a penalty equal to 3 times the enforcement rate under section 4692(c) of the Internal Revenue Code of 1986 for each metric ton not covered, and the number of allowances established for the following calendar year shall be reduced by the quantity not covered. Section 113(c) of the Clean Air Act (42 U.S.C. 7413(c)) shall apply to knowing violations of this section as if they were violations of that Act.

(g) RECEIPTS.—Auction proceeds and penalties under this section shall be deposited in the Climate Justice and Just Transition Trust Fund under section 9513 of the Internal Revenue Code of 1986.

(h) ADMINISTRATION.—The Administrator shall administer this section, except that the Secretary of the Treasury shall conduct auctions under subsection (d). Each shall prescribe regulations not later than 270 days after the date of the enactment of this Act.

(i) METALLURGICAL COAL ALLOWANCES.—

> (1) ESTABLISHMENT.—For each calendar year beginning with the first applicable year and ending before the statutory end year for metallurgical coal, the Administrator shall establish metallurgical coal allowances equal to the national trajectory quantity for metallurgical coal under section 4(d)(5). Such allowances may be surrendered only for metallurgical coal and may not be surrendered for any other coal.
>
> (2) FACILITY SHARES.—Not later than 180 days before the first applicable year, the Administrator shall assign to each ironmaking facility a share of the metallurgical coal allowances for each calendar year equal to that facility's proportion of the base quantity under section 4(d)(5)(A).

(3) SALE AT RESERVE PRICE.—Notwithstanding subsection (d), the Secretary of the Treasury shall offer the allowances in each facility's share quarterly for sale only to the owner or operator of that facility, at the reserve price under subsection (d). No such allowance shall be allocated without charge. Any such allowance not purchased by the end of the calendar year for which it is established shall be permanently retired. The financial assurance requirement of subsection (d) applies.

(4) USE AND BANKING.—An owner or operator may transfer allowances purchased under paragraph (3) only to a person extracting metallurgical coal for delivery to an ironmaking facility under common ownership with the facility for which they were purchased, for surrender by that person under subsection (c), subject to section 4(d)(5)(E). Allowances may not otherwise be sold or transferred. Subsection (e) applies, except that no such allowance may be surrendered for any extraction on or after January 1, 2040.

(5) OTHER PROVISIONS.—Subsections (b), (c), (f), (g), and (h) apply to metallurgical coal allowances as they apply to other allowances, except that the statutory end year under section 4(d)(5)(C) applies.

(6) REPORTING.—Each person who extracts metallurgical coal, and each owner or operator of an ironmaking facility, shall report deliveries, imports, and consumption to the Administrator quarterly under the chain-of-custody certification described in section 4(c)(9).

## SEC. 202. SCIENCE RATCHET; NO RELEASE OF TONNES.

(a) ANNUAL BUDGET DETERMINATION.—Not later than September 30 of each year beginning in 2028, the Administrator, in consultation with the Administrator of the National Oceanic and Atmospheric Administration and the National Academy of Sciences, shall publish the best estimate of the remaining global budget of carbon dioxide emissions for an even chance of limiting warming to 1.5 degrees Celsius, as of January 1 of that year, drawn from the most recent assessment of the Intergovernmental Panel on Climate Change or, if more recent, from peer-reviewed updates of the indicators of global climate change.

(b) REFERENCE BUDGET.—The reference budget for any year is 130,000,000,000 metric tons of carbon dioxide, reduced by cumulative global emissions of carbon dioxide from January 1, 2026, through December 31 of the preceding year.

(c) TIGHTENING ONLY.—If the estimate published under subsection (a) is less than the reference budget, the sum of the national trajectory quantities for all categories for all calendar years after the following calendar year shall be reduced by 14 percent of the difference, apportioned among years and categories in proportion to the quantities otherwise established, and the trajectory percentages under section 4(d), the allowances under section 201, and the export quota percentages under section 204 shall be reduced accordingly. No determination under this section shall increase any quantity or percentage.

(d) NO RELEASE OF TONNES.—No pause, freeze, waiver, emergency determination, just transition plan, closing agreement, or other action under this Act or any other provision of law shall increase any trajectory percentage, national trajectory quantity, or number of allowances, or postpone any statutory end year. The household protection pause under section 4691(c)(3) of the Internal Revenue Code of 1986 and any price emergency under section 109(c) affect only the price of carbon and the assistance paid to households.

(e) RECOMMENDATIONS.—Not later than 180 days after the approval of any assessment report of the Intergovernmental Panel on Climate Change, the Administrator shall recommend to the Congress any further reduction in the trajectory percentages, and any advance of the statutory end years, necessary to conform them to such report.

## SEC. 203. NO NEW FOSSIL FUEL CAPACITY; FEDERAL LEASE BUYBACK.

(a) FEDERAL LEASING.—Notwithstanding any other provision of law, including Public Law 119–21, after the date of the enactment of this Act the Secretary of the Interior shall not hold any lease sale for, issue any lease for, or extend beyond its primary term any nonproducing lease for, oil, natural gas, or coal on Federal lands or the outer Continental Shelf.

(b) PROHIBITION.—After the date of the enactment of this Act, no person shall—

(1) commence drilling a well for the production of oil or natural gas, except within a spacing, proration, or pooled unit that produced oil or natural gas in commercial quantities during the 12 months preceding the introduction date;

(2) open a new coal mine, or expand the permitted area of an existing coal mine; or

(3) commence construction of any new or expanded natural gas liquefaction capacity, export terminal capacity for any covered fossil fuel, crude oil distillation or other refining capacity, or pipeline capacity for transporting covered fossil fuel, other than the replacement of existing capacity without increase, or construction certified by the Federal Energy Regulatory Commission, on the petition of the Electric Reliability Organization, as necessary to prevent a loss of electric reliability.

(c) FEDERAL AUTHORIZATIONS.—No Federal permit, lease, certificate, license, or other authorization, including under section 3 or 7 of the Natural Gas Act, the Mineral Leasing Act, the Outer Continental Shelf Lands Act, the Surface Mining Control and Reclamation Act of 1977, or section 404 of the Federal Water Pollution Control Act, shall be issued for any activity prohibited by subsection (b).

(d) EXCEPTIONS.—Subsection (b) does not apply to wells drilled to plug, relieve, or monitor existing wells, for permanent geologic storage of carbon dioxide other than in connection with enhanced recovery, or for geothermal energy.

(e) FACILITIES UNDER CONSTRUCTION.—Subsection (b)(3) does not apply to the completion of a facility the construction of which commenced before the introduction date under an authorization in effect on that date. Any such facility may export only within the quota under section 204, and shall not increase any export base quantity.

(f) FEDERAL LEASE BUY-BACK.—

(1) OFFER.—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Interior shall offer to each holder of a nonproducing oil, natural gas, or coal lease on Federal lands or the outer Continental Shelf the cancellation of such lease in exchange for a payment equal to the bonus bid and rentals paid under such lease, together with documented expenditures for exploration and development not otherwise recovered, plus interest.

(2) RELEASE.—Acceptance of an offer shall release the United States from all claims arising under such lease.

(3) FUNDING.—Payments under this subsection shall be made from the permanent judgment appropriation under section 1304 of title 31, United States Code, as a compromise of claims, and not from the Climate Justice and Just Transition Trust Fund.

(g) ENFORCEMENT.—The Attorney General may bring a civil action to enjoin any violation of subsection (b), and any person who violates such subsection shall be liable for a civil penalty of not more than $100,000 for each day of violation, adjusted for inflation.

## SEC. 204. EXPORT LICENSE QUOTA.

(a) LICENSE REQUIRED.—Under the authority of the Congress to regulate commerce with foreign nations, beginning on January 1 of the first applicable year, no person may export a covered fossil fuel from the United States except under a license issued by the Secretary of Commerce, in consultation with the Secretary of Energy.

(b) NO FEE.—No fee, tax, charge, auction payment, or other exaction or consideration of any kind shall be imposed or collected by the United States as a condition of, or in connection with, applying for, receiving, holding, transferring, or using a license under this section. Licenses may not be sold, and may be transferred only with the approval of the Secretary of Commerce and without consideration.

(c) AGGREGATE QUOTA.—The aggregate quantity of each class of covered fossil fuel licensed for export in each calendar year shall not exceed the percentage, specified in the following table, of the quantity of such class exported from the United States in calendar year 2025 (in this section referred to as the "export base quantity"), as reported by the Energy Information Administration:

Table 4: Export license quota, as a percentage of calendar year 2025 export quantities.

| **Calendar year** | **Coal** | **Crude oil, bitumen, and NGLs** | **Natural gas by pipeline** | **Liquefied natural gas** |
|---|---|---|---|---|
| 2028 | 80 | 90 | 90 | 90 |
| 2029 | 70 | 80 | 80 | 80 |
| 2030 | 60 | 72 | 72 | 70 |
| 2031 | 45 | 64 | 64 | 60 |
| 2032 | 35 | 56 | 56 | 50 |
| 2033 | 20 | 48 | 48 | 40 |
| 2034 | 10 | 40 | 40 | 30 |
| 2035 | 0 | 32 | 32 | 20 |
| 2036 | 0 | 24 | 24 | 10 |
| 2037 | 0 | 16 | 16 | 0 |
| 2038 | 0 | 10 | 10 | 0 |
| 2039 | 0 | 5 | 5 | 0 |
| 2040 and each year thereafter | 0 | 0 | 0 | 0 |

(d) Adjustments That Only Tighten.—

(1) Not Above Trajectory.—The percentage for any class for any calendar year shall not exceed the trajectory percentage for the corresponding category under section 4(d) for such year.

(2) Overshoot Tightening.—For each calendar year following a calendar year for which national extraction of a category exceeded the national trajectory quantity for such category, as determined under section 4692(d) of the Internal Revenue Code of 1986 or under section 201, the percentage for each corresponding class shall be reduced by an additional 10 percentage points, but not below zero.

(3) Ratchet.—The percentages shall be reduced as provided in section 202(c).

(e) No New Export Capacity.—No license shall be issued under this section for export through any liquefaction facility or train, export terminal, or cross-border pipeline (or any expansion of the capacity of any such facility) that was not in commercial operation on the date of the enactment of this Act, except a facility described in section 203(e), which may be licensed only within the quota.

(f) Allocation.—The Secretary of Commerce shall allocate licenses under this section, without auction, among exporters in proportion to their exports during calendar years 2023 through 2025, except that the Secretary shall give priority, within the quota, to exports under written contracts executed before January 1, 2026, with buyers in countries that the Secretary of State certifies have in force a law establishing a target of net-zero greenhouse gas emissions, until the earlier of the expiration of such contract or December 31, 2035.

(g) Reliability of Household Electric Service in Mexico and Canada.—For each calendar year before 2040, the Secretary of Commerce may issue licenses, in addition to the quota under subsection (c), for exports of natural gas by pipeline to Mexico or Canada that the Secretary of Energy certifies are necessary for the reliability of electric or heating service to households in such country, in a quantity not exceeding the quantity so exported for such use in calendar year 2025. Exports under this subsection remain subject to the ceiling under section 201 and to the tax under section 4691 of the Internal Revenue Code of 1986.

(h) Allied Emergency.—Upon a written finding, transmitted to the Congress, that the International Energy Agency has initiated a collective action, or that a member

of the North Atlantic Treaty Organization, Japan, or the Republic of Korea faces an energy supply emergency, the President may increase the quota for any class for a period not to exceed 180 days by not more than 15 percent of the export base quantity. Any increase under this subsection shall be deducted from the quota for the following calendar year, shall not apply to exports through facilities described in subsection (e), and shall not increase any allowance under section 201.

(i) CONFORMING PROVISIONS.—Section 101 of division O of the Consolidated Appropriations Act, 2016 (42 U.S.C. 6212a) is repealed. Section 3(c) of the Natural Gas Act (15 U.S.C. 717b(c)) shall not apply to any covered fossil fuel, and no authorization under section 3 of such Act shall permit any export in excess of the licenses issued under this section.

(j) EXCLUSIONS.—This section shall not apply to covered fossil fuel transported in bond through the United States from one foreign country to another, or to shipments to any territory or possession of the United States.

(k) PENALTIES.—Any person who exports a covered fossil fuel in violation of this section shall be subject to the penalties set forth in sections 1760 and 1761 of the Export Control Reform Act of 2018 (50 U.S.C. 4819 and 4820).

## SEC. 205. SUCCESSOR LIABILITY AND FINANCIAL ASSURANCE.

(a) SUCCESSOR LIABILITY.—No transfer after the date of the enactment of this Act of any well, mine, or facility used in fossil fuel activities shall relieve the transferor, or any member of the transferor's aggregated group (within the meaning of section 59B(d)(2) of the Internal Revenue Code of 1986), of any obligation to plug, remediate, or reclaim such property, unless the transferee has posted financial assurance sufficient to pay the full cost of such obligations, as determined by the Secretary of the Interior.

(b) FULL-COST FINANCIAL ASSURANCE.—Not later than 2 years after the date of the enactment of this Act, each operator of an oil or gas well or a coal mine in the United States, on Federal, State, Tribal, or private land, shall maintain financial assurance, in the form of a surety bond, letter of credit, or trust fund, sufficient to pay the full cost of plugging every well and reclaiming every mine it operates, as determined by the Secretary of the Interior. State or Tribal requirements that are at least as protective satisfy this subsection. Such assurance is a condition of the purchase of allowances under section 201 and of the receipt of any license under section 204.

(c) RECOVERY.—The Secretary of the Interior may recover the cost of plugging or reclaiming any orphaned well or abandoned mine from any person that was an owner, operator, or lessee of such property at any time after the date of the enactment of this Act, jointly and severally.

## SEC. 206. FENCELINE PROTECTION AND REFINERY RETIREMENT.

(a) FENCELINE MONITORING.—Not later than 2 years after the date of the enactment of this Act, the Administrator shall require each petroleum refinery, petrochemical facility, liquefaction facility, export terminal, ironmaking facility (as defined in section 4(c)(9)), and coke oven battery in the United States to conduct continuous fenceline monitoring of benzene, 1,3-butadiene, ethylene oxide, hydrogen sulfide, sulfur dioxide, and fine particulate matter, and, at ironmaking facilities and coke oven batteries, polycyclic aromatic hydrocarbons, and to make the results publicly available in real time, in the languages commonly spoken in the surrounding community. Any exceedance of an action level established by the Administrator shall require a root-cause analysis and corrective action within 45 days, and shall be enforceable by citizen suit under section 304 of the Clean Air Act (42 U.S.C. 7604).

(b) REFINERY RETIREMENT PLANNING.—The owner of each petroleum refinery in operation on the date of the enactment of this Act shall submit to the Secretary of Energy, the Secretary of Labor, the Administrator, and the community transition board (if any) for the area in which the refinery is located, and shall publish, a retirement and remediation plan, updated every 5 years, including the expected date of retirement, the expected decline in throughput consistent with the crude oil available under section 4(d), notice to workers, and the remediation of the site.

(c) NO NEW REFINING CAPACITY.—For the prohibition of new or expanded refining capacity, see section 203(b)(3).

(d) IRONMAKING CONVERSION PLANS.—

> (1) PLANS.—Not later than 1 year after the date of the enactment of this Act, the owner of each ironmaking facility shall submit to the Secretary of Energy, the Secretary of Labor, the Administrator, and the community transition board (if any) for the area in which the facility is located, and shall publish, a conversion and retirement plan, updated every 5 years, that includes—
>
> > (A) the date, not later than December 31, 2039, on which each

blast furnace and coke oven battery at the facility will permanently cease operation;

(B) any direct reduction or electric arc furnace capacity that will replace it, with construction milestones;

(C) notice to workers and their representatives, and the expected employment at the site before and after conversion;

(D) the remediation of the site; and

(E) an assessment of the process safety of coke oven gas, byproduct, and isolation systems, addressing the recommendations of the Chemical Safety and Hazard Investigation Board in its investigation of the August 2025 explosion at the Clairton Coke Works.

(2) BINDING PLANS.—A plan filed for purposes of section 4(d)(5)(E)(i) shall state that it is binding, and its dates and milestones are enforceable under paragraph (3).

(3) ENFORCEMENT.—Failure to meet a date or milestone in a binding plan shall result in the permanent retirement of all metallurgical coal allowances assigned to the facility for later years, and shall be enforceable by the Administrator under section 113 of the Clean Air Act (42 U.S.C. 7413) and by citizen suit under section 304 of such Act (42 U.S.C. 7604).

(e) END OF COKE OVEN OPERATION.—No person shall operate in the United States a coke oven battery, or a blast furnace that consumes coal or coke as a reductant, on or after January 1, 2040. This subsection applies whether such coal or coke was extracted or produced within or outside the United States, and shall be enforceable as provided in subsection (d)(3). Any compensation, judgment, or settlement arising from this subsection shall be paid as provided in section 3(f)(3).

## SEC. 207. HOUSEHOLD ENERGY AFFORDABILITY STANDARDS.

(a) RATEMAKING STANDARDS.—Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) is amended by adding at the end the following:

"(__) ENERGY AFFORDABILITY.—Each electric utility, and each gas utility, shall offer to residential customers with income not exceeding 200 percent of the poverty line a rate or bill credit that limits home energy costs to not

more than 6 percent of household income, together with arrearage management and the forgiveness of arrears accrued before the date of enactment of this paragraph.

"(__) DISCONNECTION PROTECTION.—No electric utility or gas utility shall disconnect residential service for nonpayment during any period in which the National Weather Service has issued an extreme heat or extreme cold warning for the service area, or for any household that includes an individual for whom such service is medically necessary.".

Each State regulatory authority and each nonregulated utility shall commence consideration of such standards not later than 1 year after the date of the enactment of this Act, and shall complete such consideration and make a determination not later than 2 years after such date.

(b) NO UTILITY PASS-THROUGH.—Without regard to whether section 59B(h)(4) of the Internal Revenue Code of 1986 is in effect, no tax imposed by section 59B or 4692 of such Code, and no increase in tax under section 3 of this Act, shall be included in the cost of service, revenue requirement, or any rate, charge, rider, or surcharge of any public utility, natural gas company, or oil pipeline, and any rate that includes such a tax shall be unjust and unreasonable under section 4 of the Natural Gas Act (15 U.S.C. 717c) and section 205 of the Federal Power Act (16 U.S.C. 824d), and preempted to the extent established by a State regulatory authority.

(c) TRUTH IN SURCHARGES.—It shall be an unfair or deceptive act or practice under section 5 of the Federal Trade Commission Act (15 U.S.C. 45) for any seller of a covered fossil fuel, of a product refined from a covered fossil fuel, or of electricity, to represent that any surcharge or price increase is attributable to this Act in an amount exceeding the tax or charge actually borne by such seller under this Act with respect to the product sold. The Federal Trade Commission shall report to the Congress annually on the pass-through of taxes and charges under this Act to retail prices.

## SEC. 208. LABOR STANDARDS AND PENSION SECURITY.

(a) LABOR STANDARDS.—Each project funded in whole or in part under section 108 or 109 shall—

(1) pay laborers and mechanics wages at rates not less than those prevailing as determined under subchapter IV of chapter 31 of title 40, United States

Code;

(2) for any project with total costs exceeding $10,000,000, be carried out under a project labor agreement; and

(3) give priority in hiring to covered workers (as defined in section 107(a)) and to residents of disadvantaged communities (as defined in section 108(a)).

(b) CONTROLLED GROUP LIABILITY.—For purposes of title IV of the Employee Retirement Income Security Act of 1974, any person that was a member of an aggregated group described in section 59B(d)(2) of the Internal Revenue Code of 1986 with a plan sponsor at any time after the introduction date shall be treated as a member of such sponsor's controlled group.

## SEC. 209. CARBON ACCOUNTING AND DISTRIBUTIONAL REPORTS.

(a) ANNUAL EXTRACTION AND CARBON BUDGET REPORT.—Not later than June 30 of each year beginning in 2029, the Administrator, the Administrator of the Energy Information Administration, the Secretary of the Treasury, and the Secretary of Commerce shall jointly report to the Congress and publish—

(1) United States extraction, exports, and imports of each category of covered fossil fuel, and of refined petroleum products, compared with the national trajectory quantities and the export quotas under this Act;

(2) cumulative United States extraction since January 1, 2026, compared with—

(A) the cumulative national trajectory quantities under section 4(d);

(B) a reference curve under which United States extraction declines from its 2025 level in proportion to the median reduction in global carbon dioxide emissions in the pathways assessed by the Intergovernmental Panel on Climate Change as limiting warming to 1.5 degrees Celsius with no or limited overshoot; and

(C) a share of the remaining global budget under section 202 proportional to the population of the United States;

(3) the difference, in metric tons of carbon dioxide and in estimated degrees Celsius of peak warming, between the cumulative quantities described in subparagraphs (A) and (B) of paragraph (2), and the measures that would close it;

(4) estimated emissions leakage abroad, including through imports of refined petroleum products and through the substitution of coal for natural gas in importing countries;

(5) measured methane emissions, including by satellite;

(6) the price of allowances, the applicable amount under section 4691 of the Internal Revenue Code of 1986, retail fuel prices, and any pause or price emergency in effect; and

(7) for covered iron and steel products entered for consumption, the carbon dioxide released from carbonates and the emissions from purchased electricity embodied in such products, by country of origin and production route, compared with the embodied fossil carbon charged under section 103(i), and the quantity of coal and coke consumed at each ironmaking facility, by source.

(b) Annual Distributional Report.—Not later than September 30 of each year beginning in 2029, the Secretary of the Treasury, in consultation with the Joint Committee on Taxation, the Administrator, the Secretary of Energy, the Secretary of Labor, and the Commissioner of Labor Statistics, shall submit to the Congress and publish a report on the effects of this Act during the preceding calendar year, including—

(1) the net incidence of this Act by household income decile, race and ethnicity, region, rural and urban residence, and Tribal residence, including the average net benefit or cost to households in each of the lowest two income quintiles;

(2) home energy burden by income decile and region, including for households heating with propane or heating oil;

(3) employment, wages, benefits paid under section 107, and the status of pension plans covering covered workers;

(4) public revenue in fossil fuel-dependent communities and grants under section 108;

(5) air quality and health outcomes in disadvantaged communities, including fenceline monitoring results under section 206; and

(6) the accounting required by section 108(d).

(c) RECOMMENDATIONS.—If a report under subsection (b) finds that households in the lowest two income quintiles bore a net cost, or that any guarantee under section 107 was not paid in full, the report shall include recommendations to the Congress to correct such result without increasing any quantity under this Act.

(d) LEAKAGE REVIEW.—If a report under subsection (a) estimates that leakage exceeds 60 percent of the gross reduction in emissions attributable to this Act for 2 consecutive years, the Secretary of State shall submit to the Congress recommendations for agreements with other producing countries to coordinate reductions in fossil fuel supply.

(e) SCIENCE REVIEW.—Every 5 years, the National Academy of Sciences shall review whether the trajectory percentages and statutory end years under this Act remain consistent with the best available science, and shall report its findings to the Congress.

(f) COMPTROLLER GENERAL.—The Comptroller General of the United States shall evaluate the implementation of this Act not later than 3 years after the date of the enactment of this Act and every 3 years thereafter.

## SEC. 210. REGULATIONS; CONSULTATION; PRINCIPLE OF INTERPRETATION.

(a) REGULATIONS.—The Secretary of the Treasury, the Secretary of Commerce, the Secretary of Labor, the Secretary of Energy, the Secretary of the Interior, and the Administrator shall each prescribe such regulations as are necessary to carry out the provisions of this Act within their respective jurisdictions, including rules for allocating income to fossil fuel activities and for preventing avoidance through related-party transactions, inversions, transfers to untaxed persons, or the reclassification of products.

(b) CONSULTATION.—Each such official shall consult with Indian Tribes on a government-to-government basis, and shall hold public hearings in disadvantaged communities, before prescribing final regulations under this Act.

(c) PRINCIPLE OF INTERPRETATION.—Sections 105 and 107 through 109 are remedial and shall be construed liberally in favor of the individuals, households, workers, Tribes, and communities they protect. In the case of ambiguity in section 201, 203, or 204, the provision shall be construed so as to allow for the most effective abatement

of net global greenhouse gas emissions, including emissions resulting from leakage, and no provision of this Act shall be construed to permit extraction in excess of the national trajectory quantities. This subsection shall not be applied to determine the amount of any tax.

## SEC. 211. CLIMATE CHANGE EDUCATION OFFICE; PUBLIC INFORMATION; LOCAL CONTROL; PUBLIC BROADCASTING.

(a) CLIMATE CHANGE EDUCATION OFFICE.—There shall be, within the Office of Education of the National Oceanic and Atmospheric Administration, a Climate Change Education Office to administer subtitle B of title I. If the Office of Education or the Climate Change Education Office is not in existence on the date of the enactment of this Act, the Under Secretary of Commerce for Oceans and Atmosphere shall establish it not later than 180 days after such date, and neither Office shall be abolished, consolidated, or reorganized except by Act of Congress.

(b) PUBLIC INFORMATION ON BENEFITS.—The Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health and Human Services shall each conduct continuing public information campaigns, in the languages commonly spoken in the communities served, to inform eligible individuals and households of the climate dividend under section 6439 of the Internal Revenue Code of 1986, assistance under section 109, and benefits under section 107, respectively, including through community organizations and community transition boards established under section 108(c).

(c) LOCAL CONTROL OF CURRICULUM.—Nothing in subtitle B of title I shall be construed to authorize any officer or employee of the Federal Government to mandate, direct, or control the specific instructional content, academic standards, assessments, curriculum, or program of instruction of any State, local educational agency, or school, or to condition any grant on the adoption of any specific instructional content, academic standards, assessments, or curriculum.

(d) CORPORATION FOR PUBLIC BROADCASTING.—If the Corporation for Public Broadcasting has been dissolved before the date of the enactment of this Act, it shall be reestablished as a nonprofit corporation in accordance with section 396 of the Communications Act of 1934 (47 U.S.C. 396), and the President shall nominate members of its Board of Directors under subsection (c) of such section not later than 90 days after such date.

## SEC. 212. EFFECTIVE DATES FOR TITLE II.

(a) ON ENACTMENT.—Section 202 (other than subsection (c)) and sections 203, 205, 206, 207, 208, 210, and 211 shall take effect on the date of the enactment of this Act.

(b) CEILING AND EXPORT QUOTA.—Sections 201, 202(c), and 204 shall apply beginning on January 1 of the first applicable year, except that auctions under section 201(d) and the allocation of licenses under section 204 shall begin not later than 90 days before such date.

(c) REPORTS.—Section 209 shall take effect on the date of the enactment of this Act, and the first reports under subsections (a) and (b) of such section shall be submitted in the calendar year following the first applicable year.