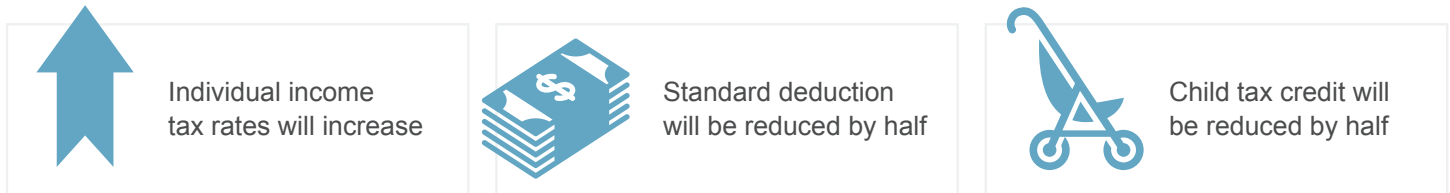


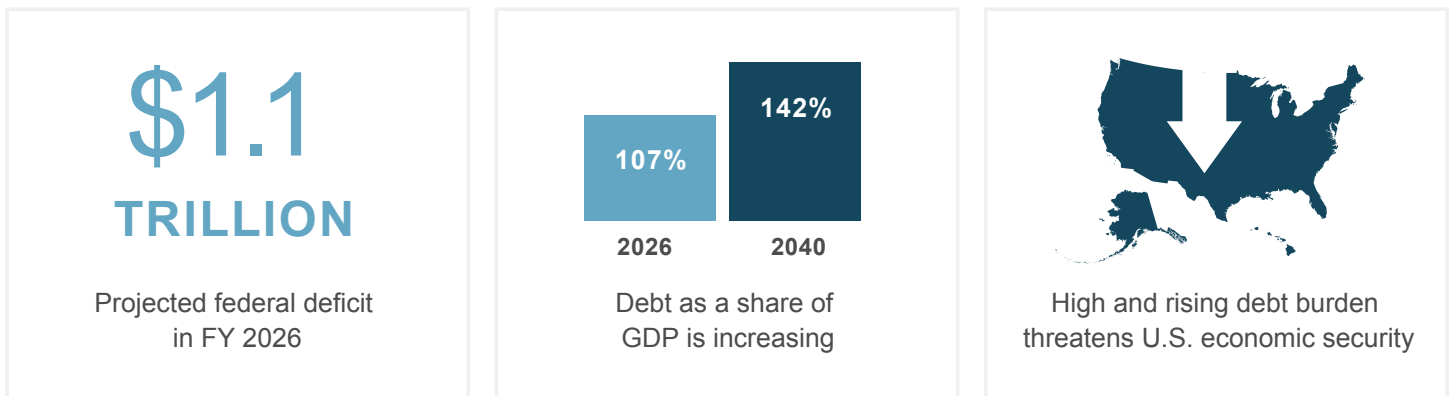
A Market-Based Climate Policy Can Permanently Extend Tax Cuts and Grow the Economy

EXPIRING PROVISIONS OF THE TAX CUTS AND JOBS ACT (TCJA)

At the end of 2025, most TCJA individual income tax provisions will expire, and taxes will increase. Changes include:



WORRISOME FISCAL OUTLOOK



LONG-RUN GROWTH EFFECTS OF MAKING TAX CUTS PERMANENT WITH A CARBON TAX

Making the TCJA tax cuts permanent with a \$60/ton carbon tax* would, on net, grow the economy by 1%.



25%
CARBON EMISSIONS DECREASE

A \$60/ton carbon tax would reduce carbon emissions 25% below the baseline within 10 years, far exceeding the U.S. emissions reduction target under the 2015 Paris Agreement.

*A \$29/ton carbon tax would finance a revenue-neutral extension of TCJA provisions over the 10-year budget window (2021–2030). In either scenario, the tax rate would rise 5% annually and would be border adjusted.

Source: Tax Foundation, "A Carbon Tax to Make the TCJA's Individual Provisions Permanent," September 2020.