



# CARBON TAX



## WHO



## COST TO COLLECT



## LONGEVITY



## RELIABILITY



## IMPLEMENTATION



## AROUND THE WORLD

### British Columbia

British Columbia currently charges a **carbon tax of 27.5 cents/gallon on fuel.**

### Finland and Denmark

Both countries **received tax revenue of nearly 0.3% of the gross domestic product (GDP) from carbon taxes in 2007.**

### Sweden

Sweden **raised 0.8% of its GDP in tax revenue using carbon taxes in 2007.**



### Norway and Sweden

Both countries **dedicate money from carbon taxes to their general revenue funds, allowing more flexible budgeting.**

**More Information:** [tti.tamu.edu/policy/how-to-fund-transportation](http://tti.tamu.edu/policy/how-to-fund-transportation)

## Description

A carbon tax involves charging a fee for pollution caused by burning fossil fuels, linking price to both production and environmental costs. In transportation, motor vehicles emit carbon dioxide, but it is difficult to measure individual carbon emissions. Instead, fuel use can be measured. In Texas, this tax could be added to the current motor fuel tax rate.

- **Reduces the need to borrow money or use bonds** to fund transportation improvements.

## What's the Downside?

- The Texas Legislature and the public have recently viewed tax or fee increases unfavorably.
- Fuel tax revenues will likely decrease as vehicles become more fuel efficient and alternative-fuel vehicles become more common. The number of gallons needed to go the same distance will drop, and the decrease in fuel use will mean less tax revenue.
- Does not account for coal burned at power plants to produce electricity for electric cars.

## How Will This Help?

- **Provides additional funds to help** address traffic congestion and maintain the safety and quality of Texas roads and bridges.
- **Discourages the purchase of fuels that emit carbon** by charging drivers for the impact that burning those fuels has on other individuals.

## ESTIMATED FUND YIELD FROM 2016-2019



**5 cents/gallon increase yields**  **\$2.6 billion** more for transportation

**10 cents/gallon increase yields**  **\$5.1 billion** more for transportation

