

Meeting Notes - December 2015 Monthly Meeting

Palouse Region Chapter, Citizens' Climate Lobby

Time: Thursday, December 1, 5:30 to 7:00 pm

Place: Daily Grind, 230 E. Main St., Pullman

Present: Diana Armstrong, Deb Olson, Mary DuPree, Steve Flint, Paul Spencer, Al Poplawsky, Rob Briggs, Judy Meuth, Ginny Lohr, Gretchen Wissner, Greg Brabeck, Katie Gieske, Kathy Nicholson, Jeffrey Ramsey

Action Items from December Meeting

- Jeff and Katie – Send Rob text and link for LTEs once they are published.
- Al and Rob – Write COP21-inspired op-ed or LTEs.
- Ginny – Prepare poll for new meeting time.
- Deb – Check on possibility of holding future meetings at the Umpqua Bank in Pullman.
- Mary – Check on possibility of holding future meetings at the old federal building in Moscow.
- Deb – Explore how we might arrange a CCL presentation to Pullman Chamber of Commerce.
- Mary and Al – Organize an outreach event in Moscow suitable for U of I and high school students.
- Gretchen and Mary – Discuss outreach to Moscow High School Environmental Club and contact club sponsor.
- Greg and Ginny – Attend and ask a question at the Legislative Issues Forum at the Foley Institute at noon Wednesday, Dec. 9, in Bryan Hall 308.
- Jeff – Pursue idea of CCL adopting a two mile stretch of highway 95.

Recent Media Successes:

- Front page story in Moscow-Pullman Daily News 11/12/15 entitled “Organization sees hope for combating climate change” covering Mary’s presentation to the Moscow LWV
- LTE in MPDN 11/18/15 entitled “Risk aversion” by Jeffrey B. Ramsey
- LTE in MPDN 11/20/15 entitled “Climate change solution” by Steve Flint
- Op-ed in MPDN 10/28/15 entitled “Changing the climate by fouling our nest” by Pete Haug.

Review of Action items from November meeting

- Planned meeting with Lewiston Tribune editorial board has been pushed back until early January – Rob, Katie, Jules, and Al are slated to participate.
- Tuesday (12/1) CCL fundraiser was a big success meeting the \$80,000 match and raising a total of more than \$250,000.
- Spokane’s Climate March on Sunday Nov. 29 was reasonably well attended in spite of the cold. Independent 5th district candidate for the US House of Representative Dave Wilson spoke and had strong words of support for both CCL and I-732, CarbonWA’s initiative to the legislature.

Capitol Hill Report

- Ginny, Jeffrey, and Anne attended the November Lobby Day Nov. 16 and 17 in Washington, DC. Ginny shared several documents (**attached**) that were unveiled during the Monday training sessions:
 - Summary of questions and concerns from Members of Congress raised during the June lobbying meetings

- New more-detailed analysis of how the dividends would be distributed
- Frequently asked questions about CCL's legislative proposal.

CCL is seeing growing interest in its proposal on the Hill, and many responses from Republican legislators are encouraging. The analysis of lobby meetings reveal priority topics for our lobbying and media work. Ginny echoed Mark Reynolds' words in reminding us that "CCL is committed not to winning arguments but to solving problems." She pointed out Steve's most-recent letter to the editor as an example of the tone CCL now believes is the most effective.

Jeffrey reported on his meetings with MoCs, which ranged from "very supportive and interested" to challenging; i.e., revealing continuing denial of climate science. He reported on a very positive meeting with Pete Stegner, Senator Crapo's environmental aide. Stegner expressed his appreciation for the information that Steve has been providing him. Jeffrey also reported on serendipitous meetings with Ralph Nader, Tom Hartman, and a high-level international bank official.

- CCL will be adding a third lobby day, probably in March. This lobby day will involve in-district meetings, because this will give move CCL members the opportunity to participate and because in-district meetings are more likely to be face to face with MOCs rather than with staffers.
- Ginny also reported on in-district meetings with aides of Rep. Cathy McMorris Rodgers and Senator Maria Cantwell on November 6 and a planned meeting with staff of Senator Patty Murray on December 7. Both November meetings were "very positive." Valuable feedback from Rep. Cathy McMorris Rodgers aide was that he greatly appreciated CCL's constructive and respectful approach. He noted a letter written by a CCL volunteer Bart Preecs from Walla Walla that he found "very easy to share" with the Congresswoman and her DC staff and that it was "well received" back in DC. Bart's letter (**attached**) may serve as a useful model for how we communicate.

November CCL Call

- Ginny reported on the November call, which features Rob Williams with Resources for the Future (RFF). RFF has done economic policy analysis on a simple carbon fee and dividend measure. The RTF analysis largely confirm findings from the REMI study that most middle and lower income Americans would be financially better off under CF&D, even without accounting for any environmental benefits. While a carbon tax is inherently regressive, returning proceeds from carbon fees directly to individuals rather than through tax offsets makes the net effect progressive; i.e., financial beneficial to those with low incomes. CCL sponsored congressional briefings by RTF for both the Senate and House on the Thursday immediately following the November Lobby Day.
- The December call features Dr. David Titley, Retired Navy Rear Admiral who led the U.S. Navy's Task Force on Climate Change. Listen to the call here: <http://ccl.podbean.com/>

Action for December

- Write letters to the editor amplifying press attention surrounding the Paris climate meetings. CCL suggests reviewing local media for LTE angles and inspiration. Other sources for ideas that we discussed included the December issue of Scientific American, a recent issue of National Geographic, and a statement from the Carbon Tax Center signed by 32 eminent public figures. Steve suggested High Country News as a new target publication for letters, which would engage a different audience. Jeff and Katie reported having recently submitted LTEs to the MPDN and LT, respectively. Al indicated a willingness to submit an LTE or op-ed, and Rob suggested he might as well.

Future Meeting Times

We discussed changing the dates and times of our monthly meetings. The primary driver for a change is that CCL is changing the times for its international calls to the second Saturday of each month and strategically timed actions for chapters are released on the Tuesdays prior to the calls. We discussed potential meeting times that would not conflict for active chapter members. Three possibilities emerged as the most promising:

- The third Thursday of every month
- The third Wednesday of every month
- The second Wednesday of every month.

A downside to meeting on Wednesdays is that the meeting room in the Pullman Public Library is always unavailable at that time. We also discussed changing the time in consideration of those who work and find it difficult to arrive by 5:30 pm. The two alternative times under consideration are:

- 5:30 to 7:00 pm
- 6:00 to 7:30 pm

Ginny agreed to prepare a poll that we can use to gather feedback on future meeting dates and times. Deb agreed to inquire on the possibility of meeting at the Umpqua Bank in Pullman. Mary agreed to check on the possibility of meeting in the old federal building in Moscow.

Interest Group Updates

Tabling – Jeff and his kids did some tabling last summer, but mostly we have not found volunteers with time and interest in tabling. To clarify management of tabling materials, we decided that Jeff would be the steward for tabling materials in Moscow (which includes the large vertical banner as well as flyers, cards, and handouts) and Rob will be the steward of materials in Pullman (which includes a new small [14”×22”] poster, cards, and flyers). Anyone interested in tabling should contact Jeff (send text messages to area code two zero eight 874 3609) or Rob (email at rsb2 at turbonet dot com).

Outreach Event – Mary and Al will organize an outreach event designed to attract and engage U of I and possibly Moscow high school students in early January. The event will be designed to build on interest from U of I students evidenced by their attendance at our November meeting and will be held at a venue suitable for minors. The target timing will be the second week of spring semester.

Presentations – Mary made a presentation to the Moscow League of Women Voters on Nov. 11, which resulted in a front page story in the Moscow-Pullman Daily News. Jeff has discussed with Kenton Bird the possibility of speaking about CCL and lobbying in DC in Kenton’s U of I class. Gretchen suggested the possibility of presenting to and involving the Moscow High School Environmental Club. Gretchen and Mary will discuss contacting the club’s sponsor, Lee Ann Erickson (sp?). Mary has contacted the Moscow Rotary about presenting to them. Deb suggested that we pursue opportunities to address local Chambers of Commerce and will explore how that might be arranged. Ginny noted that we have been encouraged to present to the Whitman County Farm Bureau by our colleagues in the Tri-Cities chapter who are doing outreach to agriculture organizations.

Media – Ginny noted that instructions on how to amplify the impact of our print media success can be found on our chapter web site here: <http://www.cclpalouse.org/PDF/GuidelinesForLTECoverLetter.pdf>. We ask that anyone who gets something published that supports carbon fee and dividend or contributes to building political will to address global warming (other than the MPDN or Whitman County Gazette) send a link and text to Rob. He will file a field report with CCL and pass the field report to Ginny who will remind the author on how to convey the printed letter to appropriate members of congress or assist in doing that.

Updates on Other Chapter Activities

I-732, the revenue-neutral carbon tax initiative to the WA legislature, has reached its 330,000 signature goal. But they have decided to push on to 350,000 signatures in order to further ensure qualification and further emphasize the success of this grassroots effort.

Greg noted that all three Washington 9th District elected representatives—Schoesler, Schmick, and Dye—will be discussing issues for the upcoming legislative session at the Foley Institute at noon Wednesday, Dec. 9, in Bryan Hall 308. I-732 will come before the legislature before going to the voters in November, hence would be an appropriate topic to address in a question to these representatives. Greg and Ginny will discuss participation and possible questions to ask.

Jeff suggested the possibility of our chapter adopting a two mile stretch of highway 95. The commitment involves picking up litter at least twice per year. In return CCL would be listed on road signs. Jeff was encouraged to proceed.

Adjourn

The meeting adjourned at 7:05 pm.



Citizens' Climate Lobby

Findings: 487 Congressional Meetings, June 2015

I. What are the top concerns with Carbon Fee and Dividend?

Table 1. The top three most common topic areas raised by Republican (Border, Dividend, and EPA) and Democratic offices (EPA, Dividend, and Jobs).

	Border	Dividend	EPA	Jobs
Republicans	71	66	58	43
Democrats	15	43	44	25
Total	86	109	102	68

CCL is responding to Congress' concerns:

- Dividend: 70 of these mentions were questions, typically focusing how it would be administered. In response, CCL has commissioned a study from a retired economist from the US Treasury, and we will be happy to share his findings with you today.

- EPA: We are glad that the EPA is taking action to address climate. However, we also feel that our policy would result in greater emissions reductions sooner, and is better for the economy.

- Border: This issue includes mentions of China, WTO compatibility of our policy, and how the border adjustment would work:

China already has several regional cap-and-trade programs in place, and is planning on implementing a national system in 2016. Furthermore, **8 of the 10 largest economies in the world have a carbon price (tax or cap) planned or in place.** The 2 exceptions are the United States and Russia.

WTO: Our bill language preserves both **National Treatment** and **Most Favored Nation Treatment**, as required by the General Agreement on Tariffs and Trade (GATT) treaty. We won't need it, but additionally Article XX, paragraphs (b) and (g) of the GATT allow for discriminatory border adjustments for environmental purposes.

Border: Putting a border adjustment into place will be difficult, but it is not impossible. A border adjustment on CFCs, which are also greenhouse gases, has been in effect since 1990 with the Montreal Protocol (26 CFR 52.4682-3).

- Jobs: The REMI study showed that our policy would **add 2.8 million jobs** to the US economy within 20 years. **These jobs don't exist without Carbon Fee and Dividend.**

III. Assessing Engagement

Table 2. In Republican offices, we provided a subjective assessment of their level of engagement with volunteers. Republican offices who showed clear and genuine interest were Tier 1; quiet, but not uninterested interactions were Tier 2; combative or totally uninterested interactions were Tier 3. Offices whose notes lacked sufficient detail were not ranked (N.R.). This table compares results from this lobby day, and from last year's June lobby day.

Year (R's only)	Total	Tier1	Tier 2	Tier 3	N.R.
2015	265	152	58	25	30
2014	253	124	43	41	45

Caution: this is clearly the most subjective measurement tracked, and it should be treated as such. That stated, **the data clearly show that Republicans are more interested in this approach to the problem than anyone gives them credit for.** 152 offices were ranked as Tier 1 (clear and genuine interest), whereas only 58 were ranked as Tier 2, and 25 as Tier 3. To put it another way, **6 times as many offices were clearly interested in what our volunteers had to say as offices who were clearly hostile to our message.** This is an improvement over last year, when only 3 times as many offices were Tier 1 compared to Tier 3.

II. What else comes up?

Table 3. From left to right, lists each of the different topic areas, how many times the topic was raised in the notes, what percentage of the 487 offices we met with that represents, and how many times that total was raised as a concern, question, suggested focus, interest, or other. Most often, "other" was simply a statement of fact, or the context in which it was raised was unclear. Topics raised in fewer than 3% of offices were not included in this table.

	Total	% of Cong.	Concern	Question	S. Focus	Interest	Other
Dividend	109	22.38%	17	70	1	18	3
EPA	102	20.94%	26	15	1	23	37
Border	86	17.66%	37	38	0	10	1
Energy/ Consumer costs	57	11.70%	37	17	1	1	1
Jobs	68	13.96%	33	15	3	15	2
Tax	49	10.06%	42	2	3	0	2
Low Income	38	7.80%	20	6	0	8	4
Where is fee/ who implements	34	6.98%	3	31	0	0	0
Pollution/ Health	28	5.75%	8	1	2	15	2
Cost to Business	26	5.34%	19	7	0	0	0
Agriculture	26	5.34%	9	3	3	6	5
Nuclear	20	4.11%	0	4	2	8	6
Skeptic	19	3.90%	19	0	0	0	0
Need an R	19	3.90%	2	0	13	4	0
Climate and Military	19	3.90%	0	0	7	6	6
How set Price/Increase?	18	3.70%	2	16	0	0	0
Tax Reform	17	3.49%	0	2	6	7	2
Truly RN/ Fraud	17	3.49%	12	0	2	3	0
Constits Ok	16	3.29%	15	0	0	0	1
Redistribution	15	3.08%	9	4	1	1	0
Admin costs	15	3.08%	5	9	0	0	1



Citizens' Climate Lobby

Summary: Delivering CCL's Carbon Dividend

Basics:

- CCL expects revenues from the fee of ~\$80 billion in year 1, ~\$130 billion in year 2.
- An adult (over 18) *monthly* check in year 1 would be ~\$22, and ~\$33 in year 2.
- Half that per child, up to two children per household.

Constituents' view of the program:

Step 1: Provide names, SSNs, address, and bank account information. Either from already-filed tax return, or from a simple, 1-page form for non-filers.

Step 2: Begin receiving dividends.

Step 2A: Inquiries, changes in eligibility, error corrections; initiated by constituents

Step 3: End of calendar year: Prepare annual reconciliation to be submitted with tax returns, or 1-page form for non-filers.

Step 4: Receive reconciliation check or repay an overpayment.

What entities would be involved in administering it?

As few as 2 entities (IRS and Treasury) could be involved, or as many as 4 (IRS, Treasury, and one or two other government agencies or contractors). See figure on next page for details.

Start up time:

Up to two years for full implementation. As few as 3 months for first dividends and partial implementation if for the first couple of years annual or semi-annual dividends are used.

Three major sources for costs:

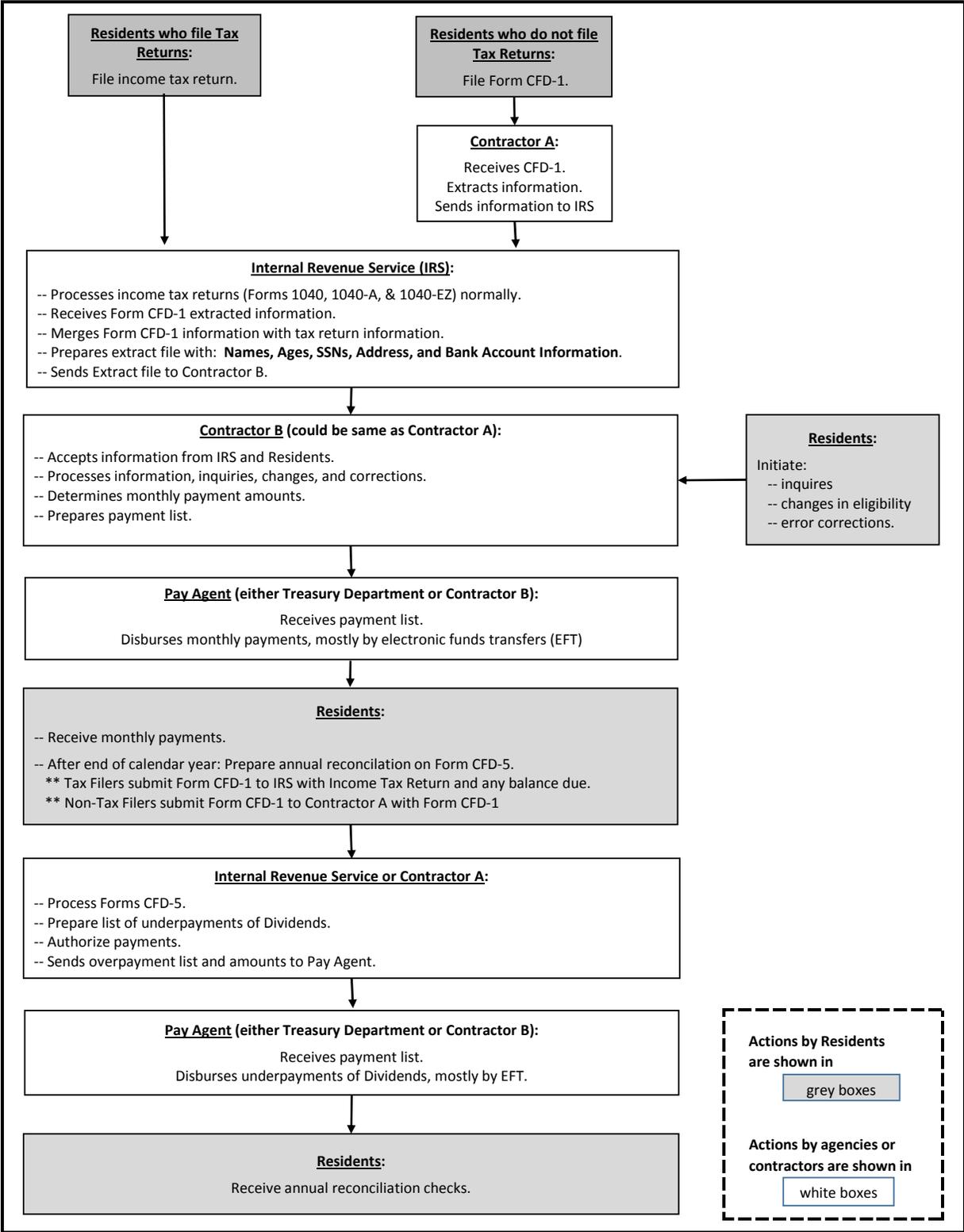
Note, cost was not a focus of the study, though estimated to be substantial. Less so if considering costs as a % of total revenues. Costs will be highly dependent on choices made.

1. Major 1-time costs: Initiating a program, developing systems and software, developing procedures (independent of number of dividend recipients), recruiting and hiring staff.
2. Major on-going costs: employees, office space, communications equipment, recordkeeping, etc.
3. Transaction-related costs: handling inquiries and resolving errors (depends on complexity of the problem and employee time to resolve). Frequency of payments not closely associated with costs.

Who wrote this?

Allen H. Lerman, Former Economist at the U.S. Treasury, Individual Taxation Division, Office of Tax Analysis, Office of Tax Policy, 1971-2014. Coordinated and supervised the implementation of the 2003 and 2008 tax rebate programs for individual taxpayers on behalf of Treasury. Designed the withholding changes used to pay the 2009-2010 Making Work Pay credit on a current basis.

Actions Required by Residents





Citizens' Climate Lobby

FAQ: Paying Dividends from the Carbon Fee to American Residents

Report by Allen H. Lerman

FAQ by Danny Richter, Ph.D.

1. *How will the monthly per capita Dividend be calculated?*
2. *Why are annual adjustments necessary?*
3. *What happens when a child turns 19?*
4. *Why not use the payroll tax system?*
5. *Why determine eligibility monthly?*
6. *What is meant by a "household"?*
7. *Do individuals or households get the Dividend?*
8. *Could the Dividend be combined with other monthly payments, such as social security and federal retirement benefits?*
9. *Would the frequency of payments at the program's start be the same as at the end?*
10. *If the annual tax return is the initial basis for payments, what about late filers?*
11. *What information would a tax filing unit (household or individual) need to provide in order to begin receiving the Dividend?*
12. *Wouldn't those who have never filed tax returns before be overwhelmed by the need to file to receive the Dividend?*
13. *Would the form for traditional non-filers have to be filed with the IRS?*
14. *How many people in the US are traditional non-filers?*
15. *What kind of inquiries would you expect?*
16. *Who would handle such inquiries?*
17. *Who could this intermediary be?*
18. *Does CCL have a preference for whom the intermediary might be?*
19. *Wouldn't the SSA or IRS for the intermediary be the least-cost solution?*
20. *What are the major cost sources that would be associated with this program?*
21. *The fewer the transactions, the lower the transaction costs, right?*
22. *How would the Dividend actually be disbursed?*
23. *How many households would be expected to use each disbursement method?*
24. *What is the basic rationale for the Dividend payment to households?*
25. *Why do children receive only a half-share, and why is the number of eligible children limited to 2 per household?*
26. *Could the form for non-filers, as well as the end-of-year reconciliation form, be submitted electronically?*
27. *How long would it take to fully implement this system?*
28. *Could that process be shortened?*
29. *Is it possible to leave the IRS completely out of this process?*
30. *Wouldn't there be a marriage penalty with this program?*
31. *Would citizens living abroad be eligible for the Dividend?*

Questions and Answers

1. How will the monthly per capita Dividend be calculated?

Calculating the monthly per capita Dividend requires the following estimated information:

- A. Numbers of adults and children eligible to receive Dividends. Data would be from the Census Bureau combined with information about tax filing units and children per filing unit from the IRS.
- B. The total number of eligible units would be the number of eligible adults plus 50 percent of the number of eligible children.
- C. Gross Carbon Fee revenue for the year, as estimated for budgetary purposes.
- D. Expenses of Fee collection and Dividend program operation, which would be deducted from gross Carbon Fee revenues to determine the net Carbon Fee revenue available for distribution by Dividends.
- E. After the initial year, calculate the amount of the previous aggregate overpayment or underpayment of Carbon Fee revenue via the Dividend program.
- F. Determine net Carbon Fee revenue available for the year by combining C, D, and E.
- G. Determine the per capita annual adult Dividend by dividing F by B.
- H. Determine the per capita monthly adult Dividend by dividing G by 12.

2. Why are annual adjustments necessary?

Carbon Dividends are calculated to pay out 100% of net Carbon Fee revenue. Carbon Fee revenue will change as the as Fee per ton of CO₂ equivalent emissions increases annually. Changes in carbon use and changes in the numbers of eligible residents will also affect the size of the monthly Dividend. Since before the beginning of each year the dividend is calculated based on estimates, adjustments may be necessary after the final data on revenue is known.

3. What happens when a child turns 19?

Children over age 19 would be treated as adults and would be entitled to their own monthly Dividend payments. Eligibility would be determined on the final day of each month. A child who reaches age 19 during the month would be entitled to the adult benefit for the month which, in turn, might permit a younger child in families with three or more children to become eligible for a child's benefit for the month.

4. Why not use the payroll tax system?

Several reasons:

- Using the payroll tax system would not cover those who are not employed. Thus, there would still be a need to create a direct payment mechanism.
- It would place a major new burden on employers
- Workers would have to provide additional personal information to employers.
- As workers changed jobs and family status changed, there would be both overpayments and underpayments.
- Because of the annual increase in the fee, eventually, the amount of the Dividend would exceed the amount of payroll taxes withheld for low-income earners. Employers would then be required to obtain funds each payday from the federal government to pay these workers, which would put a large burden on businesses, and create enormous opportunities for fraud.

5. Why determine eligibility monthly?

Similarly to Social Security and Medicare benefits, a monthly determination helps account for births, deaths, and children turning 19 during a year.

6. What is meant by a “household”?

Here, “household” is consistent with the tax definition of a household. That is, the individual or couple who file a single Federal income tax return and the dependent children claimed on that return. (Married couples filing separately would claim a Dividend for no more than one dependent child.) Residents not filing income tax returns would be eligible for a Dividend after filing a special form.

7. Do individuals or households get the Dividend?

Households, as defined in FAQ #6, get the Dividend. It would be simpler for the benefits to be paid to family units rather than to individual spouses, with child benefits being paid to the family. Paying benefits to family units reduces the number of payments, eliminates the need to determine which two children actually are entitled to benefits in families with three or more children, and simplifies adjusting for changes in eligible children. At an administrative level, it also greatly reduces the number of monthly payments and may reduce the number transactions due to family eligibility changes and for adjustments due to underpayments or overpayments.

8. Could the Dividend be combined with other monthly payments, such as social security and federal retirement benefits?

This may be possible in some cases, but it may also be unwise. Most importantly, combining Dividend payments with other government payments would diminish the visibility of the Dividend payment. That visibility may be an important component of support for the entire Carbon Fee program.

Candidate programs for combining payments would include at least monthly social security and federal retirement benefits. These programs make large numbers of payee payments monthly; e.g. Social security alone makes nearly 60 million disbursements. However, because of underlying program differences, creating combined payments would not be a simple matter of merging two payment lists. One basic difference is that Dividend payments are by tax-filing hold. Each household gets one and only one payment even if two adults and up to two children are eligible. In contrast, social security payments are made to individual payees. At least for husbands and wives, the Social Security Administration makes separate payments even if both payments are based on the same earnings history. (That is, even if one of the payments is for spousal benefits.) Thus, when families were involved, there would be different payees under the Dividend and social security programs. In such circumstances, combining payments would not be possible. This type of problem would not prohibit combining payments when the payees were identical.

On a more practical level, given the extremely low cost of making payments by electronic transfers to bank accounts, even where combining payments were feasible, it might not be cost-effective. The extra cost of combining payments might approximate (or even exceed) the government’s costs in making two separate payments.

9. Would the frequency of payments at the program’s start be the same as at the end?

Not necessarily. In the early years, payments could be made quarterly or even semi-annually to expedite implementation of the program. Inquiries and complaints tend to cluster just after payments are received; thus, if the payments were made so that each month only one-third or one-sixth of residents received a Dividend payment, the number of telephone calls and letters would be lower and spread out more evenly during the year. That would reduce the need for government staff handling inquiries, complaints, and changes

in eligibility. As the size of Dividend payments increased, payments could be made more frequently, eventually monthly. It is estimated it would take 2 years for full implementation and monthly Dividends.

10. If the annual tax return is the basis for payments, what about late filers?

As many as 10 percent of filers avail themselves of an “automatic extension” to file until October 15. On an annual basis, that would still be timely because Dividend payments would not be adjusted to reflect tax return data until the January following the April in which tax returns are generally filed. If residents require earlier changes, they would have to initiate the adjustment by contacting the agency or contractor administering the Dividend program.

11. What information would a tax filing unit (household or individual) need to provide in order to begin receiving the Dividend?

Names, addresses, and social security numbers for the covered adults and dependent children, and bank account information.

12. Wouldn't those who have never filed tax returns before be overwhelmed by the need to file to receive the Dividend?

Possibly. To account for this, CCL has drafted a basic form that such persons could fill out to begin receiving the Dividend. It is as simple as possible, and to facilitate processing, it is formatted to work with existing software used by the IRS. Similar problems were encountered and overcome with the one-time economic stimulus payments in 2008. A combination of outreach programs would have to be implemented immediately to assist non-filers and might have to be continued permanently on a more modest level. Conceivably, helping people sign up for the Dividend could be an action for CCL volunteers in the future.

13. Would the form for traditional non-filers have to be filed with the IRS?

To overcome fears about dealing with the IRS, the different form could be filed with an agency other than the IRS. However, for simplicity in administration of the Dividend, information would have to be merged with traditional income tax information from IRS files.

It can reasonably be expected that if the Dividend payment system requires filings by current non-filers, free software for such filings will be available.

14. How many people in the US are traditional non-filers?

For calendar year 2013, over 147 million federal individual income tax returns were filed. Those returns included taxpayer or dependent exemptions for 290 million people. Since total United States population was about 315 million, about 25 million residents would have had to file a form with their identifying information in order to begin receiving Dividend payments in that year. Some of those residents would be married and others would be dependent children; thus, only about 10 to 15 million new information forms would have had to be filed.

15. What kinds of inquiries about the Dividend would you expect?

These include newly eligible dependents due to birth, adoption, marriage or divorce of parents, etc. All types of inquiries and requests for error corrections and assistance would also be initiated by, or on behalf of residents.

16. Who would handle such inquiries?

The intermediary would process all of these inquiries or change requests, would make the appropriate determinations (including processing and determining appeals through separate, independent unit), and would

calculate the adjusted future monthly payments (and perhaps, some retroactive adjustments when underpayments were due to agency errors).

17. Who could this intermediary be?

There are 2 basic options: A) A completely new agency or branch of an existing agency, or B) a contractor. For option B, this could be similar to (although somewhat simpler than) the system used to process claims, make determinations, and actually pay out Medicare benefits.

18. Does CCL have a preference for whom the intermediary might be?

No. That decision should be left to our eventual legislative champion.

19. Wouldn't the SSA or IRS for the intermediary be the least-cost solution?

It is anticipated that costs would not vary substantially based on the choice of intermediary. Although IRS and SSA each have experience that is relevant for the Dividend program, both agencies have many and varied responsibilities and constrained budgets.

Even if handled by the IRS or the SSA, a completely separate staff and completely separate accounting, recordkeeping, and computer systems would be necessary for the Dividend payments. So, not necessarily.

20. What are the major costs that would be associated with this program?

There are 3 basic cost sources associated with this program:

- A. One-time start-up costs, including initiating a program, developing systems and software, developing procedures, and recruiting, hiring, and training staff.
- B. Ongoing costs, including employees, office space, communications and data processing and storage equipment, recordkeeping, etc.
- C. Transaction-related costs, especially handling inquiries and resolving errors (actual cost depends on complexity of the problem and employee time to resolve). The per transaction costs of EFT transfers would be extremely low.

21. The fewer the transactions, the lower the transaction costs, right?

Errors and inquiries would be related to the number of adjustments to payment amounts to residents, especially adjustments due to changes in the numbers of eligible persons. Generally, such changes would not be related to the frequency of payments (monthly, quarterly, etc.). In fact, if payments were made infrequently, residents might actually inquire more because they would "forget" about relevant features of the system. Since automated payment costs are very low, the extra cost of monthly versus bi-monthly, quarterly, or semi-annual payments may be offset by reduced direct contact costs.

22. How would the Dividend actually be disbursed?

The vast majority of payments would be made by an automated clearing house (ACH) electronic funds transfers (EFT) to the recipients' bank accounts. For most recipients without bank accounts, the payment would be made by adding funds to a debit card account that would be set up for the resident by the government. In instances where banks could not process EFTs (or debit cards) because of closed accounts, incorrect account numbers, lost debit cards, divorces, deaths, etc., or in other unusual situations, payments would be made by paper checks. Paper check payments would always delay the receipt of the Dividend by the resident or family.

23. How many households would be expected to use each disbursement method?

EFT: The federal government has been largely successful in mandating that beneficiaries of federal programs, contractors, and other recipients of recurring federal payments supply bank account information so that payments can be made by EFT. To date, the Internal Revenue Service has not mandated that individuals provide bank account information in order to receive tax refunds. Despite the lack of any mandate, the vast majority of the one-time economic stimulus payments (advance income tax rebates) paid in 2008 were paid by EFT. Each year, the percentage of tax returns prepared or prepared and filed electronically has increased, with virtually all refunds related to those tax returns being made by EFT. Over 90 percent of tax returns are prepared with electronic software.

Debit card: According to a study commissioned by the Federal Deposit Insurance Corporation, in 2013 about 7.7 percent of households (or about 9.6 million households) did not have a bank account (were “unbanked”). Note that 9.6 million households may translate in a somewhat larger number of income tax filing units. Over 40 percent of the unbanked previously had a bank account, and the loss of a bank account was often related to loss of employment, etc. When the economy is vibrant and more workers are employed, fewer than 10 million debit card payments would be required. With an economy in recession, as many as 12 to 13 million debit card payments could be necessary.

Paper Check: This would be a small fraction of transactions, mostly related to situations after EFT and debit card payments were rejected to any of number of reasons (such as a resident supplying an incorrect account number or changing bank accounts without notifying the intermediary)

24. What is the basic rationale for the Dividend payment to households?

Primarily, it is meant to reimburse residents for the indirect health and environmental costs of burning fossil fuels. This is why the Dividend is targeted equally to all residents of the US, who are already paying for the damage of climate damage through taxes to cover disaster relief and infrastructure damage, higher insurance costs, higher health care costs, and even more military spending.

The burden of the carbon fee should not be piled on top of those; it should be borne by the fossil energy companies and their owners and investors. But since those energy companies will attempt to pass on the carbon fee costs to consumers, families will need the Dividends to help offset them in an equitable way.

25. Why do children receive only a half-share, and why is the number of eligible children limited to 2 per household?

Children account for less fossil fuel consumption than adults, and there are significant economies of scale within large families. Children receiving a full share, or more than 2 children in a household receiving a dividend would reduce the amount available for other families who still bear the additional energy costs of having children but don't enjoy the same economies of scale achieved by larger families. The average household in the US has under 2 children.

26. Could the form for non-filers, as well as the end-of-year reconciliation form, be submitted electronically?

Yes. It is anticipated that providers of income tax preparation software would include Form CFD-5, so that after entering a limited amount of information, the remainder of the form would be calculated automatically and submitted (generally electronically) with an income tax return for with Form CFD-1. Currently, many providers of income tax preparation software do not charge lower-income filers for its use.

27. How long would it take to fully implement this system?

It is estimated that full implementation would take two years.

28. Could that process be shortened?

A temporary payment system could use the IRS' information about family composition to make annual or semi-annual direct payments until such time as the permanent direct payment system could be fully implemented. Such temporary payments would be similar to the one-time economic stimulus payments (advance income tax rebates) paid in 2008. It is likely that such payments could begin in about three months, and given the high percentage of tax returns for which the IRS has bank account information from the tax return, could be made over a three month period, or less.

A rapidly effective transitional system initially would not provide Dividend payments to residents who had not filed income tax returns for the preceding year. Such residents would begin to receive both retroactive and prospective Dividend payments soon after they filed an income tax return or a Form CFD-1 to provide the information necessary for Dividend payments. The transitional system might be slightly less accurate and, in some instances, might not be able to handle resolution of discrepancies between the transitional Dividend payments and actual entitlement. Thus, when overpayments were made, the transitional Dividend payments might have to be treated as final payments.

29. Is it possible to leave the IRS completely out of this process?

Avoiding such involvement would require every resident family and individual to supply to a different government agency or contractor virtually identical demographic information to the information that he or she currently provides to the IRS on the annual income tax return. Such duplication would be expensive for all parties and would only increase the public's resentment of large, inefficient government. CCL would not favor such an expensive approach.

Basically, IRS would only have to share: names and social security numbers of taxpayers and dependent children, addresses, and bank account information from income tax returns.

IRS might also be tasked to receive and process the reconciliation form (CFD-5), because having IRS process the CFD-5 as part of income tax return process and payment of refunds would be less burdensome for residents. Even for that task, the IRS involvement would be limited to processing information. It would not necessarily be involved in error correction, compliance, or enforcement.

30. Wouldn't there be a "marriage penalty" with this program?

There is no intention to discourage marriage. The only situations where it could be argued to occur would be if two unmarried people each with children marry, and their combined family has more than two children under age 19. That "penalty" would decline or disappear as minor children reach the age of 19, resulting in younger children qualifying for a child Dividend.

31. Would citizens living abroad be eligible for the Dividend?

Generally, no. However, it is often difficult to determine if a U.S. citizen or permanent resident actually lives in the United States or abroad.

With the border adjustment and existing carbon pricing regimes in most other wealthy countries, such individuals would not bear the costs of the fee, and would in any case be covered by their country of residence. To the extent that it could be determined from information on income tax returns on a consistent basis, some provision might be envisioned for those who reside in the US for part of the year.



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Letter - GOP effort on climate change applauded

As of Wednesday, October 14, 2015

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I agree with the Union-Bulletin's statement on Sept. 27 that a legislative solution to the problem of greenhouse gas emissions would be much more effective than executive action by either Gov. Jay Inslee or President Obama.

However, politically motivated opposition to any action that might reduce greenhouse gases currently blocks that path in both Olympia and Washington, D.C.

Fortunately, a glimmer of hope recently occurred that might have been lost in the enthusiastic coverage of Pope Francis's visit and his historic speech to Congress.

Eleven Republican members of the House of Representatives have co-sponsored a resolution that acknowledged the reality of our changing climate.

Rep. Chris Gibson of New York, Rep. Dave Reichert of Washington state and nine other representatives have officially called on the House "to commit to working constructively, using American ingenuity, innovation, and exceptionalism, to create and support economically viable, and broadly supported private and public solutions to study and address the causes and effects of measured changes to our global and regional climates, including mitigation efforts and efforts to balance human activities that have been found to have an impact."

We can all be grateful Rep. Reichert has taken this important step forward.

Rep. Cathy McMorris Rodgers might be constrained by her leadership position at a difficult time of transition for House Republicans, but I hope she would use her influence behind the scenes to persuade her colleagues to support this common-sense resolution.

Bart Preecs

Walla Walla

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