



For Immediate Release

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A Carbon Tax Can Advance Carbon Capture Utilization and Storage

Washington, D.C. – Today, the Alliance for Market Solutions (AMS) announced a new report that evaluates potential outcomes when a carbon tax and carbon capture utilization and storage (CCUS) are jointly utilized to lower the cost of CO₂ emissions reductions for the carbon-intensive industrial sector.

Authored by Brittany L. Tarufelli, an assistant professor at Louisiana State University’s Center for Energy Studies, the report concludes that a carbon tax can encourage CCUS research, development, and implementation and, when combined with CCUS subsidies, reduce the burden of a carbon tax on affected firms.

“Policymakers, especially Republicans, have rightly supported the 45Q tax credit, which incentivizes the capture and sequestration of carbon emissions,” said AMS Director of Government Affairs Bud DeFlaviiis. “This report examines how policymakers can improve on this policy by pairing it with a reasonable price on carbon. Together, these policies have the potential to deliver unparalleled innovation and deployment of sequestration technologies necessary for deep decarbonization of our economy.”

The report concludes:

- **Carbon taxes alone cost-effectively encourage CCUS investment.** Putting a price on CO₂ emissions causes firms to seek the most affordable abatement technologies, among them CCUS.
- **Subsidizing CCUS (the current U.S. approach) is not the most cost-effective policy option.** Subsidies encourage excessive production, making them more costly than carbon tax policies that achieve the same amount of emissions reductions. However, when paired with a carbon tax, CCUS subsidies can offset the burden of the carbon tax for energy-intensive industries and consumers.
- **Subsidizing CCUS R&D can help overcome barriers to CCUS adoption.** Because CCUS projects face “first-of-its-kind” risks, which increase costs, private investors may be discouraged from investing in CCUS. Pairing CCUS R&D subsidies with carbon taxes can encourage deeper emissions cuts than a carbon tax alone.

- **CCUS is a mid-term solution for reducing emissions.** Without CCUS, fossil fuels have to be phased out earlier to meet CO₂ emissions reduction goals. Even with CCUS, more emissions reductions are needed to meet carbon emission targets.

The full report can be found [here](#).

The report is among several research projects commissioned by AMS on key aspects of carbon tax policies to educate policymakers and the public. Learn more about AMS at amsresearch.org and [follow](#) the organization on Twitter.

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[Alliance for Market Solutions](#) (AMS) is an organization of conservative leaders with experience in business, government, and the intellectual community who know that markets and economic incentives are the most powerful drivers of change and are more efficient and effective than top-down regulation. We aim to educate conservative policymakers on the benefits of market-oriented solutions to one of America's most pressing economic challenges: advancing clean energy and reducing carbon pollution.

The carbon tax policy we support is consistent with a pro-growth conservative agenda. It would replace costly regulations and prevent new regulations from burdening families and job creators. And it would eliminate economically harmful taxes on investment and family incomes.

AMS is a 501(c)(3) non-profit educational organization. We don't engage in electoral politics on behalf of any candidate, campaign or party. We are recruiting allies and developing policy analyses to help conservative policymakers consider a pro-growth, conservative carbon tax policy.