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(Original Signature of Member)

118TH CONGRESS
2D SESSION

H. R.

To amend the Clean Air Act to establish a program to annually phasedown greenhouse gas emissions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. TONKO introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Clean Air Act to establish a program to annually phasedown greenhouse gas emissions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Climate Pollution Standard and Community Investment
6 Act of 2024”.

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

Sec. 1. Short title; table of contents.

TITLE I—NATIONAL CLIMATE RESPONSE

- Sec. 101. Climate pollution reduction certainty.
- Sec. 102. Clean Energy Rebate Program.
- Sec. 103. Worker and Community Assistance Fund.
- Sec. 104. Cleaner Air Community Fund.
- Sec. 105. Negative Emissions Activities Fund.
- Sec. 106. Energy Innovation Fund.
- Sec. 107. Emission allowance market oversight.
- Sec. 108. Direct hire authority for implementation of this title.

TITLE II—WORKER AND COMMUNITY ASSISTANCE

- Sec. 201. Definitions.
- Sec. 202. Energy and economic transition impact studies.
- Sec. 203. Office of Energy and Economic Transition.
- Sec. 204. Interagency Energy and Economic Transition Task Force.
- Sec. 205. Stakeholder Advisory Committee.
- Sec. 206. Assistance for adversely affected communities.
- Sec. 207. Community-Based Transition Hub program.
- Sec. 208. Assistance for adversely affected workers.

1 **TITLE I—NATIONAL CLIMATE**
 2 **RESPONSE**

3 **SEC. 101. CLIMATE POLLUTION REDUCTION CERTAINTY.**

4 (a) IN GENERAL.—The Clean Air Act (42 U.S.C.
 5 7401 et seq.) is amended by adding after title VI the fol-
 6 lowing new title:

7 **“TITLE VII—CLIMATE POLLU-**
 8 **TION REDUCTION PROGRAM**

9 **“PART A—GENERAL**

10 **“SEC. 701. DEFINITIONS.**

11 “In this title:

12 “(1) ATTRIBUTABLE GREENHOUSE GAS EMIS-
 13 SIONS.—The term ‘attributable greenhouse gas emis-
 14 sions’, for a given calendar year, means—

1 “(A) for a covered entity that is a fuel pro-
2 ducer or importer described in paragraph
3 (4)(B), greenhouse gas emissions that would be
4 emitted from the combustion of any petroleum-
5 based or coal-based liquid fuel, petroleum coke,
6 or natural gas liquid, produced or imported by
7 that covered entity during that calendar year
8 for sale or distribution in interstate commerce;

9 “(B) for a covered entity that is a bulk
10 producer or importer described in paragraph
11 (4)(C), the tons of carbon dioxide equivalent of
12 any gas described in clauses (i) through (v) of
13 paragraph (4)(C)—

14 “(i) produced or imported by such
15 covered entity during that calendar year
16 for sale or distribution in interstate com-
17 merce; or

18 “(ii) released as fugitive emissions in
19 the production of fluorinated gas; and

20 “(C) for a natural gas local distribution
21 company described in paragraph (4)(J), green-
22 house gas emissions that would be emitted from
23 the combustion of the natural gas, and any
24 other gas meeting the specifications for com-
25 mingling with natural gas for purposes of deliv-

1 ery, as determined by the Administrator, that
2 such entity delivered during that calendar year
3 to customers that are not covered entities.

4 “(2) CARBON DIOXIDE EQUIVALENT.—The
5 term ‘carbon dioxide equivalent’ means the unit of
6 measure, expressed in tons, of a greenhouse gas as
7 provided under section 713.

8 “(3) COMPLIANCE PERIOD.—

9 “(A) The term ‘compliance period’, with
10 respect to compliance periods 2 through 10 and
11 subsequent compliance periods, means the pe-
12 riod of 3 consecutive calendar years following
13 the preceding compliance period.

14 “(B) The term ‘compliance period 1’
15 means calendar years 2026, 2027, and 2028.

16 “(4) COVERED ENTITY.—The term ‘covered en-
17 tity’ means each of the following:

18 “(A) Any electricity source with a name-
19 plate capacity of at least 25 megawatts.

20 “(B) Any stationary source that produces,
21 and any entity that imports, for sale or dis-
22 tribution in interstate commerce in 2024 or any
23 subsequent year, petroleum-based or coal-based
24 liquid fuel, petroleum coke, or natural gas liq-
25 uid, which, in the aggregate, if combusted

1 would emit 25,000 or more tons of carbon diox-
2 ide equivalent, as determined by the Adminis-
3 trator.

4 “(C) Any stationary source that produces,
5 and any entity that imports, for sale or dis-
6 tribution in interstate commerce, in bulk, or in
7 products designated by the Administrator, in
8 2024 or any subsequent year, 25,000 or more
9 tons of carbon dioxide equivalent of—

10 “(i) fossil fuel-based carbon dioxide;

11 “(ii) nitrous oxide;

12 “(iii) perfluorocarbons;

13 “(iv) sulfur hexafluoride;

14 “(v) any other fluorinated gas, except
15 for nitrogen trifluoride, that is a green-
16 house gas, as designated by the Adminis-
17 trator under section 712; or

18 “(vi) any combination of greenhouse
19 gases described in clauses (i) through (v).

20 “(D) Any stationary source that emits
21 25,000 or more tons of carbon dioxide equiva-
22 lent of nitrogen trifluoride in 2024 or any sub-
23 sequent year.

24 “(E) Any geologic sequestration site.

1 “(F) Any stationary source in any of the
2 following industrial sectors:

3 “(i) Adipic acid production.

4 “(ii) Aluminum production.

5 “(iii) Ammonia manufacturing.

6 “(iv) Cement production.

7 “(v) Hydrochlorofluorocarbon produc-
8 tion.

9 “(vi) Lime manufacturing.

10 “(vii) Nitric acid production.

11 “(viii) Petroleum refining.

12 “(ix) Phosphoric acid production.

13 “(x) Silicon carbide production.

14 “(xi) Soda ash production.

15 “(xii) Titanium dioxide production.

16 “(xiii) Coal-based liquid or gaseous
17 fuel production.

18 “(G) Any stationary source in the chemical
19 or petrochemical sector that, in 2024 or any
20 subsequent year—

21 “(i) produces acrylonitrile, carbon
22 black, ethylene, ethylene dichloride, ethyl-
23 ene oxide, or methanol; or

24 “(ii) emits 25,000 or more tons of
25 carbon dioxide equivalent from the produc-

1 tion of any number of chemical or petro-
2 chemical products.

3 “(H) Any stationary source that—

4 “(i) emits 25,000 or more tons of car-
5 bon dioxide equivalent in 2024 or any sub-
6 sequent year; and

7 “(ii) is in one of the following indus-
8 trial sectors: ethanol production, ferroalloy
9 production, fluorinated gas production,
10 food processing, glass production, hydrogen
11 production, iron and steel production, lead
12 production, magnesium production, pulp
13 and paper manufacturing, landfill oper-
14 ations, wastewater treatment operations,
15 and zinc production.

16 “(I) Any fossil fuel-fired combustion device
17 (such as a boiler) or grouping of such devices
18 that—

19 “(i) is all or part of an industrial
20 source not specified in subparagraph (D),
21 (F), (G), or (H); and

22 “(ii) emits 25,000 or more tons of
23 carbon dioxide equivalent in 2024 or any
24 subsequent year.

1 “(J) Any natural gas local distribution
2 company that in 2024 or any subsequent year
3 delivers to customers that are not covered enti-
4 ties 460,000,000 cubic feet or more of the total
5 of—

6 “(i) natural gas; and

7 “(ii) any other gas meeting the speci-
8 fications for commingling with natural gas
9 for purposes of delivery, as determined by
10 the Administrator.

11 “(5) CRITERIA AIR POLLUTANT.—The term
12 ‘criteria air pollutant’ means an air pollutant subject
13 to national ambient air quality standards under sec-
14 tion 109.

15 “(6) DESIGNATED REPRESENTATIVE.—The
16 term ‘designated representative’ means, with respect
17 to an entity described in subparagraph (A), (B), or
18 (C), an individual authorized, through a certificate
19 of representation submitted to the Administrator by
20 the owners and operators or similar entity official, to
21 represent the owners and operators or similar entity
22 official in all matters pertaining to this title (includ-
23 ing the holding, transfer, or disposition of emission
24 allowances), and to make all submissions to the Ad-

1 administrator under this title. Entities covered under
2 this paragraph are—

3 “(A) covered entities;

4 “(B) reporting entities (as defined in sec-
5 tion 714); and

6 “(C) any other entities receiving or holding
7 emission allowances under this title.

8 “(7) ELECTRICITY SOURCE.—The term ‘elec-
9 tricity source’ means a stationary source that in-
10 cludes one or more combustion devices that, on Jan-
11 uary 1, 2024, or any date thereafter, are fossil fuel-
12 fired and serve a generator that produces electricity
13 for sale.

14 “(8) EMISSION ALLOWANCE.—

15 “(A) IN GENERAL.—Except as provided in
16 subparagraph (B), the term ‘emission allow-
17 ance’ means a limited authorization to emit, or
18 have attributable greenhouse gas emissions in
19 an amount of, 1 ton of carbon dioxide equiva-
20 lent of a greenhouse gas in accordance with this
21 title.

22 “(B) OVERBURDENED COMMUNITIES.—

23 With respect to a covered entity that is a sta-
24 tionary source, including electricity sources and
25 industrial sources, operating in a location des-

1 ignated as a Cleaner Air Community under sec-
2 tion 733 of part C of this title, the term ‘emis-
3 sion allowance’ means a limited authorization to
4 emit 0.5 tons of carbon dioxide equivalent of a
5 greenhouse gas in accordance with this title.

6 “(9) FOSSIL FUEL.—The term ‘fossil fuel’
7 means natural gas, petroleum, or coal, or any form
8 of solid, liquid, or gaseous fuel derived therefrom.

9 “(10) FOSSIL FUEL-FIRED.—The term ‘fossil
10 fuel-fired’ means powered by combustion of fossil
11 fuel, alone or in combination with any other fuel, re-
12 gardless of the percentage of fossil fuel consumed.

13 “(11) FUGITIVE EMISSIONS.—The term ‘fugi-
14 tive emissions’ means greenhouse gas emissions from
15 leaks, valves, joints, or other small openings in
16 pipes, ducts, or other equipment, or from vents.

17 “(12) GEOLOGIC SEQUESTRATION SITE.—The
18 term ‘geologic sequestration site’ means a site where
19 a greenhouse gas is geologically sequestered.

20 “(13) GREENHOUSE GAS.—The term ‘green-
21 house gas’ means any gas described or designated
22 under section 712(a).

23 “(14) GREENHOUSE GAS EMISSION.—The term
24 ‘greenhouse gas emission’ means the release of a
25 greenhouse gas into the ambient air, except—

1 “(A) a release of methane for which the
2 Administrator imposes and collects a charge
3 under section 136(c) of the Clean Air Act;

4 “(B) a release of a hydrofluorocarbon that
5 is regulated pursuant to title VI of this Act or
6 section 103 of the Consolidated Appropriations
7 Act, 2021; and

8 “(C) greenhouse gases that are captured
9 and geologically sequestered, unless the green-
10 house gas is later released into the ambient air.

11 “(15) HAZARDOUS AIR POLLUTANT.—The term
12 ‘hazardous air pollutant’ has the meaning given such
13 term in section 112(a).

14 “(16) HOLD.—The term ‘hold’ means, with re-
15 spect to an emission allowance, to have in the appro-
16 priate account in the emission allowance tracking
17 system established under section 718.

18 “(17) HOLDER.—The term ‘holder’ means, with
19 respect to an emission allowance, the entity that
20 holds such emission allowance.

21 “(18) INDUSTRIAL SOURCE.—The term ‘indus-
22 trial source’ means any stationary source that—

23 “(A) is not an electricity source; and

24 “(B) is in—

1 “(i) the manufacturing sector (as de-
2 fined in North American Industrial Classi-
3 fication System codes 31, 32, and 33); or

4 “(ii) the natural gas processing or
5 natural gas pipeline transportation sector
6 (as defined in North American Industrial
7 Classification System codes 211112 and
8 486210).

9 “(19) NATURAL GAS LIQUID.—The term ‘nat-
10 ural gas liquid’ means ethane, butane, isobutane,
11 natural gasoline, and propane.

12 “(20) NATURAL GAS LOCAL DISTRIBUTION
13 COMPANY.—The term ‘natural gas local distribution
14 company’ has the meaning given the term ‘local dis-
15 tribution company’ in section 2(17) of the Natural
16 Gas Policy Act of 1978.

17 “(21) NEGATIVE EMISSIONS ACTIVITIES
18 FUND.—The term ‘Negative Emissions Activities
19 Fund’ means the fund established under section 105
20 of the Climate Pollution Standard and Community
21 Investment Act of 2024.

22 “(22) OUTPUT.—The term ‘output’ means the
23 total tons or other standard unit (as determined by
24 the Administrator) produced by an entity in an in-
25 dustrial sector.

1 “(23) PETROLEUM.—The term ‘petroleum’ in-
2 includes crude oil, tar sands, oil shale, and heavy oils.

3 “(24) RETIRE.—The term ‘retire’, with respect
4 to an emission allowance, means to disqualify such
5 emission allowance for any subsequent use.

6 “(25) SEQUESTERED; SEQUESTRATION.—The
7 terms ‘sequestered’ and ‘sequestration’ mean the
8 separation, isolation, or removal of greenhouse gases
9 from the atmosphere, as determined by the Adminis-
10 trator. Such terms include biological, geologic, and
11 mineral methods of separation, isolation, and re-
12 moval, but do not include ocean fertilization tech-
13 niques.

14 “(26) TON.—The term ‘ton’ means a metric
15 ton.

16 “(27) VINTAGE YEAR.—The term ‘vintage year’
17 means the calendar year for which an emission al-
18 lowance is established under—

19 “(A) section 715; or

20 “(B) with respect to the establishment of
21 the cost containment reserve, section 720.

22 **“SEC. 702. ECONOMY-WIDE REDUCTION GOAL.**

23 “‘It is the national goal for the United States—

24 “(1) to achieve net-zero greenhouse gas emis-
25 sions by not later than 2050; and

1 “(2) for each year thereafter—

2 “(A) to maintain net-zero greenhouse gas
3 emissions; and

4 “(B) seek to achieve net-negative green-
5 house gas emissions as determined necessary by
6 the Administrator.

7 **“SEC. 703. LABOR STANDARDS.**

8 “The Administrator shall take such action as may be
9 necessary to ensure that all laborers and mechanics em-
10 ployed by contractors or subcontractors on projects as-
11 sisted pursuant to this title, including projects funded in
12 whole or in part by the proceeds from the sale of emission
13 allowances or by financial incentives provided using such
14 proceeds, shall be paid wages at rates not less than those
15 prevailing for the same type of work on similar construc-
16 tion in the locality as determined by the Secretary of
17 Labor, in accordance with subchapter IV of chapter 31
18 of title 40, United States Code. The Secretary of Labor
19 shall have, with respect to the labor standards specified
20 in this section, the authority and functions set forth in
21 Reorganization Plan No. 14 of 1950 (64 Stat. 1267; 5
22 U.S.C. App.) and section 3145 of title 40, United States
23 Code.

1 **“SEC. 704. REGULATIONS.**

2 “Except as otherwise provided in this title, the Ad-
3 ministrator shall promulgate final regulations to carry out
4 this title not later than 24 months after the date of enact-
5 ment of this title.

6 **“PART B—POLLUTION LIMITATION AND**
7 **PHASEDOWN FROM COVERED ENTITIES**

8 **“SEC. 711. AGGREGATE ENFORCEABLE TARGETS FOR COV-**
9 **ERED ENTITIES.**

10 “(a) IN GENERAL.—The Administrator shall, by rule,
11 establish targets that are enforceable under this title for
12 the aggregate quantity of greenhouse gas emissions of cov-
13 ered entities for each calendar year beginning in 2026
14 such that—

15 “(1) in 2026, the aggregate quantity of green-
16 house gas emissions (including attributable green-
17 house gas emissions) from covered entities is at least
18 5 percent below the average annual aggregate quan-
19 tity of greenhouse gas emissions in 2022, 2023, and
20 2024 from equivalent entities described in subsection
21 (d)(1);

22 “(2) in 2030, the aggregate quantity of green-
23 house gas emissions (including attributable green-
24 house gas emissions) from covered entities does not
25 exceed 50 percent of the aggregate quantity of

1 greenhouse gas emissions in 2005 from equivalent
2 entities described in subsection (d)(2);

3 “(3) in 2040, the aggregate quantity of green-
4 house gas emissions (including attributable green-
5 house gas emissions) from covered entities does not
6 exceed 30 percent of the aggregate quantity of
7 greenhouse gas emissions in 2005 from equivalent
8 entities described in subsection (d)(2); and

9 “(4) in 2050, the aggregate quantity of green-
10 house gas emissions (including attributable green-
11 house gas emissions) from covered entities does not
12 exceed 10 percent of the aggregate quantity of
13 greenhouse gas emissions in 2005 from equivalent
14 entities described in subsection (d)(2).

15 “(b) ANNUAL REDUCTIONS.—Beginning with 2027,
16 the Administrator shall, by rule, require the aggregate
17 quantity of greenhouse gas emissions from covered entities
18 to decline on an annual basis, by at least 2 percent of
19 the aggregate quantity of greenhouse gas emissions in
20 2005 from equivalent entities described in subsection
21 (d)(2), until annual greenhouse gas emissions from cov-
22 ered entities do not exceed 10 percent of the aggregate
23 quantity of greenhouse gas emissions in 2005 from equiva-
24 lent entities described in subsection (d)(2). Upon achiev-
25 ing such an annual aggregate quantity, the Administrator

1 shall ensure that any future annual quantity of green-
2 house gas emissions from covered entities does not exceed
3 the annual aggregate quantity of greenhouse gas emis-
4 sions from covered entities in the preceding year.

5 “(c) ADDITION OF COVERED ENTITIES OR GREEN-
6 HOUSE GASES, OR CHANGE IN EXCHANGE VALUES.—The
7 quantities calculated pursuant to subsections (a) and (b)
8 may not be revised to reflect—

9 “(1) an entity becoming or ceasing to be a cov-
10 ered entity after the date of the establishment of
11 targets pursuant to subsection (a);

12 “(2) the designation of a gas as a greenhouse
13 gas pursuant to section 712 after such date; or

14 “(3) the revision of the carbon dioxide equiva-
15 lent value of any greenhouse gas pursuant to section
16 713 after such date.

17 “(d) EQUIVALENT ENTITIES DESCRIBED.—An entity
18 is an equivalent entity described in this subsection if—

19 “(1) for purposes of subsection (a)(1), the enti-
20 ty would have been a covered entity in 2022, 2023,
21 or 2024, if—

22 “(A) the definition of a covered entity in
23 section 701 had been in effect for the respective
24 year; and

1 “(B) the references in such definition to
2 2024 were references to 2022; and

3 “(2) for purposes of paragraphs (2) through (4)
4 of subsection (a), an entity that would have been a
5 covered entity in 2005, if—

6 “(A) the definition of a covered entity in
7 section 701 had been in effect for the respective
8 year; and

9 “(B) the references in such definition to
10 2024 were references to 2005.

11 **“SEC. 712. DESIGNATION OF GREENHOUSE GASES.**

12 “(a) GREENHOUSE GASES.—For purposes of this
13 title, the following are greenhouse gases:

14 “(1) Carbon dioxide.

15 “(2) Methane.

16 “(3) Nitrous oxide.

17 “(4) Sulfur hexafluoride.

18 “(5) Any hydrofluorocarbon.

19 “(6) Any perfluorocarbon.

20 “(7) Nitrogen trifluoride.

21 “(8) Any other anthropogenic gas designated as
22 a greenhouse gas by the Administrator under sub-
23 section (b).

24 “(b) DETERMINATION OF ADDITIONAL GREENHOUSE
25 GASES.—The Administrator, by rule—

1 “(1) may determine whether 1 ton of an an-
2 thropogenic gas makes the same or greater contribu-
3 tion to global warming over 100 years as 1 ton of
4 carbon dioxide;

5 “(2) shall publish, in accordance with section
6 713, the carbon dioxide equivalent value for each gas
7 with respect to which the Administrator makes an
8 affirmative determination under paragraph (1);

9 “(3) may for each gas with respect to which the
10 Administrator makes an affirmative determination
11 under paragraph (1) and that is used as a substitute
12 for a class I or class II substance pursuant to title
13 VI of this Act, determine the extent to which to reg-
14 ulate that gas pursuant to title VI of this Act; and

15 “(4) may designate as a greenhouse gas for
16 purposes of this title each gas for which the Admin-
17 istrator makes an affirmative determination under
18 paragraph (1), to the extent that it is not regulated
19 pursuant to title VI or section 103 of the Consoli-
20 dated Appropriations Act, 2021.

21 **“SEC. 713. CARBON DIOXIDE EQUIVALENT VALUE OF**
22 **GREENHOUSE GASES.**

23 “(a) MEASURE OF QUANTITY OF GREENHOUSE
24 GASES.—Any provision of this title that refers to a quan-
25 tity or percentage of a quantity of a greenhouse gas means

1 the quantity or percentage of the greenhouse gas ex-
2 pressed in carbon dioxide equivalent.

3 “(b) INITIAL VALUE.—Except as revised by the Ad-
4 ministrator pursuant to subsection (c), the carbon dioxide
5 equivalent value for purposes of this title for any green-
6 house gas shall be the 100-year Global Warming Potential
7 for the greenhouse gas provided in the most recent assess-
8 ment report from the Intergovernmental Panel on Climate
9 Change as of the date of enactment of this title.

10 “(c) PERIODIC REVISION.—

11 “(1) REVISION AND PUBLICATION.—Not later
12 than January 1, 2030, and (except as provided in
13 paragraph (3)) not less than once every 5 years
14 thereafter, the Administrator shall—

15 “(A) revise the carbon dioxide equivalent
16 value for purposes of this title for any green-
17 house gas to reflect the 100-year Global Warm-
18 ing Potential provided in the most recent as-
19 sessment report from the Intergovernmental
20 Panel on Climate Change (or any successor or-
21 ganization); and

22 “(B) publish in the Federal Register any
23 such revision.

24 “(2) EFFECTIVE DATE OF REVISION.—A revi-
25 sion published in the Federal Register under para-

1 graph (1)(B) shall take effect for greenhouse gas
2 emissions on January 1 of the first calendar year
3 that begins at least 9 months after the date on
4 which the revision was published.

5 “(3) DECREASE IN FREQUENCY.—The Adminis-
6 trator may decrease the frequency of revision under
7 paragraph (1) if the Administrator determines that
8 such decrease is appropriate in order to synchronize
9 such revision with any similar revision process car-
10 ried out pursuant to the United Nations Framework
11 Convention on Climate Change or to an agreement
12 negotiated under that convention.

13 **“SEC. 714. GREENHOUSE GAS REGISTRY FOR MONITORING**
14 **AND REPORTING.**

15 “(a) REPORTING ENTITY.—In this section, the term
16 ‘reporting entity’ means an entity that is—

17 “(1) a covered entity;

18 “(2) an entity that is required to report under
19 part 98 of title 40, Code of Federal Regulations (or
20 any successor regulations);

21 “(3) an entity that receives emission allowances
22 under section 723; or

23 “(4) any other entity that the Administrator de-
24 termines to be a reporting entity for purposes of this
25 title.

1 “(b) REGULATIONS.—

2 “(1) IN GENERAL.—Not later than 6 months
3 after the date of enactment of this title, the Admin-
4 istrator shall issue regulations establishing a Federal
5 greenhouse gas registry.

6 “(2) REPORTING.—Except as provided in para-
7 graphs (3) and (4), such regulations—

8 “(A) shall require reporting entities to re-
9 port to the Administrator consistent with part
10 98 of title 40, Code of Federal Regulations (or
11 any successor regulations);

12 “(B) may include reporting requirements
13 that are additional to the requirements under
14 such part 98 of title 40, Code of Federal Regu-
15 lations (or any successor regulations), as deter-
16 mined appropriate by the Administrator to im-
17 plement this title; and

18 “(C) shall ensure the completeness, con-
19 sistency, transparency, accuracy, precision, and
20 reliability of data included in the Federal green-
21 house gas registry.

22 “(3) TIMING.—For calendar year 2026 and
23 each subsequent calendar year, each reporting entity
24 shall submit annually data required under this sec-
25 tion to the Administrator not later than 60 days

1 after the end of the applicable calendar year, except
2 when the data is already being reported to the Ad-
3 ministrator on an earlier timeframe.

4 “(4) WAIVER OF REPORTING REQUIREMENTS.—
5 The Administrator may waive reporting require-
6 ments under this section for specific entities to the
7 extent that the Administrator determines that suffi-
8 cient and equally or more reliable, verified, and time-
9 ly data are available to the Administrator and the
10 public on the internet under other mandatory, statu-
11 tory Federal requirements.

12 **“SEC. 715. EMISSION ALLOWANCES.**

13 “(a) IN GENERAL.—The Administrator shall estab-
14 lish a quantity of emission allowances for each calendar
15 year starting in 2026 as necessary to achieve the targets
16 under section 711(a) and the reductions under section
17 711(b).

18 “(b) IDENTIFICATION NUMBERS.—The Adminis-
19 trator shall assign to each emission allowance established
20 under subsection (a) a unique identification number that
21 includes the vintage year for that emission allowance.

22 “(c) EMISSION ALLOWANCES FOR EACH CALENDAR
23 YEAR.—

24 “(1) COMPLIANCE PERIODS 1 AND 2.—Not later
25 than January 1, 2026, the Administrator shall es-

1 tablish the quantity of emission allowances for each
2 year in compliance period 1 and compliance period
3 2.

4 “(2) FOLLOWING TWO COMPLIANCE PERIODS.—
5 Not later than July 1, 2031, and every 6 years
6 thereafter, the Administrator shall establish the
7 quantity of emission allowances for each calendar
8 year of the following two compliance periods. When
9 establishing the quantity of emission allowances
10 under this paragraph for a calendar year, the Ad-
11 ministrator shall, consistent with subsection (a), con-
12 sider—

13 “(A) the economy-wide reduction goals es-
14 tablished by section 702;

15 “(B) the total number of emission allow-
16 ances in circulation, as required to be published
17 by subsection 716(e); and

18 “(C) other factors determined appropriated
19 by the Administrator.

20 “(3) FAILURE TO SET EMISSION ALLOWANCE
21 QUANTITY.—If the Administrator fails to establish
22 the quantity of emission allowances for a compliance
23 period by the start of the first calendar year of the
24 compliance period, the quantity of emission allow-

1 ances established for each calendar year of such
2 compliance period shall be the amount equal to—

3 “(A) the quantity of emission allowances
4 established for the preceding calendar year;
5 minus

6 “(B) the quantity of emission allowances
7 that is equal to 3.5 percent of the aggregate
8 quantity of greenhouse gas emissions in 2005.

9 **“SEC. 716. PROHIBITION OF EXCESS GREENHOUSE GAS**
10 **EMISSIONS.**

11 “(a) PROHIBITION.—Effective January 1, 2026, a
12 covered entity may not emit greenhouse gas emissions and
13 have attributable greenhouse gas emissions, in combina-
14 tion, in excess of the quantity of greenhouse gas emissions
15 represented by the number of emission allowances surren-
16 dered by the covered entity pursuant to subsection (b)(3)
17 for the compliance period.

18 “(b) DEMONSTRATING COMPLIANCE.—Except as
19 otherwise provided in this section, a covered entity shall
20 surrender to the Administrator for retirement—

21 “(1) by 12:01 a.m. on April 1 (or a later date
22 established by the Administrator under subsection
23 (h)) of the second year of a compliance period, not
24 less than the number of emission allowances needed
25 to represent 50 percent of the total quantity of

1 greenhouse gas emissions and attributable green-
2 house gas emissions, in combination, of the covered
3 entity during the first year of the compliance period;

4 “(2) by 12:01 a.m. on April 1 (or a later date
5 established by the Administrator under subsection
6 (h)) of the third year of a compliance period, not
7 less than the number of emission allowances (includ-
8 ing those surrendered pursuant to paragraph (1) for
9 the compliance period) needed to represent 50 per-
10 cent of the total quantity of greenhouse gas emis-
11 sions and attributable greenhouse gas emissions, in
12 combination, of the covered entity during the first 2
13 years of the compliance period; and

14 “(3) by 12:01 a.m. on April 1 (or a later date
15 established by the Administrator under subsection
16 (h)) of the year following a compliance period, not
17 less than the number of emission allowances (includ-
18 ing those surrendered pursuant to paragraphs (1)
19 and (2) for the compliance period) needed to rep-
20 resent 100 percent of the total quantity of green-
21 house gas emissions and attributable greenhouse gas
22 emissions, in combination, of the covered entity dur-
23 ing the full compliance period.

24 “(c) APPLICATION TO FRACTIONS OF TONS.—For
25 purposes of this section, any amount less than 1 ton of

1 carbon dioxide equivalent of greenhouse gas emissions or
2 attributable greenhouse gas emissions shall be treated as
3 1 ton of such carbon dioxide equivalent.

4 “(d) RETIREMENT OF EMISSION ALLOWANCES.—As
5 soon as practicable after each deadline established under
6 subsection (b), the Administrator shall retire the quantity
7 of emission allowances surrendered by covered entities
8 pursuant to subsection (b)(3) for the compliance period.

9 “(e) TOTAL NUMBER OF ALLOWANCES IN CIRCULA-
10 TION.—As soon as practicable after the deadline described
11 in subsection (b)(3), the Administrator shall publish an
12 estimate of the total quantity of emission allowances held
13 by all persons on the day after such deadline.

14 “(f) DESIGNATED REPRESENTATIVES.—The final
15 regulations promulgated under section 703 shall require
16 that each covered entity, and each entity holding emission
17 allowances or receiving emission allowances from the Ad-
18 ministrator under this title, submit to the Administrator
19 a certificate of representation designating a designated
20 representative.

21 “(g) EDUCATION AND OUTREACH.—The Adminis-
22 trator shall establish and carry out a program of education
23 and outreach to assist covered entities in meeting the re-
24 quirements of this title. Such program shall include edu-

1 cation with respect to using markets to effectively meet
2 such requirements.

3 “(h) ADJUSTMENT OF DEADLINE.—The Adminis-
4 trator may, by rule, establish a deadline for demonstrating
5 compliance in accordance with subsection (b) later than
6 the date otherwise provided in subsection (b), as necessary
7 to ensure the availability of greenhouse gas emissions
8 data, but in no event shall the deadline be later than June
9 1 of the respective calendar year.

10 **“SEC. 717. PENALTY FOR NONCOMPLIANCE.**

11 “(a) EXCESS GREENHOUSE GAS EMISSIONS PEN-
12 ALTY.—

13 “(1) IN GENERAL.—A covered entity that fails
14 for any year to demonstrate compliance as required
15 by section 716 by the applicable deadline shall be
16 liable for payment to the Administrator of a civil
17 penalty in the amount described in paragraph (2).

18 “(2) AMOUNT.—The amount of a penalty re-
19 quired to be paid under paragraph (1) shall be equal
20 to the product obtained by multiplying—

21 “(A) the number of tons of carbon dioxide
22 equivalent of greenhouse gas emissions and at-
23 tributable greenhouse gas emissions for which
24 the covered entity failed to demonstrate compli-

1 ance as required by section 716 by the applica-
2 ble deadline; by

3 “(B) 3 times the auction clearing price for
4 the earliest vintage year emission allowances in
5 the last auction carried out pursuant to section
6 720 before such deadline.

7 “(3) TIMING.—A penalty under this subsection
8 shall be immediately due and payable to the Admin-
9 istrator, without demand.

10 “(4) NO EFFECT ON LIABILITY.—A penalty due
11 and payable by a covered entity under this sub-
12 section may not diminish the liability of the covered
13 entity for any fine, penalty, or assessment against
14 the covered entity for the same violation under any
15 other provision of this Act or any other law.

16 “(b) EXCESS EMISSIONS ALLOWANCES.—A covered
17 entity that fails to demonstrate compliance for any year,
18 as described in subsection (a)(1), shall be liable to offset
19 the covered entity’s excess greenhouse gases emissions and
20 attributable greenhouse gas emissions by an equal quan-
21 tity of emission allowances during the year after the year
22 in which such failure to demonstrate compliance occurred,
23 or such longer period as the Administrator may prescribe.

24 “(c) TREATMENT AS SEPARATE VIOLATION.—For
25 purposes of this section, each ton of carbon dioxide equiva-

1 lent for which a covered entity fails to demonstrate compli-
2 ance as required by section 716 shall be treated as a sepa-
3 rate violation.

4 **“SEC. 718. TRACKING SYSTEM.**

5 “The final regulations promulgated under section
6 703 shall include a system for issuing, recording, holding,
7 and tracking emission allowances. Such system shall pro-
8 vide for appropriate publication of the information in the
9 system on the internet.

10 **“SEC. 719. PROGRAM FLEXIBILITY.**

11 “(a) PERMITTED TRANSACTIONS.—Except as other-
12 wise provided in this title, the lawful holder of an emission
13 allowance may—

14 “(1) without restriction, sell, exchange, or
15 transfer the emission allowance;

16 “(2) subject to subsection (c), hold the emission
17 allowance; and

18 “(3) request that the Administrator retire the
19 emission allowance.

20 “(b) BANKING.—An emission allowance may be used
21 to comply with section 716 for emissions in—

22 “(1) the vintage year for the emission allow-
23 ance; or

24 “(2) any calendar year subsequent to the vin-
25 tage year for the emission allowance.

1 “(c) **HOLDING LIMIT.**—Beginning after compliance
2 period 1, a covered entity may retain emission allowances
3 issued for vintage years in previous compliance periods
4 representing no more than 100 percent of the total quan-
5 tity of greenhouse gas emissions and attributable green-
6 house gas emissions, in combination, of the covered entity
7 during the preceding compliance period.

8 “(d) **NO RESTRICTION ON TRANSACTIONS.**—The
9 privilege of purchasing, holding, selling, exchanging,
10 transferring, and requesting retirement of emission allow-
11 ances may not be restricted to covered entities, except as
12 otherwise provided in this title.

13 **“SEC. 720. AUCTION PROCEDURES.**

14 “(a) **IN GENERAL.**—For each calendar year for which
15 the Administrator establishes emission allowances under
16 section 715, the Administrator shall auction emission al-
17 lowances in accordance with the following:

18 “(1) **FREQUENCY; FIRST AUCTION.**—Auctions
19 shall be conducted quarterly, with the first auction
20 to be conducted not later than March 31, 2026.

21 “(2) **AUCTION SCHEDULE; CURRENT AND FU-**
22 **TURE VINTAGES.**—The Administrator—

23 “(A) at each quarterly auction under this
24 section, shall offer both a portion of the emis-
25 sion allowances for the same vintage year as the

1 year in which the auction is being conducted
2 and a portion of the emission allowances for fu-
3 ture vintage years;

4 “(B) may offer at any auction under this
5 section emission allowances for vintage years of
6 up to 6 years after the year in which the auc-
7 tion is being conducted; and

8 “(C) during a vintage year, shall make
9 available for auction not less than 50 percent of
10 the emission allowances established under sec-
11 tion 715 for the vintage year, including any
12 such emissions allowances—

13 “(i) auctioned on consignment pursu-
14 ant to section 721; or

15 “(ii) made available for auction from
16 the emissions containment reserve.

17 “(3) AUCTION FORMAT.—Auctions shall follow
18 a single-round, sealed-bid, uniform price format.

19 “(4) PARTICIPATION; FINANCIAL ASSURANCE.—
20 Auctions shall be open to any person, except that
21 the Administrator may establish financial assurance
22 requirements to ensure that auction participants will
23 perform on their bids.

24 “(5) DISCLOSURE OF BENEFICIAL OWNER-
25 SHIP.—Each bidder in an auction shall be required

1 to disclose the person or entity sponsoring or bene-
2 fitting from the bidder’s participation in the auction
3 if such person or entity is, in whole or in part, other
4 than the bidder.

5 “(6) PURCHASE LIMITS.—No person may, di-
6 rectly or in concert with one or more other partici-
7 pants, purchase more than 5 percent of the emission
8 allowances offered at any quarterly auction.

9 “(7) PUBLICATION OF INFORMATION.—After an
10 auction, the Administrator shall, in a timely fashion,
11 publish the identities of winning bidders, the quan-
12 tity of emission allowances obtained by each winning
13 bidder, and the auction clearing price determined by
14 the Administrator.

15 “(b) REGULATIONS.—

16 “(1) INITIAL REGULATIONS.—Not later than 12
17 months after the date of enactment of this title, the
18 Administrator, in consultation with other Federal
19 agencies, as appropriate, shall promulgate regula-
20 tions governing the auction of emission allowances
21 under this section and section 721.

22 “(2) REVISED REGULATIONS.—Not earlier than
23 January 1, 2029, the Administrator may, in con-
24 sultation with other Federal agencies, as appro-
25 priate, at any time, revise the initial regulations pro-

1 mulgated under paragraph (1). Such revised regula-
2 tions need not meet the requirements identified in
3 subsection (a) if the Administrator determines that
4 an alternative auction design would be more effec-
5 tive, taking into account factors including costs of
6 administration, transparency, fairness, and risks of
7 collusion or manipulation. In determining whether
8 and how to revise the initial regulations, the Admin-
9 istrator may not consider maximization of revenues
10 to the Federal Government.

11 “(3) OTHER REQUIREMENTS.—The Adminis-
12 trator may include in the regulations under this sub-
13 section such other requirements or provisions as the
14 Administrator, in consultation with other Federal
15 agencies, as appropriate, considers appropriate to
16 promote effective, efficient, transparent, and fair ad-
17 ministration of auctions.

18 “(c) MINIMUM PRICE.—The minimum price for any
19 emission allowance auctioned under this section shall be
20 \$15 for any auction occurring in calendar year 2026. The
21 minimum price for an emission allowance auctioned under
22 this section for any auction occurring after calendar year
23 2026 shall be—

24 “(1) the minimum price applicable under this
25 subsection for the previous calendar year; plus

1 “(2) the dollar amount that is equal to—
2 “(A) such minimum price; multiplied by
3 “(B) the percent that is the sum of—
4 “(i) 5 percent; plus
5 “(ii) the percentage change in the
6 Consumer Price Index (for all urban con-
7 sumers) for the previous calendar year.

8 “(d) COST CONTAINMENT RESERVE.—

9 “(1) IN GENERAL.—The Administrator shall—
10 “(A) establish a cost containment reserve;
11 “(B) deposit into such reserve emission al-
12 lowances established pursuant to paragraph (2)
13 and emission allowances described in subsection
14 (e)(4); and
15 “(C) make available for auction allowances
16 in such reserve in accordance with paragraph
17 (4).

18 “(2) DEPOSITS INTO RESERVE.—

19 “(A) FILLING THE RESERVE INITIALLY.—
20 The Administrator shall establish, and deposit
21 into the cost containment reserve, a quantity of
22 emission allowances equal to the average annual
23 aggregate quantity of greenhouse gas emissions
24 in calendar years 2022, 2023, and 2024 from

1 equivalent entities described in section 711(d)
2 for the respective calendar years.

3 “(B) REFILLING THE RESERVE.—Fol-
4 lowing any auction under this section, if any
5 emission allowances that were offered at the
6 auction were not purchased, the Administrator
7 shall—

8 “(i) deposit a quantity, as determined
9 appropriate by the Administrator, of such
10 emission allowances in the cost contain-
11 ment reserve; and

12 “(ii) retire the remaining quantity of
13 such emission allowances.

14 “(C) SPECIAL RULE.—If any emission al-
15 lowances established pursuant to subparagraph
16 (A) remain in the cost containment reserve, the
17 Administrator shall retire one such emission al-
18 lowance for each emission allowance deposited
19 into the reserve under subparagraph (B).

20 “(3) PRICE TRIGGERS.—

21 “(A) ANNUAL DETERMINATION.—Each
22 calendar year, the Administrator shall set at
23 least two price triggers at which, if the auction
24 clearing price for an auction under this section
25 would meet or exceed the price trigger, the Ad-

1 administrator may offer at such auction emission
2 allowances from the cost containment reserve.

3 “(B) LOWEST PRICE TRIGGER.—The Ad-
4 ministrator may not set a price trigger under
5 subparagraph (A) for a calendar year that is
6 less than 4 multiplied by the minimum price of
7 an emission allowance for that calendar year
8 under subsection (c).

9 “(4) RELEASE OF EMISSION ALLOWANCES.—If
10 the auction clearing price for an auction conducted
11 under this section meets or exceeds a price trigger
12 set under paragraph (3), the Administrator may,
13 with respect to such a price trigger, offer at such
14 auction up to 5 percent of the emission allowances
15 in the cost containment reserve at the beginning of
16 the calendar year. For any auction under this sec-
17 tion, the Administrator may not offer more than 10
18 percent of the emission allowances in the cost con-
19 tainment reserve.

20 “(e) EMISSIONS CONTAINMENT RESERVE.—

21 “(1) IN GENERAL.—The Administrator shall—

22 “(A) establish an emissions containment
23 reserve;

24 “(B) each calendar year, deposit into such
25 reserve 10 percent of the emission allowances

1 established under section 715 for such calendar
2 year; and

3 “(C) make available for auction emission
4 allowances in such reserve pursuant to para-
5 graph (3).

6 “(2) PRICE TRIGGERS.—

7 “(A) ANNUAL DETERMINATION.—Each
8 calendar year, the Administrator shall set at
9 least two price triggers at which, if the auction
10 clearing price for an auction under this section
11 would meet or exceed the price trigger, the Ad-
12 ministrator will make available for auction
13 emission allowances from the emissions contain-
14 ment reserve.

15 “(B) LOWEST PRICE TRIGGER.—The Ad-
16 ministrator may not set a price trigger under
17 subparagraph (A) for a calendar year that is
18 less than 125 percent of the minimum price of
19 an emission allowance for that calendar year
20 under subsection (c).

21 “(3) RELEASE OF EMISSION ALLOWANCES.—At
22 any auction under this section, the Administrator—

23 “(A) may not offer more than 25 percent
24 of the emission allowances deposited into the
25 emissions containment reserve for the respective

1 calendar year at any of the auctions under this
2 section in such calendar year; and

3 “(B) for each price trigger met or exceeded
4 by the auction clearing price, the Administrator
5 may offer up to 12.5 percent of the emission al-
6 lowances deposited into the emissions contain-
7 ment reserve for the respective calendar year.

8 “(4) ALLOWANCES NOT PURCHASED.—At the
9 end of each calendar year, any emission allowance in
10 the emissions containment reserve offered but not
11 purchased at auction may be deposited into the cost
12 containment reserve pursuant to subsection
13 (d)(2)(B).

14 “(f) PUBLIC AUCTION INFORMATION.—Prior to the
15 first auction under this section each calendar year, the Ad-
16 ministrator shall publish the following:

17 “(1) The minimum price for an emission allow-
18 ance for such calendar year under subsection (c).

19 “(2) The number of emission allowances of each
20 vintage year to be offered at each auction in such
21 calendar year.

22 “(3) The number and dollar amounts of the
23 price triggers for such calendar year for the cost
24 containment reserve established under subsection
25 (d).

1 “(4) The number and dollar amounts of the
2 price triggers for such calendar year for the emis-
3 sions containment reserve established under sub-
4 section (e).

5 “(5) Any additional information determined to
6 be appropriate by the Administrator.

7 “(g) DELEGATION OR CONTRACT.—The Adminis-
8 trator may by delegation or contract provide for the con-
9 duct of auctions under this section under the Administra-
10 tor’s supervision—

11 “(1) by other departments or agencies of the
12 Federal Government; or

13 “(2) by nongovernmental agencies, groups, or
14 organizations.

15 **“SEC. 721. CONSIGNMENT AUCTIONS.**

16 “(a) VOLUNTARY CONSIGNMENT.—Any entity hold-
17 ing emission allowances may request that the Adminis-
18 trator make available for auction under section 720 the
19 emission allowances on consignment.

20 “(b) MANDATORY CONSIGNMENT.—

21 “(1) CONDITIONAL ALLOCATIONS.—Before any
22 emission allowance allocated under subsection (a) or
23 (b) of section 722 (including any emission allowance
24 transferred to a covered entity pursuant to section
25 722(a)(3)(B) or section 722(a)(6)(B)(ii)) may be

1 sold, further transferred, retired, or used to dem-
2 onstrate compliance under section 716, such emis-
3 sion allowance shall be made available for auction on
4 consignment pursuant to this section and section
5 720.

6 “(2) TRANSPARENCY.—The Administrator shall
7 publish—

8 “(A) the names of entities holding emission
9 allowances that are made available for auction
10 on consignment pursuant to paragraph (1);

11 “(B) the quantities of emission allowances
12 that are so made available for auction; and

13 “(C) any additional information relating to
14 emission allowances that are so made available
15 for auction, as determined by the Adminis-
16 trator.

17 “(c) PROCEEDS.—Notwithstanding section 3302 of
18 title 31, United States Code—

19 “(1) the Federal Government shall, not later
20 than 90 days after receipt of the proceeds from any
21 auction on consignment pursuant to subsection
22 (b)(1), transfer such proceeds to the entity that re-
23 quested the Administrator offer the respective emis-
24 sion allowances at an auction under section 720; and

1 “(2) no such proceeds shall be held by any offi-
2 cer or employee of the United States or treated for
3 any purpose as public monies.

4 “(d) UNSOLD EMISSION ALLOWANCES.—The Admin-
5 istrator shall return to the entity offering an emission al-
6 lowance at auction on consignment pursuant to this sec-
7 tion any such allowance that is not sold at the auction.

8 **“SEC. 722. ALLOCATION OF EMISSION ALLOWANCES.**

9 “(a) FOR THE BENEFIT OF CONSUMERS.—

10 “(1) IN GENERAL.—Beginning with vintage
11 year 2026, the Administrator shall allocate emission
12 allowances established each calendar year under sec-
13 tion 715(a) to States and Indian Tribes in the fol-
14 lowing amounts:

15 “(A) For compliance period 1, 30 percent
16 of the emission allowances established for each
17 year of such compliance period under section
18 715(a).

19 “(B) For compliance period 2, 27 percent
20 of the emission allowances established for each
21 year of such compliance period under section
22 715(a).

23 “(C) For compliance period 3, 24 percent
24 of the emission allowances established for each

1 year of such compliance period under section
2 715(a).

3 “(D) For compliance period 4, 21 percent
4 of the emission allowances established for each
5 year of such compliance period under section
6 715(a).

7 “(E) For compliance period 5, 18 percent
8 of the emission allowances established for each
9 year of such compliance period under section
10 715(a).

11 “(F) For compliance period 6, 15 percent
12 of the emission allowances established for each
13 year of such compliance period under section
14 715(a).

15 “(G) For compliance period 7, 12 percent
16 of the emission allowances established for each
17 year of such compliance period under section
18 715(a).

19 “(H) For compliance period 8, 9 percent of
20 the emission allowances established for each
21 year of such compliance period under section
22 715(a).

23 “(I) For compliance period 9, 6 percent of
24 the emission allowances established for each

1 year of such compliance period under section
2 715(a).

3 “(J) For compliance period 10, 3 percent
4 of the emission allowances established for each
5 year of such compliance period under section
6 715(a).

7 “(K) For each subsequent compliance pe-
8 riod, 0 percent of the emission allowances es-
9 tablished for each year of such compliance peri-
10 ods under section 715(a).

11 “(2) DISTRIBUTION.—Not later than December
12 31 of each year, the Administrator shall distribute
13 among States and Indian Tribes the quantity of
14 emission allowances allocated under paragraph (1)
15 for the following vintage year, ratably based on the
16 ratio of—

17 “(A) the aggregate quantity of greenhouse
18 gases emitted within a jurisdiction in the sec-
19 ond preceding vintage year associated with the
20 combustion of fuels for—

21 “(i) electricity generation; and

22 “(ii) residential and commercial end
23 uses of fuels, excluding end uses related to
24 transportation; to

1 “(B) the aggregate quantity of greenhouse
2 gases emitted within the United States in the
3 second preceding vintage year associated with
4 the combustion of fuels for—

5 “(i) electricity generation; and

6 “(ii) residential and commercial end
7 uses of fuels, excluding end uses related to
8 transportation.

9 “(3) USE OF EMISSION ALLOWANCES.—States
10 and Indian Tribes shall—

11 “(A) sell, on consignment in accordance
12 with section 721, the emission allowances allo-
13 cated under this subsection and use the pro-
14 ceeds of such sales exclusively for the benefit of
15 consumers of electricity and residential and
16 commercial end users of fuels by carrying out
17 a—

18 “(i) cost-effective energy efficiency
19 program to reduce the use of electricity
20 and fuel;

21 “(ii) rebate or other financial incen-
22 tive program to encourage adoption and
23 use of low-emission fuel alternatives, which
24 may include a program that provides for
25 electrification; or

1 “(iii) rebate or other direct financial
2 assistance program, which may include a
3 low-income ratepayer assistance program;
4 or

5 “(B) transfer, on a nonreimbursable
6 basis, such emission allowances to one or more
7 covered entities responsible for greenhouse gas
8 emissions or attributable greenhouse gas emis-
9 sions within the jurisdiction of the State or In-
10 dian Tribe to be used by such entities exclu-
11 sively for the benefit of consumers of electricity
12 and residential and commercial end users of
13 fuels.

14 “(4) ADMINISTRATIVE EXPENSES.—States and
15 Indian Tribes may use up to 5 percent of the pro-
16 ceeds from the sale of emission allowances allocated
17 under this subsection for administrative purposes in
18 carrying out programs under paragraph (3).

19 “(5) REPORTING.—Each State and Indian
20 Tribe receiving emission allowances under this sub-
21 section shall submit to the Administrator, not later
22 than 12 months after each receipt of such emission
23 allowances, a report, in accordance with such re-
24 quirements as the Administrator may prescribe,
25 that—

1 “(A) describes the use of emission allow-
2 ances sold or transferred under paragraph (3),
3 including a description of the energy efficiency,
4 fuel switching, and consumer assistance pro-
5 grams supported pursuant to paragraph (3);

6 “(B) includes an evaluation, prepared by
7 an independent third party, of the performance
8 of the energy efficiency, fuel switching, and con-
9 sumer assistance programs supported pursuant
10 to paragraph (3); and

11 “(C) describes any transfer of emission al-
12 lowances to covered entities under paragraph
13 (3)(B).

14 “(6) ENFORCEMENT.—If the Administrator de-
15 termines a State or Indian Tribe is not in compli-
16 ance with this subsection, the Administrator may—

17 “(A)(i) withhold a portion of emission al-
18 lowances under this subsection that would oth-
19 erwise be distributed to the State or Indian
20 Tribe for the next vintage year; and

21 “(ii) distribute such withheld emission al-
22 lowances among the remaining States and In-
23 dian Tribes ratably in accordance with the for-
24 mula under paragraph (2); or

1 “(B)(i) withhold a portion of emission al-
2 lowances under this subsection that would oth-
3 erwise be distributed to the State or Indian
4 Tribe for the next vintage year; and

5 “(ii) directly transfer, on a
6 nonreimbursable basis, such withheld emission
7 allowances to one or more covered entities re-
8 sponsible for greenhouse gas emissions or at-
9 tributable greenhouse gas emissions within the
10 jurisdiction of such State or Indian Tribe to be
11 used by such entities exclusively for the benefit
12 of consumers as described in paragraph (3)(A).

13 “(b) ENERGY-INTENSIVE, TRADE-EXPOSED INDUS-
14 TRIES.—

15 “(1) IN GENERAL.—Beginning with vintage
16 year 2026, the Administrator shall allocate emission
17 allowances to eligible industry sectors designated
18 and listed under section 723(a)(1), to be distributed
19 in accordance with section 723, in the following
20 amounts:

21 “(A) For compliance periods 1 and 2, 15
22 percent of the emission allowances established
23 for each year of such compliance periods under
24 section 715(a).

1 “(B) For compliance periods 3 and 4, 12
2 percent of the emission allowances established
3 for each year of such compliance periods under
4 section 715(a).

5 “(C) For compliance periods 5 and 6, 9
6 percent of the emission allowances established
7 for each year of such compliance periods under
8 section 715(a).

9 “(D) For compliance periods 7 and 8, 6
10 percent of the emission allowances established
11 for each year of such compliance periods under
12 section 715(a).

13 “(E) For compliance periods 9 and 10, 3
14 percent of the emission allowances established
15 for each year of such compliance periods under
16 section 715(a).

17 “(F) For each subsequent compliance pe-
18 riod, 0 percent of the emission allowances es-
19 tablished for each year of such compliance peri-
20 ods under section 715(a).

21 “(2) CARRYOVER.—After the Administrator dis-
22 tributes emission allowances pursuant to section 723
23 for any vintage year, any emission allowances allo-
24 cated to eligible industry sectors designated and list-

1 ed under section 723(a)(1) pursuant to this sub-
2 section that have not been so distributed shall—

3 “(A) remain available for distribution pur-
4 suant to section 723 for the following vintage
5 year; and

6 “(B) be treated as part of the allocation to
7 such entities for that following vintage year.

8 “(c) LOW-INCOME CONSUMERS.—Beginning with
9 vintage year 2026, the Administrator shall make available
10 for auction, pursuant to section 720, 15 percent of the
11 emission allowances established for each year under sec-
12 tion 715(a). The proceeds from such auction shall be made
13 available to the Secretary of the Treasury to provide re-
14 bates under section 102 of the Climate Pollution Standard
15 and Community Investment Act of 2024.

16 “(d) STATE, TERRITORIAL, AND TRIBAL GOVERN-
17 MENTS.—Beginning with vintage year 2026, the Adminis-
18 trator shall make available for auction, pursuant to section
19 720, 10 percent of the emission allowances established for
20 each year under section 715(a), with the proceeds distrib-
21 uted to States and Indian Tribes pursuant to section 724.

22 “(e) LOCAL GOVERNMENTS.—Beginning with vintage
23 year 2026, the Administrator shall make available for auc-
24 tion, pursuant to section 720, 5 percent of the emission
25 allowances established for each year under section 715(a).

1 The proceeds from such auction shall be made available
2 to the Secretary of Energy to carry out subtitle E of title
3 V of the Energy Independence and Security Act of 2007.

4 “(f) JURISDICTIONS HOSTING HIGH-LEVEL NU-
5 CLEAR WASTE.—

6 “(1) IN GENERAL.—Beginning with vintage
7 year 2026, the Administrator shall make available
8 for auction, pursuant to section 720, 0.5 percent of
9 the emission allowances established for each year
10 under section 715(a), with the proceeds provided to
11 each State and Indian Tribe for which a repository
12 where high-level radioactive waste and spent nuclear
13 fuel are permanently disposed of is located within
14 the jurisdiction of the State or Indian Tribe.

15 “(2) NO ELIGIBLE STATE OR INDIAN TRIBE.—
16 If no State or Indian Tribe is eligible to be provided
17 proceeds under this subsection with respect to a vin-
18 tage year, such proceeds shall be provided to States
19 and Indian Tribes pursuant to section 724.

20 “(3) MULTIPLE STATES OR INDIAN TRIBES.—If
21 more than one State or Indian Tribe is eligible for
22 proceeds under this subsection with respect to a vin-
23 tage year, such proceeds shall be distributed ratably
24 among such States and Indian Tribes based on the
25 ratio of—

1 “(A) the mass of high-level radioactive
2 waste and spent nuclear fuel permanently dis-
3 posed of within the jurisdictions of the respec-
4 tive States or Indian Tribes; relative to

5 “(B) the mass of high-level radioactive
6 waste and spent nuclear fuel permanently dis-
7 posed of in the United States.

8 “(g) WORKER AND COMMUNITY ASSISTANCE.—

9 “(1) IN GENERAL.—Beginning with vintage
10 year 2026, the Administrator shall make available
11 for auction, pursuant to section 720, 5 percent of
12 the emission allowances established for each year
13 under section 715(a), with the proceeds deposited
14 into the Worker and Community Assistance Fund
15 established under section 103 of the Climate Pollu-
16 tion Standard and Community Investment Act of
17 2024.

18 “(2) DETERMINATION OF ADDITIONAL REVE-
19 NUES NEEDED.—For any year, the Administrator,
20 in consultation with the Secretary of the Treasury,
21 the Secretary of Labor, and the Director of the Of-
22 fice of Energy and Economic Transition as estab-
23 lished by section 203 of the Climate Pollution
24 Standard and Community Investment Act of 2024—

1 “(A) may determine that additional revenue is necessary to carry out sections 206,
2 207, and 208 of the Climate Pollution Standard
3 and Community Investment Act of 2024; and

4 “(B) if emission allowances are available
5 and upon a determination under subparagraph
6 (A), may offer at an auction pursuant to section
7 720, in addition to the emission allowances
8 made available for auction pursuant to paragraph
9 (1), up to 5 percent of emissions allowances
10 established for such year under section
11 715(a), with the proceeds deposited into the
12 Worker and Community Assistance Fund established
13 under section 103 of the Climate Pollution
14 Standard and Community Investment Act
15 of 2024.
16

17 “(h) FRONTLINE COMMUNITIES.—Beginning with
18 vintage year 2026, the Administrator shall make available
19 for auction, pursuant to section 720, 10 percent of the
20 emission allowances established for each year under section
21 715(a), with the proceeds deposited into the Cleaner
22 Air Community Fund established under section 104 of the
23 Climate Pollution Standard and Community Investment
24 Act of 2024.

1 “(i) NEGATIVE EMISSIONS ACTIVITIES.—The Admin-
2 istrator shall make available for auction, pursuant to sec-
3 tion 720, emission allowances established for each year
4 under section 715(a), with the proceeds deposited into the
5 Negative Emissions Activities Fund established under sec-
6 tion 105 of the Climate Pollution Standard and Commu-
7 nity Investment Act of 2024, in the following amounts:

8 “(1) For compliance periods 1 and 2, 2.5 per-
9 cent of the emission allowances established for each
10 year of such compliance periods under section
11 715(a).

12 “(2) For compliance periods 3 and 4, 5 percent
13 of the emission allowances established for each year
14 of such compliance periods under section 715(a).

15 “(3) For compliance periods 5 and 6, 7.5 per-
16 cent of the emission allowances established for each
17 year of such compliance periods under section
18 715(a).

19 “(4) For compliance periods 7 and 8, 10 per-
20 cent of the emission allowances established for each
21 year of such compliance periods under section
22 715(a).

23 “(5) For compliance periods 9 and 10, 15 per-
24 cent of the emission allowances established for each

1 year of such compliance periods under section
2 715(a).

3 “(6) For each subsequent compliance period, 20
4 percent of the emission allowances established for
5 each year of such compliance period under section
6 715(a).

7 “(j) ENERGY INNOVATION FUND.—Beginning with
8 vintage year 2026, the Administrator shall make available
9 for auction, pursuant to section 720, 2.5 percent of the
10 emission allowances established for each year under sec-
11 tion 715(a), with the proceeds deposited into the Energy
12 Innovation Fund established under section 106 of the Cli-
13 mate Pollution Standard and Community Investment Act
14 of 2024.

15 **“SEC. 723. OUTPUT-BASED DISTRIBUTIONS FOR ENERGY-IN-**
16 **TENSIVE, TRADE-EXPOSED INDUSTRIES.**

17 “(a) DESIGNATION OF ELIGIBLE INDUSTRIAL SEC-
18 TORS.—

19 “(1) IN GENERAL.—The Administrator shall—

20 “(A) designate (using the six-digit classi-
21 fication system of the North American Indus-
22 trial Classification System of 2002 or a super-
23 seding classification system) eligible industrial
24 sectors based on the criteria described in para-
25 graph (3); and

1 “(B) maintain a list of such eligible indus-
2 trial sectors.

3 “(2) ELIGIBLE INDUSTRIAL SECTOR LIST.—

4 “(A) INITIAL LIST.—Not later than June
5 30, 2025, the Administrator shall publish in the
6 Federal Register a list of eligible industrial sec-
7 tors designated under this subsection.

8 “(B) SUBSEQUENT LISTS.—Not later than
9 June 30, 2031, and not less than every 6 years
10 thereafter, the Administrator shall publish in
11 the Federal Register an updated version of the
12 list published under subparagraph (A).

13 “(3) ELIGIBILITY CRITERIA.—

14 “(A) IN GENERAL.—To be designated as
15 an eligible industrial sector under this sub-
16 section, an industrial sector shall meet the cri-
17 teria in—

18 “(i) both subparagraphs (B) and (C);

19 or

20 “(ii) subparagraph (D).

21 “(B) ENERGY OR GREENHOUSE GAS IN-
22 TENSITY.—An industrial sector meets the cri-
23 teria in this subparagraph if the sector has—

24 “(i) an energy intensity of at least 5
25 percent, calculated by dividing—

1 “(I) the cost of purchased elec-
2 tricity and fuel of such sector; by

3 “(II) the value of the shipments
4 of such sector; or

5 “(ii) a greenhouse gas intensity of at
6 least 5 percent, calculated by dividing—

7 “(I) the number of tons of green-
8 house gas emissions (including direct
9 emissions from fuel combustion, proc-
10 ess emissions, and indirect emissions
11 from the generation of electricity used
12 to produce the output of the sector) of
13 such sector, multiplied by 20; by

14 “(II) the value of the shipments
15 of such sector.

16 “(C) TRADE INTENSITY.—An industrial
17 sector meets the criteria in this subparagraph if
18 the sector has a trade intensity of at least 15
19 percent, calculated by dividing—

20 “(i) the value of the imports and ex-
21 ports of such sector; by

22 “(ii) the sum of the value of the ship-
23 ments and the value of imports of such
24 sector.

1 “(D) VERY HIGH ENERGY OR GREEN-
2 HOUSE GAS INTENSITY.—An industrial sector
3 meets the criteria in this subparagraph if the
4 sector has—

5 “(i) an energy intensity of at least 20
6 percent, as calculated under subparagraph
7 (B)(i); or

8 “(ii) a greenhouse gas intensity of at
9 least 20 percent, as calculated under sub-
10 paragraph (B)(ii).

11 “(4) USE OF DATA.—When determining the eli-
12 gibility of an industrial sector, or a subgroup of enti-
13 ties within an industrial sector, under this sub-
14 section—

15 “(A) the Administrator shall use the aver-
16 age annual data for the most recent 4 years for
17 which such data are available;

18 “(B) if data are unavailable for any indus-
19 trial sector at the six-digit classification level
20 referred to in paragraph (1)(A), the Adminis-
21 trator may extrapolate the information nec-
22 essary to determine the eligibility of a sector
23 from available data pertaining to a broader in-
24 dustrial category classified in—

1 “(i) the North American Industrial
2 Classification System of 2002; or

3 “(ii) a superseding classification sys-
4 tem;

5 “(C) the Administrator may request any
6 additional information, as determined necessary
7 by the Administrator, from any owner or oper-
8 ator of an entity in a potentially eligible indus-
9 trial sector; and

10 “(D) the Administrator shall seek informa-
11 tion from the owner or operator of an entity in
12 a potentially eligible industrial sector that pro-
13 duces more than one product at a facility in
14 order to attribute energy usage and greenhouse
15 gas emissions associated with the production of
16 each product type.

17 “(5) LISTING OF SUBGROUPS AS AN ELIGIBLE
18 INDUSTRIAL SECTOR.—

19 “(A) DESIGNATION OF SUBGROUPS.—The
20 Administrator may, pursuant to paragraph (1),
21 designate and list a subgroup of entities within
22 an industrial sector as a separate eligible indus-
23 trial sector if the subgroup of entities meets the
24 eligibility criteria in paragraph (3)(A) for des-
25 ignation as an eligible industrial sector.

1 “(B) DETERMINATION.—In determining
2 under paragraph (3)(A) whether a subgroup of
3 entities meets the criteria under subparagraphs
4 (B) and (C) or (D) of such paragraph, the Ad-
5 ministrators shall consider—

6 “(i) the energy intensity, greenhouse
7 gas intensity, and trade intensity of the in-
8 dustrial sector represented by such sub-
9 group of entities; and

10 “(ii) the products manufactured by
11 the subgroup and not the industrial pro-
12 cess by which such products are manufac-
13 tured, except that the Administrator may
14 determine a subgroup of entities that man-
15 ufacture a product primarily from virgin
16 material to be listed as a separate eligible
17 industrial sector from another subgroup of
18 entities that manufacture the same product
19 primarily from recycled material.

20 “(6) INDIVIDUAL PETITION FOR ELIGIBILITY.—

21 “(A) PETITION.—The owner or operator of
22 an entity in an industrial sector may petition
23 the Administrator to designate, pursuant to
24 paragraph (5), one or more entities in such in-
25 dustrial sector as an eligible industrial sector.

1 “(B) FINAL ACTION.—Not later than 6
2 months after the receipt of a petition under
3 subparagraph (A), the Administrator shall take
4 final action on such petition.

5 “(7) SPECIAL CASES.—

6 “(A) IRON AND STEEL SECTOR.—For pur-
7 poses of this section, the Administrator shall
8 consider as being in different industrial sec-
9 tors—

10 “(i) entities using integrated iron and
11 steelmaking technologies (including coke
12 ovens, blast furnaces, and other
13 ironmaking technologies); and

14 “(ii) entities using electric arc furnace
15 technologies.

16 “(B) METAL, SODA ASH, OR PHOSPHATE
17 PRODUCTION CLASSIFIED UNDER MORE THAN
18 ONE NAICS CODE.—For purposes of this sec-
19 tion, the Administrator—

20 “(i) may not aggregate data for the
21 beneficiation or other processing (including
22 agglomeration) of metal ores, soda ash, or
23 phosphate with subsequent steps in the
24 process of metal, soda ash, or phosphate
25 manufacturing;

1 “(ii) shall consider the beneficiation or
2 other processing (including agglomeration)
3 of metal ores, soda ash, or phosphate to be
4 in separate industrial sectors from the
5 metal, soda ash, or phosphate manufac-
6 turing sectors; and

7 “(iii) shall treat industrial sectors that
8 beneficiate or otherwise process (including
9 agglomeration) metal ores, soda ash, or
10 phosphate as ineligible to receive emission
11 allowances under this section related to the
12 activity of extracting metal ores, soda ash,
13 or phosphate.

14 “(C) PETROLEUM REFINING.—Industrial
15 sectors that refine petroleum products may not
16 be designated and listed as an eligible industrial
17 sector under this section.

18 “(b) OUTPUT-BASED ALLOCATION BENCHMARKS.—

19 “(1) IN GENERAL.—The Administrator shall
20 determine the average greenhouse gas emissions per
21 unit of output for each eligible industrial sector des-
22 ignated and listed under subsection (a)(1) (referred
23 to in this subsection as the ‘output-based allocation
24 benchmark’ for such sector).

25 “(2) CALCULATING BENCHMARK.—

1 “(A) IN GENERAL.—The Administrator
2 shall calculate the output-based allocation
3 benchmark for each eligible industrial sector
4 based on the greenhouse gas emissions, includ-
5 ing direct emissions, process emissions, and in-
6 direct emissions, expressed in tons of carbon di-
7 oxide equivalent, per unit of output, for such el-
8 ible industrial sector using an average of the
9 3 most recent years of the best available data
10 for such eligible industrial sector.

11 “(B) CALCULATING INDIRECT EMIS-
12 SIONS.—Each person selling electricity to the
13 owner or operator of an entity in an eligible in-
14 dustrial sector shall—

15 “(i) provide the owner or operator of
16 the entity and the Administrator relevant
17 greenhouse gas emissions data for such en-
18 tity; and

19 “(ii) where it is not possible to deter-
20 mine the precise indirect greenhouse gas
21 emissions for such entity, use the monthly
22 average data reported by the Energy Infor-
23 mation Administration or collected and re-
24 ported for the electric utility serving the

1 entity to determine greenhouse gas emis-
2 sions.

3 “(C) MULTIPLE ELIGIBLE INDUSTRIAL
4 SECTORS AT ONE FACILITY.—The Adminis-
5 trator shall seek information from the owner or
6 operator of an entity in an eligible industrial
7 sector that produces more than one product at
8 a facility in order to attribute energy usage and
9 greenhouse gas emissions associated with the
10 production of each product type at such facility.

11 “(3) DATA SOURCES.—For the purposes of this
12 subsection, the Administrator—

13 “(A) shall use data—

14 “(i) reported to the Environmental
15 Protection Agency;

16 “(ii) reported to other Federal agen-
17 cies; and

18 “(iii) from each owner or operator of
19 an entity in an eligible industrial sector;
20 and

21 “(B) may require an owner or operator of
22 an entity in an eligible industrial sector to pro-
23 vide such information as the Administrator
24 finds necessary to determine the output-based

1 allocation benchmark for such eligible industrial
2 sector.

3 “(c) DISTRIBUTION OF EMISSION ALLOWANCES.—

4 “(1) IN GENERAL.—For each vintage year, the
5 Administrator shall—

6 “(A) distribute pursuant to this section
7 emission allowances allocated under section
8 722(b), not later than October 31 of the pre-
9 ceeding calendar year; and

10 “(B) make such annual distributions to the
11 owner or operator of each entity responsible for
12 output in an eligible industrial sector listed
13 under subsection (a) in the amount of emission
14 allowances calculated under this subsection.

15 “(2) ASSISTANCE FACTOR.—For the purpose of
16 distributing emission allowances under this sub-
17 section, the Administrator shall use the following
18 (referred to in this subsection as an ‘assistance fac-
19 tor’):

20 “(A) For compliance period 1, 1.0.

21 “(B) For compliance period 2, 0.9.

22 “(C) For compliance period 3, 0.8.

23 “(D) For compliance period 4, 0.7.

24 “(E) For compliance period 5, 0.6.

25 “(F) For compliance period 6, 0.5.

1 “(G) For compliance period 7, 0.4.

2 “(H) For compliance period 8, 0.3.

3 “(I) For compliance period 9, 0.2.

4 “(J) For compliance period 10, 0.1.

5 “(K) For each subsequent compliance pe-
6 riod, 0.

7 “(3) AMOUNT OF EMISSION ALLOWANCES.—

8 The amount of emission allowances to be distributed
9 to the owner or operator of an entity in an eligible
10 industrial sector shall be calculated by—

11 “(A) the output-based allocation bench-
12 mark calculated pursuant to subsection (b) of
13 the industrial sector of such entity; multiplied
14 by

15 “(B) the average annual output of such
16 entity for the 2 years preceding the year of the
17 distribution; multiplied by

18 “(C) the appropriate assistance factor
19 under paragraph (2).

20 “(4) NEW ENTITIES.—Not later than 24
21 months after the date of enactment of this title, the
22 Administrator shall issue regulations governing the
23 distribution of emission allowances for the first 4
24 years of operation of a new entity in an eligible in-
25 dustrial sector. These regulations shall provide for—

1 “(A) the distribution of emission allow-
2 ances to such entities based on comparable enti-
3 ties in the same eligible industrial sector; and

4 “(B) an adjustment in the third and
5 fourth years of operation to reconcile the total
6 amount of emission allowances received during
7 the first 4 years of operation of the new entity
8 to the amount the entity would have received
9 during such years of operation had the appro-
10 prium data been available for the first and sec-
11 ond years of operation.

12 “(d) TOTAL MAXIMUM DISTRIBUTION.—The Admin-
13 istrator may not distribute more emission allowances for
14 any vintage year pursuant to this section than are allo-
15 cated for use pursuant to section 722(b) for that vintage
16 year. For any vintage year for which the total emission
17 allowances calculated for distribution pursuant to this sec-
18 tion would exceed the number of emission allowances allo-
19 cated pursuant to section 722(b), the Administrator shall
20 reduce each entity’s distribution on a pro rata basis so
21 that the total distribution of emission allowances under
22 this section equals the number of emission allowances allo-
23 cated under section 722(b).

1 “(e) CESSATION OF QUALIFYING ACTIVITIES.—If, as
2 determined by the Administrator, an entity is no longer
3 in an eligible industrial sector—

4 “(1) the Administrator may not distribute emis-
5 sion allowances to the owner or operator of such en-
6 tity under this section; and

7 “(2) the owner or operator of such entity shall
8 return to the Administrator—

9 “(A) all emissions allowances that have
10 been distributed under this section to the owner
11 or operator for future vintage years; and

12 “(B) a prorated amount of emission allow-
13 ances distributed under this section for the vin-
14 tage year in which the entity ceases to be in an
15 eligible industrial sector.

16 **“SEC. 724. ASSISTANCE TO STATE, TERRITORIAL, AND TRIB-**
17 **AL GOVERNMENTS.**

18 “(a) IN GENERAL.—The Administrator shall annu-
19 ally distribute to States and Indian Tribes the proceeds
20 of emission allowances auctioned pursuant to section
21 722(d). Such proceeds shall be used by States and Indian
22 Tribes to provide financial assistance and incentives in ac-
23 cordance with subsection (e) that support the reduction
24 of air pollution, including criteria air pollutants, haz-

1 arduous air pollutants, and emissions of greenhouse gases,
2 or promote adaptation to climate change.

3 “(b) REGULATIONS.—Not later than 24 months after
4 the date of enactment of this section, the Administrator
5 shall promulgate regulations to carry out this section, in-
6 cluding regulations—

7 “(1) to ensure that each State and Indian Tribe
8 provides financial assistance and incentives effi-
9 ciently and in accordance with this section and ap-
10 plicable Federal laws;

11 “(2) to prevent waste, fraud, and abuse;

12 “(3) to identify the forms of financial assist-
13 ance and incentives that States and Indian Tribes
14 may provide; and

15 “(4) to prescribe the form and content of re-
16 ports that States and Indian Tribes are required to
17 submit under this section.

18 “(c) INTENDED USE PLANS.—

19 “(1) IN GENERAL.—After providing for public
20 review and comment, each State and Indian Tribe
21 receiving proceeds under this section shall annually
22 prepare a plan that identifies the intended uses of
23 such proceeds.

24 “(2) CONTENTS.—An intended use plan pre-
25 pared under paragraph (1) shall include—

1 “(A) a list of the projects or programs in-
2 tended to be funded in the next fiscal year that
3 begins after the date of the plan, including a
4 description of each project or program; and

5 “(B) additional information as determined
6 appropriate by the Administrator.

7 “(d) DISTRIBUTION AMONG STATES AND INDIAN
8 TRIBES.—

9 “(1) IN GENERAL.—Not later than September
10 30 of each calendar year, the Administrator shall, in
11 accordance with this section, distribute the proceeds
12 of emission allowances auctioned pursuant to section
13 722(d) each year in accordance with the following
14 formula:

15 “(A) 25 percent shall be divided equally
16 among the States.

17 “(B) 50 percent of the emission allowances
18 shall be distributed ratably among the States
19 and Indian Tribes based on the population of
20 each State and Indian Tribe, as contained in
21 the most recent census data available from the
22 Bureau of the Census at the time the Adminis-
23 trator calculates the formula for distribution.

24 “(C) 25 percent shall be distributed rat-
25 ably among the States and Indian Tribes on the

1 basis of the energy consumption of each State
2 and Indian Tribe as contained in the most re-
3 cent State Energy Data System report of the
4 Energy Information Administration (or such al-
5 ternative reliable source as the Administrator
6 may designate).

7 “(2) MINIMUM AMOUNTS FOR INDIAN
8 TRIBES.—The Administrator shall ensure that not
9 less than 5 percent of the total proceeds distributed
10 to States and Indian Tribes in each calendar year is
11 distributed to Indian Tribes.

12 “(3) RECALCULATION OF DISTRIBUTION
13 AMOUNTS.—The Administrator shall recalculate the
14 amounts to be distributed as determined by the for-
15 mula in paragraph (1) not less frequently than once
16 every 5 years.

17 “(e) USES.—The proceeds distributed to each State
18 and Indian Tribe pursuant to this section may be used
19 to provide grants, tax credits, production incentives, loans,
20 loan guarantees, forgivable loans, interest rate buydowns,
21 and other types of financial assistance and incentives that
22 support or promote the following:

23 “(1) Zero-emission electricity generation, in-
24 cluding—

1 “(A) research, development, and dem-
2 onstration of zero-emission electricity genera-
3 tion projects; and

4 “(B) deployment of community-scale, low-
5 income, and distributed generation zero-emis-
6 sion electricity generation projects.

7 “(2) Energy storage projects.

8 “(3) Energy efficiency programs.

9 “(4) Grid modernization, including support for
10 integration of renewable energy resources and dis-
11 tributed generation, demand response, demand side
12 management, and systems analysis.

13 “(5) Deployment of zero-emission vehicles, in-
14 cluding light-, medium-, and heavy-duty vehicles.

15 “(6) Charging, refueling, and grid infrastruc-
16 ture enhancement to support zero-emission vehicles.

17 “(7) Design, construction, and maintenance to
18 improve the resilience of existing and new infrastruc-
19 ture, including public health infrastructure, to the
20 impacts of climate change, including wildfires,
21 drought, flooding, and other extreme weather events.

22 “(8) Electrification of residential and commer-
23 cial products that reduces demand for natural gas,
24 heating oil, gasoline, diesel fuel, or propane.

1 “(9) Wildlife and natural resource adaptation,
2 including—

3 “(A) protection, maintenance, or restora-
4 tion of natural infrastructure such as wetlands,
5 reefs, and barrier islands;

6 “(B) conservation or maintenance of public
7 lands;

8 “(C) protection and restoration of water-
9 sheds;

10 “(D) floodplain restoration and flood pro-
11 tection in densely populated urban areas; and

12 “(E) mitigation of ocean-related climate
13 change effects, including effects on bays, estu-
14 aries, populated barrier islands, and other
15 ocean-related features.

16 “(10) Sustainable agricultural programs, in-
17 cluding promotion of soil health.

18 “(11) Food waste reduction programs.

19 “(12) Sustainable forest management and land
20 use programs.

21 “(13) Reduction, capture, and use of methane
22 from landfills and wastewater treatment facilities.

23 “(14) Material conservation programs.

24 “(15) Providing the non-Federal share of the
25 cost of surface transportation capital projects that

1 support public transportation and transit programs,
2 including support for bike lanes and pathways, pe-
3 destrian pathways, and bike share programs pro-
4 vided that not more than 10 percent of assistance
5 distributed to each State and Indian Tribe pursuant
6 to this section shall be used for such purposes.

7 “(16) Construction, expansion, and retooling of
8 facilities that manufacture components for clean en-
9 ergy technology systems.

10 “(17) Installation, retrofit, or conversion of
11 equipment to enable manufacturing facilities to man-
12 ufacture zero- or low-emission energy-intensive in-
13 dustrial products.

14 “(18) Any other program, including a State
15 program, that reduces air pollution, deploys clean
16 energy or energy efficient technologies, or enhances
17 the resilience of infrastructure, as determined by the
18 Administrator.

19 “(f) ADMINISTRATIVE COSTS.—Not more than 5 per-
20 cent of the proceeds distributed to States and Indian
21 Tribes in any year may be used for the purposes of admin-
22 istrative expenses.

23 “(g) MAINTENANCE OF EFFORT.—A State or Indian
24 Tribe’s use of proceeds distributed by this section shall
25 include assurances that the State or Indian Tribe will

1 maintain support for existing activities carried out by such
2 State or Indian Tribe in future years at least at the levels
3 of such support that is the average of such State or Indian
4 Tribe’s support for such programs in the 3 years pre-
5 ceding the date of enactment of this section. The Adminis-
6 trator may waive the requirement in this subsection for
7 the purpose of relieving fiscal burdens on States and In-
8 dian Tribes that have experienced a precipitous decline in
9 financial resources.

10 “(h) ASSISTANCE TO DISADVANTAGED AND RURAL
11 COMMUNITIES.—Not less than 50 percent of funding dis-
12 tributed to each State and Indian Tribe shall be used to
13 provide assistance to activities located within disadvan-
14 taged or rural communities, as determined by the Admin-
15 istrator.

16 “(i) REPORTING.—Each State and Indian Tribe shall
17 submit to the Administrator a report every 2 years on the
18 use of proceeds received under this section in accordance
19 with such requirements as the Administrator may pre-
20 scribe.

21 “(j) ENFORCEMENT.—If the Administrator deter-
22 mines that a State or Indian Tribe is not in compliance
23 with this section, the Administrator may withhold pro-
24 ceeds that are otherwise to be distributed to such State
25 or Indian Tribe. Proceeds withheld pursuant to this sub-

1 section may be distributed among the remaining States
2 and Indian Tribes in accordance with the formula deter-
3 mined pursuant to subsection (d).

4 **“SEC. 725. PROGRAM REVIEW.**

5 “The Administrator shall—

6 “(1) in conjunction with the establishment of
7 emission allowances under section 715(c)(2) for a
8 compliance period, conduct a review of the imple-
9 mentation of this title;

10 “(2) in conducting each such review, seek public
11 comment; and

12 “(3) upon completion of each such review, sub-
13 mit to Congress a report with the results of such re-
14 view, including recommendations, if any, for legisla-
15 tion or administrative actions appropriate to achieve
16 the targets under section 711(a) and the reductions
17 under section 711(b).

18 **“SEC. 726. ADVISORY BOARD.**

19 “(a) ESTABLISHMENT.—The Administrator shall es-
20 tablish an advisory board to provide independent advice
21 and recommendations to the Environmental Protection
22 Agency with respect to the administration of this title.

23 “(b) MEMBERSHIP.—The advisory board shall be
24 composed of members representing—

- 1 “(1) community-based organizations, including
2 such organizations that carry out initiatives relating
3 to environmental justice;
- 4 “(2) State governments;
- 5 “(3) Tribal Governments;
- 6 “(4) local governments;
- 7 “(5) labor organizations;
- 8 “(6) nongovernmental and environmental orga-
9 nizations;
- 10 “(7) agricultural organizations;
- 11 “(8) private sector organizations, including rep-
12 resentatives of industries and businesses required to
13 comply with the requirements of this title; and
- 14 “(9) experts in the field of—
- 15 “(A) socioeconomic analysis;
- 16 “(B) health and environmental effects;
- 17 “(C) pollution monitoring and exposure
18 evaluation;
- 19 “(D) environmental law and civil rights
20 law;
- 21 “(E) environmental health science re-
22 search; or
- 23 “(F) agricultural science research.

1 “(c) FACA.—Chapter 10 of title 5, United States
2 Code (commonly known as the Federal Advisory Com-
3 mittee Act), shall apply to the advisory board.

4 **“PART C—EMISSIONS REDUCTIONS IN EVERY**
5 **COMMUNITY**

6 **“SEC. 731. DEFINITIONS.**

7 “In this part:

8 “(a) CLEANER AIR COMMUNITY.—The term ‘Cleaner
9 Air Community’ means a community designated as a
10 Cleaner Air Community under section 733.

11 “(b) CLEANER AIR COMMUNITY FUND.—The term
12 ‘Cleaner Air Community Fund’ means the fund estab-
13 lished under section 104 of the Climate Pollution Stand-
14 ard and Community Investment Act of 2024.

15 “(c) COMMUNITY.—The term ‘community’ means a
16 county, municipality, town, township, village, parish, bor-
17 ough, or other unit of general government below the State
18 level.

19 **“SEC. 732. USE OF FUNDS FROM THE CLEANER AIR COMMU-**
20 **NITY FUND.**

21 “(a) IN GENERAL.—

22 “(1) ASSISTANCE.—Beginning in 2027 and
23 each year thereafter, the Administrator shall provide
24 assistance pursuant to this section using amounts
25 made available in the Cleaner Air Community Fund.

1 “(2) PRIORITY.—In providing assistance pursu-
2 ant to this section using amounts made available in
3 the Cleaner Air Community Fund, the Adminis-
4 trator shall prioritize providing assistance to commu-
5 nities designated as a Cleaner Air Community under
6 section 733.

7 “(b) ENVIRONMENTAL AND CLIMATE JUSTICE
8 BLOCK GRANTS.—The Administrator is authorized to use
9 amounts made available in the Cleaner Air Community
10 Fund to award grants and provide technical assistance
11 under section 138.

12 “(c) ENHANCED AIR POLLUTION MONITORING.—

13 “(1) IN GENERAL.—The Administrator is au-
14 thorized to award grants using amounts made avail-
15 able in the Cleaner Air Community Fund to local
16 and State governments, Indian Tribes, air pollution
17 control agencies, and other public or nonprofit pri-
18 vate agencies, institutions, and organizations with
19 appropriate technical capacity to support additional
20 emissions monitoring in disadvantaged communities,
21 as determined by the Administrator.

22 “(2) APPLICATIONS.—To be eligible to receive a
23 grant under this subsection, an entity described in
24 paragraph (1) shall submit an application to the Ad-
25 ministrator at such time, in such form, and con-

1 taining such information and assurances as the Ad-
2 ministrator may require.

3 “(3) PRIORITIZATION OF USE OF FUNDS.—The
4 Administrator shall prioritize awarding grants under
5 this subsection to entities that propose, in an appli-
6 cation submitted under paragraph (2), to use grants
7 to—

8 “(A) improve the reporting, monitoring,
9 and enforcement of the requirements of this
10 title;

11 “(B) improve air quality monitoring, in-
12 cluding by the use of hyperlocal air monitoring
13 equipment and techniques, in locations deter-
14 mined by the Administrator to have insufficient
15 monitoring equipment and capabilities; or

16 “(C) inform management decisions, such
17 as the placement or relocation of stationary air
18 pollution monitors, transportation or land use
19 planning, investments in mitigating air pollu-
20 tion sources, and other planning decisions, by
21 relevant local, State, and Tribal governments.

22 “(d) DEVELOPMENT OF EMISSIONS REDUCTION
23 PLANS.—

24 “(1) IN GENERAL.—The Administrator is au-
25 thORIZED to award grants and provide technical as-

1 sistance using amounts made available in the Clean-
2 er Air Community Fund to local and State govern-
3 ments, Indian Tribes, air pollution control agencies,
4 and other public or nonprofit private agencies, insti-
5 tutions, and organizations that are located in a
6 Cleaner Air Community to develop multiyear plans
7 to reduce air pollution in such community.

8 “(2) PLAN CONTENTS.—A plan developed
9 under paragraph (1) shall include—

10 “(A) a proposal to develop effective and
11 practical processes, methods, and devices to re-
12 duce, prevent, or control air pollution, including
13 greenhouse gas emissions, within a Cleaner Air
14 Community; and

15 “(B) a description of the expected use of
16 funds to develop such proposals.

17 “(3) COMMUNITY ENGAGEMENT.—Any entity
18 receiving a grant to develop a multi-year plan under
19 paragraph (1) shall demonstrate sufficient commu-
20 nity engagement with local residents in the develop-
21 ment of a plan.

22 “(e) IMPLEMENTATION OF EMISSIONS REDUCTION
23 PLANS.—The Administrator is authorized to award grants
24 using amounts made available in the Cleaner Air Commu-
25 nity Fund to local and State governments, Indian Tribes,

1 air pollution control agencies, and other public or non-
2 profit private agencies, institutions, and organizations
3 that received a grant and developed a plan under sub-
4 section (d)—

5 “(1) if the Administrator determines such enti-
6 ty demonstrated sufficient community engagement
7 with local residents in the development of the plan;
8 and

9 “(2) for purposes of implementing the plan.

10 “(f) COMMUNITY-BASED HEALTH SERVICES IN
11 CLEANER AIR COMMUNITIES.—The Administrator, in
12 consultation with the Secretary of Health and Human
13 Services, is authorized to award grants using amounts
14 made available in the Cleaner Air Community Fund to
15 local and State governments, Indian Tribes, air pollution
16 control agencies, and other public or nonprofit private
17 agencies, institutions, and organizations, which shall be
18 used to—

19 “(1) support community-based health centers,
20 health monitoring, and other health care services lo-
21 cated in a Cleaner Air Community; and

22 “(2) address the health impacts of individuals
23 who reside or work in a Cleaner Air Community.

1 **“SEC. 733. CLEANER AIR COMMUNITIES.**

2 “(a) DESIGNATION OF CLEANER AIR COMMU-
3 NITIES.—Beginning after compliance period 1, the Admin-
4 istrator shall designate, for a period of 5 years, commu-
5 nities as Cleaner Air Communities in accordance with this
6 section.

7 “(b) ELIGIBILITY.—A community shall be eligible to
8 be designated as a Cleaner Air Community under sub-
9 section (a) if the community, or a census tract within such
10 community, experiences an increase of emissions of any
11 greenhouse gas, hazardous air pollutant, or criteria air
12 pollutant on an annual basis over the average annual
13 quantity of emissions of the pollutant during the previous
14 compliance period.

15 “(c) PETITION FOR DESIGNATION.—Any person may
16 petition the Administrator to designate a community as
17 a Cleaner Air Community under subsection (a).

18 “(d) CONSIDERATION OF PETITION.—The Adminis-
19 trator shall review a petition under subsection (c) and
20 make a determination on such petition not later than 1
21 year after receiving such petition.

22 “(e) REDESIGNATION OF CLEANER AIR COMMU-
23 NITIES.—Not later than 4 years after a community is des-
24 igned as a Cleaner Air Community, the Administrator
25 shall determine whether to extend the designation of the
26 community as a Cleaner Air Community for another 5-

1 year period beginning at the end of the last year during
2 which that community experienced an increase of pollut-
3 ants as described in subsection (b).

4 **“SEC. 734. ANNUAL REPORT TO CONGRESS.**

5 “Beginning in 2027, not later than 180 days after
6 the end of each year, the Administrator shall submit to
7 Congress a report for the previous year, which shall in-
8 clude—

9 “(1) a description of each grant awarded and
10 the technical assistance provided under this part or
11 section 138 pursuant to this part;

12 “(2) the amount of funding that remains avail-
13 able in the Cleaner Air Community Fund;

14 “(3) an assessment of the air quality moni-
15 toring needs of disadvantaged communities, as deter-
16 mined by the Administrator, including a determina-
17 tion whether additional air quality monitoring is nec-
18 essary to determine the eligibility of communities to
19 be designated as Cleaner Air Communities; and

20 “(4) an assessment of the air quality and public
21 health of Cleaner Air Communities and efforts to re-
22 duce air pollution in such communities.

1 **“SEC. 735. REGULATIONS.**

2 “The Administrator shall issue any regulations nec-
3 essary to implement this part not later than 36 months
4 after the date of enactment of this part.

5 **“PART D—NEGATIVE EMISSIONS ACTIVITIES**

6 **“SEC. 741. DEFINITIONS.**

7 “In this part:

8 “(1) **BEGINNING PRODUCER.**—The term ‘begin-
9 ning producer’ means an individual that—

10 “(A)(i) has not operated a farm or ranch;

11 or

12 “(ii) has operated a farm or ranch for not
13 more than 10 years; and

14 “(B) meets such other criteria as the Ad-
15 ministrator, in consultation with the Secretary,
16 may establish.

17 “(2) **ELIGIBLE CARBON REMOVAL TECH-**
18 **NOLOGY.**—

19 “(A) **IN GENERAL.**—The term ‘eligible car-
20 bon removal technology’ means any equipment,
21 technique, or technology, placed into service
22 after January 1, 2023, that—

23 “(i) captures carbon dioxide directly
24 from ambient air or seawater, as deter-
25 mined appropriate by the Administrator;
26 and

1 “(ii) permanently stores such cap-
2 tured carbon dioxide—

3 “(I) in a subsurface geologic for-
4 mation or in materials, including
5 building materials and mineralized
6 carbon materials; or

7 “(II) using other permanent stor-
8 age methods, as determined by the
9 Administrator.

10 “(B) EXCLUSION.—The term ‘eligible car-
11 bon removal technology’ does not include any
12 equipment, technique, or technology that—

13 “(i) captures carbon dioxide which is
14 deliberately released from naturally occur-
15 ring subsurface springs; or

16 “(ii) stores or uses carbon dioxide for
17 enhanced oil recovery.

18 “(3) ELIGIBLE LAND.—

19 “(A) IN GENERAL.—The term ‘eligible
20 land’ means land on which agricultural com-
21 modities, livestock, or forest-related products
22 are produced.

23 “(B) INCLUSIONS.—The term ‘eligible
24 land’ includes the following:

25 “(i) Cropland.

- 1 “(ii) Grassland.
- 2 “(iii) Rangeland.
- 3 “(iv) Pasture land.
- 4 “(v) Nonindustrial private forest land.
- 5 “(vi) Other agricultural land (includ-
- 6 ing cropped woodland, marshes, environ-
- 7 mentally sensitive areas, and agricultural
- 8 land used for the production of livestock)
- 9 on which identified or expected resource
- 10 concerns related to agricultural production
- 11 could be addressed through a contract
- 12 under the Program as determined by the
- 13 Administrator, in consultation with the
- 14 Secretary.

15 “(4) ELIGIBLE PRACTICE.—The term ‘eligible

16 practice’ means an activity included on the list es-

17 tablished under section 744(a).

18 “(5) HIGH-QUALITY PROJECT.—The term

19 ‘high-quality project’ means carrying out one or

20 more eligible practices, which result in (as deter-

21 mined by the Administrator) verifiable, permanent,

22 and additional reductions or avoidance of greenhouse

23 gas emissions or sequestration of greenhouse gases.

1 “(6) PAYMENT.—The term ‘payment’ means fi-
2 nancial assistance provided to a producer for per-
3 forming one or more practices under this part.

4 “(7) PRODUCER.—The term ‘producer’ means
5 an individual or entity capable of carrying out an eli-
6 gible practice.

7 “(8) PROGRAM.—The term ‘Program’ means
8 the program established under section 743.

9 “(9) SECRETARY.—The term ‘Secretary’ means
10 the Secretary of the Department of Agriculture.

11 “(10) SOCIALLY DISADVANTAGED PRODUCER.—
12 The term ‘socially disadvantaged producer’ means a
13 farmer or rancher who is a member of a group
14 whose members have been subjected to racial or eth-
15 nic prejudice because of their identity as members of
16 the group without regard to their individual quali-
17 ties.

18 **“SEC. 742. PURPOSES.**

19 “The purposes of the Program are to incentivize ac-
20 tivities that result in reduction or avoidance of greenhouse
21 gas emissions, or sequestration of greenhouse gases, and
22 to optimize environmental benefits, by—

23 “(1) utilizing methodologies, in consultation
24 with the Secretary for agricultural production and
25 forest management practices on eligible land, for

1 each eligible practice type for quantifying and
2 verifying potential and actual reduction and avoid-
3 ance of greenhouse emissions and sequestration of
4 greenhouse gases;

5 “(2) avoiding, to the maximum extent prac-
6 ticable, the need for regulatory programs by assist-
7 ing producers implementing eligible practices on eli-
8 gible land in reducing or avoiding greenhouse gas
9 emissions, or sequestering of greenhouse gases in
10 order to achieve economy-wide greenhouse gas emis-
11 sions reduction targets pursuant to section 702;

12 “(3) avoiding or minimizing, to the maximum
13 extent practicable, adverse effects on human health
14 or the environment resulting from the implementa-
15 tion of practices under the Program;

16 “(4) assisting producers implementing eligible
17 practices on eligible land with adaptation to chang-
18 ing climatic conditions and mitigating against in-
19 creasing weather volatility and drought; and

20 “(5) enabling the participation of beginning
21 producers and socially disadvantaged producers in
22 the Program.

23 **“SEC. 743. ESTABLISHMENT.**

24 “(a) IN GENERAL.—The Administrator, in consulta-
25 tion with the Secretary with respect to agricultural pro-

1 duction and forest management practices on eligible land,
2 shall establish a program to enter into contracts with pro-
3 ducers to carry out practices using amounts made avail-
4 able in the Negative Emissions Activities Fund.

5 “(b) REGULATIONS.—Not later than 2 years after
6 the date of enactment of this part, the Administrator shall
7 promulgate regulations to carry out this part.

8 **“SEC. 744. ELIGIBLE PRACTICES.**

9 “(a) LIST OF ELIGIBLE PRACTICES.—

10 “(1) LISTING.—The Administrator, in consulta-
11 tion with the Secretary with respect to agricultural
12 production and forest management activities on eli-
13 gible land, shall establish, and may periodically re-
14 vise, a list of activities that are eligible practices.

15 “(2) REQUIREMENTS.—The Administrator may
16 include an activity as an eligible practice on the list
17 established under paragraph (1) if the Adminis-
18 trator, in consultation with the Secretary with re-
19 spect to agricultural production and forest manage-
20 ment practices on eligible land, determines the activ-
21 ity can reduce or avoid greenhouse gas emissions or
22 sequester greenhouse gases, consistent with the pur-
23 poses described in section 742.

24 “(3) MODIFICATIONS TO LIST.—The Adminis-
25 trator may at any time, by rule, add or remove an

1 activity to or from the list of eligible practices in ac-
2 cordance with paragraph (2).

3 “(b) ESTABLISHMENT OF INITIAL LIST.—In estab-
4 lishing the initial list under subsection (a), the Adminis-
5 trator, in consultation with the Secretary with respect to
6 agricultural production and forest management practices
7 on eligible land, shall give priority to consideration of ac-
8 tivities for which there are well developed methodologies
9 for quantifying the reduction or avoidance of greenhouse
10 gas emissions or sequestration of greenhouse gases with
11 such modifications as the Administrator considers appro-
12 priate. At a minimum, the initial list prepared under this
13 section shall include the following activities that reduce or
14 avoid greenhouse gas emissions or sequester greenhouse
15 gases:

16 “(1) Agricultural, grassland, and rangeland se-
17 questration and management activities on eligible
18 land.

19 “(2) Changes in carbon stocks attributed to
20 land use change and forestry activities on eligible
21 land.

22 “(3) Manure management and disposal on eligi-
23 ble land.

24 “(4) Livestock management on eligible land.

25 “(5) Eligible carbon removal technologies.

1 “(c) **METHODOLOGIES.**—

2 “(1) **ESTABLISHMENT.**—The Administrator, in
3 consultation with the Secretary with respect to agri-
4 cultural production and forest management practices
5 on eligible land, shall establish for each type of eligi-
6 ble practice a standardized methodology for deter-
7 mining the quantity of reduction or avoidance of
8 greenhouse gas emissions, or sequestration of green-
9 house gases, expected to be achieved by the type of
10 eligible practice, including protocols for monitoring,
11 reporting, and verifying performance, and account-
12 ing for uncertainty.

13 “(2) **PREEXISTING METHODOLOGIES.**—In es-
14 tablishing a standard methodology for each type of
15 eligible practice under paragraph (1), the Adminis-
16 trator shall consider basing such standard method-
17 ology on methodologies that exist as of the date of
18 enactment of this part.

19 **“SEC. 745. APPLICATIONS.**

20 “(a) **IN GENERAL.**—The Administrator may enter
21 into a contract with a producer under section 746 if—

22 “(1) the producer submits to the Administrator
23 an application that proposes to carry out one or
24 more eligible practices; and

1 “(2) the Administrator approves such applica-
2 tion under this section.

3 “(b) EVALUATION CRITERIA.—The Administrator
4 shall develop criteria for evaluating applications submitted
5 under subsection (a), which shall include consideration of
6 the potential quantity and cost effectiveness of reduction
7 or avoidance of greenhouse gas emissions, or sequestration
8 of greenhouse gases, from the proposed eligible practices.

9 “(c) PRIORITIZATION OF APPLICATIONS.—In evalu-
10 ating applications submitted under subsection (a), the Ad-
11 ministrator shall prioritize approving applications based
12 on—

13 “(1) the anticipated quantity of reduction or
14 avoidance of greenhouse gas emissions, or sequestra-
15 tion of greenhouse gases from the proposed eligible
16 practices;

17 “(2) the cost to carry out the proposed eligible
18 practices relative to other, similar eligible practices;

19 “(3) how effectively and comprehensively the
20 proposed eligible practices are expected to achieve
21 the reduction or avoidance of greenhouse gas emis-
22 sions, or sequestration of greenhouse gases on eligi-
23 ble land;

24 “(4) the inclusion of high-quality projects; and

1 “(5) how well the proposed eligible practices
2 fulfill the purposes of the Program.

3 “(d) GROUPING OF APPLICATIONS.—To the greatest
4 extent practicable, the Administrator shall evaluate appli-
5 cations that propose to carry out the same or similar eligi-
6 ble practices together.

7 “(e) GEOGRAPHIC SCOPE.—The Administrator shall,
8 to the extent practicable, seek to approve applications
9 from a diversity of geographic regions of the United
10 States, taking into account factors such as soil type, crop-
11 ping history, and water availability.

12 “(f) SET ASIDE FOR USE OF ELIGIBLE CARBON RE-
13 MOVAL TECHNOLOGY.—The Administrator shall ensure
14 that, each year, not less than 20 percent of the amount
15 provided under contracts entered into under section 746
16 be provided to carry out eligible practices that use eligible
17 carbon removal technology.

18 “(g) REVERSE AUCTION.—

19 “(1) IN GENERAL.—The Administrator may ap-
20 prove applications submitted under subsection (a)
21 using a reverse auction mechanism to promote the
22 most cost effective means of achieving the antici-
23 pated reduction or avoidance of greenhouse gas
24 emissions, or sequestration of greenhouse gases, pur-
25 suant to contracts entered into under section 746.

1 “(2) MULTIFACTOR BIDDING.—When using a
2 reverse auction mechanism under paragraph (1), the
3 Administrator may incorporate noncost factors into
4 the auction system, and prioritize approving applica-
5 tions that propose to carry out eligible practices
6 that—

7 “(A) maximize the net greenhouse gas
8 emissions reductions;

9 “(B) minimize the amount of greenhouse
10 gas emissions released by carrying out the eligi-
11 ble practices;

12 “(C) would increase the diversity of types
13 of eligible practices carried out pursuant to sec-
14 tion 746;

15 “(D) would be carried out in geographi-
16 cally diverse areas;

17 “(E) support economic development or job
18 creation in disadvantaged or rural communities,
19 as determined by the Administrator;

20 “(F) include robust public engagement and
21 community benefits commitments;

22 “(G) provide benefits to beginning pro-
23 ducers and socially disadvantaged producers;
24 and

25 “(H) include high-quality projects.

1 “(h) **THIRD-PARTY AGGREGATORS.**—The Adminis-
2 trator may, when evaluating applications under this sec-
3 tion, approve applications from entities that aggregate eli-
4 gible practices from multiple producers.

5 **“SEC. 746. CONTRACTS AND PAYMENTS.**

6 “(a) **CONTRACTS.**—After approving an application
7 under section 745, the Administrator shall seek to enter
8 into a contract with the producer that submitted the appli-
9 cation.

10 “(b) **REQUIRED PROVISIONS.**—A contract entered
11 into under subsection (a) shall—

12 “(1) require the producer to develop and imple-
13 ment a program plan which—

14 “(A) shall be approved by the Adminis-
15 trator, and may include such conditions the Ad-
16 ministrator may require; and—

17 “(B) shall provide for how the producer
18 will—

19 “(i) carry out the eligible practices
20 proposed in the application;

21 “(ii) manage, maintain, and improve
22 such eligible practices for the duration of
23 the contract;

24 “(iii) provide for the verification of
25 the actual quantity of greenhouse gas

1 emissions reduced or avoided, or green-
2 house gases sequestered, from such eligible
3 practices in accordance with section
4 747(b); and

5 “(iv) adequately mitigate environ-
6 mental impacts (including impacts on bio-
7 diversity, land use, and water quality) with
8 carrying out such eligible practices;

9 “(2) require the producer to maintain and sup-
10 ply information required by the Administrator to de-
11 termine compliance with, and the effectiveness of,
12 the program plan;

13 “(3) if the producer transfers the rights, title,
14 and interests in eligible land subject to the contract
15 (unless the transferee enters into an agreement with
16 the Administrator to assume all obligations of the
17 contract), require the producer to refund all pay-
18 ments received under the Program, as determined by
19 the Administrator;

20 “(4) prohibit the producer from using payments
21 made under subsection (e) to conduct any activities
22 that would undermine the purposes of the Program;

23 “(5) include a provision that a producer may
24 not be considered in violation of the contract for fail-
25 ure to comply with the contract due to cir-

1 cumstances beyond the control of the producer, in-
2 cluding a disaster or other similar condition, as de-
3 termined by the Administrator;

4 “(6) provide for annual payments to the pro-
5 ducer in accordance with subsection (e); and

6 “(7) include any additional provisions the Ad-
7 ministrator determines are necessary to carry out
8 the Program.

9 “(c) RENEWAL.—If the Administrator determines
10 that further implementation of a producer’s program plan
11 would continue to result in cost-effective reduction or
12 avoidance of greenhouse gas emissions, or sequestration
13 of greenhouse gases, the Administrator may seek to renew
14 the existing contract in the last year of the contract term
15 if the producer—

16 “(1) demonstrates compliance with the provi-
17 sions of the existing contract; and

18 “(2) agrees to adopt and continue to integrate
19 new or improved eligible practices, as determined by
20 the Administrator.

21 “(d) TERM OF CONTRACTS.—

22 “(1) IN GENERAL.—A contract entered into or
23 renewed under this section shall be for a term of—

24 “(A) not less than 5 years; and

25 “(B) not more than 20 years.

1 “(2) FACTORS FOR DETERMINING CONTRACT
2 DURATION.—The Administrator shall determine the
3 term of a contract entered into or renewed under
4 this section based on—

5 “(A) the eligible practices included in the
6 producer’s program plan;

7 “(B) the opportunities for greenhouse gas
8 emission reduction or avoidance, or sequestra-
9 tion of greenhouse gases, from such eligible
10 practices; and

11 “(C) other factors determined appropriate
12 by the Administrator.

13 “(e) ANNUAL PAYMENTS.—

14 “(1) IN GENERAL.—The Administrator shall
15 provide annual payments to a producer with which
16 the Administrator enters into or renews a contract
17 under this section using amounts made available in
18 the Negative Emissions Activities Fund.

19 “(2) AMOUNT.—

20 “(A) PRIMARY CONSIDERATION.—The Ad-
21 ministrator shall determine the amount of an
22 annual payment under paragraph (1) based
23 on—

24 “(i) the expected quantity of green-
25 house gas emission reduction or avoidance,

1 or sequestration of greenhouse gases, re-
2 sulting from the eligible practices included
3 in the program plan;

4 “(ii) the amount and scale of high-
5 quality projects included in the program
6 plan; and

7 “(iii) if applicable, the results of a re-
8 verse auction carried out pursuant to sec-
9 tion 745(g).

10 “(B) ADDITIONAL CONSIDERATIONS.—In
11 determining the amount of an annual payment
12 under this paragraph, the Administrator may
13 also consider—

14 “(i) costs incurred by the producer as-
15 sociated with developing and implementing
16 the program plan, including costs associ-
17 ated with plans, designs, materials, equip-
18 ment, and labor;

19 “(ii) income forgone by the producer
20 from eligible land;

21 “(iii) the extent to which compensa-
22 tion would ensure long-term continued
23 maintenance, management, and improve-
24 ment of one or more practices included in
25 the program plan; and

1 “(iv) other factors as determined ap-
2 propriate by the Administrator.

3 “(C) ADDITIONAL PAYMENTS FOR MAINTEN-
4 NANCE OF PROGRAM PLANS.—If the Adminis-
5 trator and a producer agree to renew a contract
6 pursuant to subsection (c), the Administrator
7 may provide the producer a separate payment
8 for purposes of maintaining the previously im-
9 plemented program plan. Notwithstanding sub-
10 paragraph (A), such separate payment may be
11 based on actual measured and verified green-
12 house gas emission reduction or avoidance, or
13 sequestration of greenhouse gases.

14 “(3) ADVANCE PAYMENTS.—

15 “(A) IN GENERAL.—The Administrator
16 may, if requested by a producer, provide a por-
17 tion of an annual payment in advance for costs
18 related to purchasing materials, equipment, or
19 contracting in order to implement one or more
20 eligible practices included in the producer’s pro-
21 gram plan.

22 “(B) RETURN OF FUNDS.—If a payment
23 provided in advance under subparagraph (A) is
24 not expended during the 90-day period begin-
25 ning on the date of receipt of the payment, the

1 remaining amounts of such payment shall be re-
2 turned to the Negative Emissions Activities
3 Fund within a reasonable timeframe, as deter-
4 mined by the Administrator.

5 “(C) NOTIFICATION AND DOCUMENTA-
6 TION.—The Administrator shall—

7 “(i) notify each producer at the time
8 of enrollment in the Program of the option
9 to receive advance payments; and

10 “(ii) document each request to receive
11 advance payments.

12 “(4) FINANCIAL ASSISTANCE FROM OTHER
13 SOURCES.—

14 “(A) IN GENERAL.—Any payments re-
15 ceived by a producer from a State, private orga-
16 nization, or person for the implementation of
17 one or more eligible practices on eligible land
18 shall be in addition to the payments provided to
19 the producer pursuant to this subsection.

20 “(B) PROHIBITION ON DOUBLE COUNT-
21 ING.—The Administrator may require, as a
22 condition of the contract, that a producer who
23 receives payments for implementing eligible
24 practices under this section may not also use
25 such eligible practices as a compliance mecha-

1 nism for another greenhouse gas emissions
2 management program, including any foreign,
3 Federal, State, local, or voluntary private
4 greenhouse gas emissions management pro-
5 gram, if such use would undermine the goals of
6 section 702.

7 “(5) LIMITATION OF PAYMENTS.—The Admin-
8 istrator may not make payments under this section
9 in excess of the amounts made available in the Neg-
10 ative Emissions Activities Fund. If the aggregate of
11 such payments in any calendar year will exceed such
12 amount, the Administrator shall reduce the amount
13 of payments to the extent necessary to comply with
14 the requirement in the first sentence.

15 “(f) MODIFICATION OR TERMINATION OF CON-
16 TRACTS.—

17 “(1) VOLUNTARY MODIFICATION OR TERMI-
18 NATION.—The Administrator may modify or termi-
19 nate a contract entered into or renewed with a pro-
20 ducer under this section if—

21 “(A) the producer agrees to the modifica-
22 tion or termination; and

23 “(B) the Administrator determines that
24 the modification or termination is in the public
25 interest.

1 “(2) INVOLUNTARY TERMINATION.—The Ad-
2 ministrators may terminate a contract under the pro-
3 gram if the Administrator determines that the pro-
4 ducer violated the contract.

5 “(3) REPAYMENT.—If a contract is terminated,
6 the Administrator may—

7 “(A) allow the producer to retain payments
8 already received under the contract; or

9 “(B) require repayment, in whole or in
10 part, of payments received.

11 “(g) ENFORCEMENT OF TERMS AND CONDITIONS.—

12 “(1) TERMINATION.—Notwithstanding sub-
13 section (f), if the Administrator determines that a
14 producer violated a term or condition of a contract
15 entered into or renewed under this section, and such
16 violation warrants termination of the contract (as
17 determined by the Administrator), the producer—

18 “(A) may not receive payments under the
19 contract; and

20 “(B) shall refund to the Administrator all
21 or a portion of the payments received by the
22 owner or operator under the contract, including
23 any interest on the payments, as determined by
24 the Administrator.

1 “(2) OTHER PENALTIES.—Notwithstanding
2 subsection (f), if the Administrator determines that
3 a producer violated a term or condition of a contract
4 entered into or renewed under this section, but such
5 violation does not warrant termination of the con-
6 tract, the producer shall refund to the Adminis-
7 trator, or accept adjustments to, the payments pro-
8 vided to the owner or operator, as the Administrator
9 determines to be appropriate.

10 **“SEC. 747. DUTIES OF THE ADMINISTRATOR.**

11 “(a) TECHNICAL ASSISTANCE.—

12 “(1) IN GENERAL.—To the extent appropriate,
13 the Administrator, in consultation with the Sec-
14 retary with respect to agricultural production and
15 forest management practices on eligible land, shall
16 assist producers with implementing program plans
17 by providing to producers technical assistance, edu-
18 cation, and outreach, including with respect to infor-
19 mation and training to aid in the design, installa-
20 tion, and implementation of program plans.

21 “(2) PRIORITIZED PRODUCERS.—The Adminis-
22 trator shall prioritize providing technical assistance,
23 education, and outreach under paragraph (1) to be-
24 ginning producers and socially disadvantaged pro-
25 ducers.

1 “(b) VERIFICATION OF PROGRAM PLANS.—The Ad-
2 ministrator shall establish requirements for how producers
3 may verify the actual quantity of greenhouse gas emissions
4 reduced or avoided, or greenhouse gases sequestered, from
5 eligible practices under section 746(b)(1)(B). The pro-
6 ducer shall submit to the Administrator a report prepared
7 by a third-party verifier accredited pursuant to paragraph
8 (2) that provides such information as the Administrator
9 requires to verify such quantities.

10 “(1) SCHEDULE.—The Administrator shall pre-
11 scribe a schedule for the submission of reports under
12 this subsection, which shall occur not less than once
13 during the term of each contract.

14 “(2) VERIFIER ACCREDITATION.—

15 “(A) IN GENERAL.—The Administrator
16 shall establish a process and requirements for
17 periodic accreditation of third-party verifiers to
18 ensure that such verifiers are professionally
19 qualified and have no conflicts of interest.

20 “(B) FEDERAL ACCREDITATION.—The
21 process and requirements established under
22 subparagraph (A) may include—

23 “(i) accreditation standards for third-
24 party verifiers; and

1 “(ii) training and testing require-
2 ments for third-party verifiers.

3 “(C) PUBLIC ACCESSIBILITY.—Each third-
4 party verifier meeting the requirements for ac-
5 creditation established pursuant to subpara-
6 graph (A) shall be listed in a publicly accessible
7 database, which shall be maintained and up-
8 dated by the Administrator.

9 “(c) AUDITS.—The Administrator shall conduct, on
10 an annual basis, random audits of eligible activities car-
11 ried out by producers under program plans and the activi-
12 ties of third-party verifiers. At a minimum, the Adminis-
13 trator shall conduct audits each year of a representative
14 sample of eligible activities and geographical areas. Noth-
15 ing in this subsection prevents the Administrator from
16 conducting any other audit the Administrator considers to
17 be necessary.

18 “(d) ASSESSMENT OF QUANTIFICATION METH-
19 ODOLOGIES.—The Administrator shall regularly assess
20 the verification requirements established under subsection
21 (b) and develop new requirements for verification as need-
22 ed in order to effectively carry out this part.

23 “(e) COORDINATION WITH OTHER FEDERAL AGEN-
24 CIES.—In carrying out this part, the Administrator shall
25 coordinate activities of the Environmental Protection

1 Agency with the Department of Agriculture and other rel-
2 evant Federal agencies implementing conservation pro-
3 grams to align protocols, decrease administrative burdens,
4 and increase enrollment in beneficial climate practices.

5 **“SEC. 748. REPORTING AND DATABASE.**

6 “(a) REPORT REQUIRED.—Not later than January 1,
7 2029, and every 2 years thereafter, the Administrator
8 shall submit to Congress a report on the status of eligible
9 practices funded under this part, including—

10 “(1) the amount of payments awarded;

11 “(2) results of the eligible practices associated
12 with such payments, including estimates of the
13 quantity of reduction or avoidance of greenhouse gas
14 emissions, or increases in sequestration of green-
15 house gases; and

16 “(3) recommendations to improve the effective-
17 ness of such eligible practices.

18 “(b) PRACTICE DATABASE.—

19 “(1) IN GENERAL.—The Administrator shall
20 use the data reported under subsection (a) to estab-
21 lish and maintain a publicly available database that
22 provides—

23 “(A) a compilation and analysis of eligible
24 practices being carried out under program
25 plans; and

1 “(B) a list of recommended eligible prac-
2 tices.

3 “(2) PRIVACY.—Information provided under
4 paragraph (1) shall be transformed into a statistical
5 or aggregate form so as to not include any identifi-
6 able or personal information of individual producers.

7 **“SEC. 749. PROGRAM REVIEW AND REVISION.**

8 “At least once every 5 years, the Administrator, in
9 consultation with the Secretary with respect to agricul-
10 tural production and forest management practices on eligi-
11 ble land, shall review and, as appropriate, update and re-
12 vise—

13 “(1) the list of eligible practices established
14 under section 744(a);

15 “(2) the methodologies established under sec-
16 tion 744(c);

17 “(3) the criteria to evaluate applications under
18 section 745;

19 “(4) the Program, as necessary, to increase
20 participation by beginning producers and socially
21 disadvantaged producers; and

22 “(5) any other requirements established under
23 this part to ensure the effectiveness of achieving the
24 purposes in section 742, including by incorporating
25 new data and evidence about actual emissions out-

1 comes of practices to improve model certainty and
2 the accuracy of emission reduction estimates.

3 **“PART E—INTERNATIONAL RESERVE**
4 **ALLOWANCE PROGRAM**

5 **“SEC. 751. DEFINITIONS.**

6 “In this part:

7 “(1) COVERED ARTICLE.—The term ‘covered
8 article’ means any good which—

9 “(A) is imported into the United States:
10 and

11 “(B) contains greater than 100 pounds of
12 any combination of any covered primary good.

13 “(2) COVERED IMPORTED GOOD.—The term
14 ‘covered imported good’ means—

15 “(A) a covered primary good; or

16 “(B) a covered article.

17 “(3) COVERED PRIMARY GOOD.—The term ‘cov-
18 ered primary good’ means any good which—

19 “(A) is imported into the United States;
20 and

21 “(B) is produced by an eligible industrial
22 sector listed pursuant to section 723.

23 **“SEC. 752. INTERNATIONAL RESERVE ALLOWANCE PRO-**
24 **GRAM.**

25 “(a) ESTABLISHMENT.—

1 “(1) IN GENERAL.—The Administrator, with
2 the concurrence of the Commissioner responsible for
3 U.S. Customs and Border Protection and in con-
4 sultation with additional Federal agencies as deter-
5 mined appropriate by the Administrator, shall issue
6 regulations—

7 “(A) establishing an international reserve
8 allowance program for the sale, exchange, pur-
9 chase, transfer, and banking of international re-
10 serve allowances for covered imported goods;

11 “(B) ensuring that the price for pur-
12 chasing an international reserve allowance is
13 equivalent to the average of the previous four
14 auction clearing prices for emission allowances
15 under section 720;

16 “(C) establishing a general methodology
17 for calculating the quantity of international re-
18 serve allowances that an importer of a covered
19 imported good must submit;

20 “(D) requiring the submission of an appro-
21 priate amount of international reserve allow-
22 ances for covered imported goods entering the
23 customs territory of the United States;

1 “(E) exempting from the requirements of
2 subparagraph (D) covered imported goods that
3 are—

4 “(i) determined, by independent third-
5 party verification, to meet the relevant out-
6 put-based allocation benchmark under sec-
7 tion 723(b);

8 “(ii) produced in any foreign country
9 that the United Nations has identified as
10 among the least developed of developing
11 countries; or

12 “(iii) produced in any foreign country
13 that the Administrator has determined to
14 be responsible for less than 0.5 percent of
15 total global greenhouse gas emissions and
16 less than 5 percent of United States im-
17 ports of covered imported goods with re-
18 spect to the relevant eligible industrial sec-
19 tor;

20 “(F) specifying the procedures that U.S.
21 Customs and Border Protection will apply for
22 the declaration and entry of covered imported
23 goods into the customs territory of the United
24 States;

1 “(G) establishing procedures that prevent
2 circumvention of the international reserve allow-
3 ance program requirements for covered im-
4 ported goods that are manufactured or proc-
5 essed in more than one foreign country; and

6 “(H) publishing, on an annual basis, rel-
7 evant information regarding the quantity of
8 international reserve allowances sold, the quan-
9 tity of covered imported goods entering the cus-
10 toms territory of the United States, relevant
11 greenhouse gas emissions information of such
12 goods, the country of origin of such goods, and
13 other information as determined relevant by the
14 Administrator.

15 “(2) PURPOSE OF PROGRAM.—The Adminis-
16 trator shall establish the program under paragraph
17 (1) consistent with international agreements to
18 which the United States is a party, in a manner that
19 minimizes the likelihood of carbon leakage as a re-
20 sult of differences between—

21 “(A) the direct and indirect costs of com-
22 plying with part B of this title; and

23 “(B) the direct and indirect costs, if any,
24 of complying in other countries with greenhouse
25 gas regulatory programs, requirements, export

1 tariffs, or other measures adopted or imposed
2 to reduce greenhouse gas emissions.

3 “(b) GREENHOUSE GAS EMISSIONS DATA FOR COV-
4 ERED IMPORTED GOODS.—

5 “(1) IN GENERAL.—Under the regulations es-
6 tablished under subsection (a), the Administrator
7 shall require independent, third-party verification of
8 greenhouse gas emissions data, including attrib-
9 utable greenhouse gas emissions, for all relevant
10 stages of production of each covered imported good
11 entering the customs territory of the United States.

12 “(2) FAILURE TO PRODUCE VERIFIED GREEN-
13 HOUSE GAS EMISSIONS DATA.—If the Administrator
14 determines that an importer of a covered imported
15 good has failed to provide accurate, sufficient, and
16 independent, third-party verified data, the Adminis-
17 trator shall make a determination of the greenhouse
18 gas emissions associated with the production of such
19 good based on the best available data related to the
20 greenhouse gas emissions and production data from
21 all facilities which produce similar goods within the
22 country of origin, the greenhouse gas emissions in-
23 tensity of the general economy of the country of ori-
24 gin of such good, and other factors determined rel-
25 evant by the Administrator.

1 “(c) DISPOSITION OF PROCEEDS.—

2 “(1) CLEAN ENERGY REBATE PROGRAM SUP-
3 PLEMENTAL FUNDING.—50 percent of the proceeds
4 from the sale of international reserve allowances
5 under this section in each fiscal year shall be made
6 available to the Secretary of the Treasury to carry
7 out the Clean Energy Rebate Program established
8 by section 102 of the Climate Pollution Standard
9 and Community Investment Act of 2024.

10 “(2) ADMINISTRATIVE EXPENSES.—The Ad-
11 ministrator may use, including the transfer of funds
12 to the Commissioner responsible for U.S. Customs
13 and Border Protection, not more than 10 percent of
14 the proceeds from the sale of international reserve
15 allowances under this section in each fiscal year to
16 cover the administrative expenses associated with
17 administering this section.

18 “(3) REMAINING REVENUES.—The Adminis-
19 trator shall deposit any remaining proceeds from the
20 sale of international reserve allowances under this
21 section in a fiscal year in equal shares to the funds
22 established by sections 103, 104, 105, and 106 of
23 the Climate Pollution Standard and Community In-
24 vestment Act of 2024.

1 “(d) EFFECTIVE DATE.—The international reserve
2 allowance program shall not apply to imports of covered
3 imported goods entering the customs territory of the
4 United States before January 1, 2027.

5 “(e) COVERED ENTITIES.—International reserve al-
6 lowances shall not be used by covered entities to comply
7 with part B of this title.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) FEDERAL ENFORCEMENT.—Section 113 of
10 the Clean Air Act (42 U.S.C. 7413) is amended—

11 (A) in subsection (a)(3), by striking “or
12 title VI,” and inserting “title VI, or title VII”;

13 (B) in subsection (b)(2), by striking “or
14 title VI” and inserting “title VI, or title VII”;

15 (C) in subsection (c)—

16 (i) in the first sentence of paragraph
17 (1), by striking “or title VI (relating to
18 stratospheric ozone control),” and insert-
19 ing “title VI, or title VII,”; and

20 (ii) in the first sentence of paragraph
21 (3), by striking “or VI” and inserting “VI,
22 or VII”;

23 (D) in subsection (d)(1)(B), by striking
24 “or VI” and inserting “VI, or VII”; and

1 (E) in subsection (f), in the first sentence,
2 by striking “or VI” and inserting “VI, or VII”.

3 (2) INSPECTIONS, MONITORING, AND ENTRY.—
4 Section 114(a) of the Clean Air Act (42 U.S.C.
5 7414(a)) is amended by striking “section 112, (ii)”
6 and inserting “section 112, or any regulation of
7 greenhouse gas emissions under title VII, (ii)”.

8 (3) ENFORCEMENT.—Section 304(f) of the
9 Clean Air Act (42 U.S.C. 7604(f)) is amended—

10 (A) in paragraph (2), by striking “or” at
11 the end;

12 (B) in paragraph (3), by striking “; or” at
13 the end and inserting a comma;

14 (C) in paragraph (4), by striking the pe-
15 riod at the end and inserting “, or”; and

16 (D) by inserting the following new para-
17 graph after paragraph (4):

18 “(5) any requirement of title VII,”.

19 (4) ADMINISTRATIVE PROCEEDINGS AND JUDI-
20 CIAL REVIEW.—Section 307 of the Clean Air Act
21 (42 U.S.C. 7607) is amended—

22 (A) in subsection (a), by striking “, or sec-
23 tion 306” and inserting “section 306, or title
24 VII”;

1 (B) in subsection (b)(1), by striking “sec-
2 tion 120,” in the first sentence and inserting
3 “section 120, any final action under title VII,”;
4 and

5 (C) in subsection (d)(1)—

6 (i) in subparagraph (T), by striking “,
7 and” at the end and inserting a comma;

8 (ii) by redesignating subparagraph
9 (U) as subparagraph (V); and

10 (iii) by inserting the following new
11 subparagraph after subparagraph (T):

12 “(U) the promulgation or revision of any regu-
13 lation under title VII, and”.

14 (5) ENERGY INDEPENDENCE AND SECURITY
15 ACT OF 2007.—Section 548(b) of the Energy Inde-
16 pendence and Security Act of 2007 (42 U.S.C.
17 17158(b)) is amended—

18 (A) in paragraph (1), by striking the “or”
19 at the end;

20 (B) in paragraph (2), by striking the pe-
21 riod at the end and inserting “; and”; and

22 (C) by adding at the end the following:

23 “(3) section 722(e) of the Clean Air Act.”.

1 **SEC. 102. CLEAN ENERGY REBATE PROGRAM.**

2 (a) IN GENERAL.—The Secretary, in consultation
3 with the Secretary of Agriculture and the Secretary of
4 Health and Human Services, shall carry out a program
5 to be known as the Clean Energy Rebate Program to pro-
6 vide rebates to eligible households using amounts made
7 available to the Secretary under sections 722(c) and 752
8 of the Clean Air Act.

9 (b) STREAMLINED PARTICIPATION FOR CERTAIN
10 BENEFICIARIES.—The Secretary shall—

11 (1) periodically estimate the number of eligible
12 households, and the number of participating eligible
13 households, for the Clean Energy Rebate Program;
14 and

15 (2) develop procedures, in consultation with the
16 Commissioner of Social Security, the Railroad Re-
17 tirement Board, the Secretary of Veterans Affairs,
18 and relevant State agencies, to ensure that bene-
19 ficiaries of the benefit programs administered by
20 such entities receive the rebate for which such bene-
21 ficiaries are eligible under the Clean Energy Rebate
22 Program.

23 (c) REBATE AMOUNT.—The rebate amount for an eli-
24 gible household under this section shall be determined by
25 the Secretary, accounting for—

1 (1) the amount of funding made available under
2 section 722(c) of the Clean Air Act; and

3 (2) the number of citizens and permanent legal
4 residents of the eligible household.

5 (d) DELIVERY MECHANISM.—The Secretary shall es-
6 tablish rules for providing rebates to eligible households
7 under this section in an administratively simple manner,
8 and on a quarterly basis through—

9 (1) direct deposit into the eligible household’s
10 designated bank account;

11 (2) a State’s electronic benefit transfer system;
12 or

13 (3) another Federal or State mechanism, if
14 such a mechanism is approved by the Secretary.

15 (e) ADMINISTRATION BY STATES.—

16 (1) IN GENERAL.—The Secretary may, in con-
17 sultation with the Secretary of Agriculture and the
18 Secretary of Health and Human Services, establish
19 uniform national program standards to enable
20 States, upon the approval of the Secretary, to ad-
21 minister the Clean Energy Rebate Program in the
22 State. Such a State shall establish procedures gov-
23 erning the administration of the Clean Energy Re-
24 bate Program that the relevant State agency deter-
25 mines best serve eligible households in the State, in-

1 including households with special needs, such as
2 households with elderly or disabled members, house-
3 holds in rural areas, homeless individuals, and
4 households residing on reservations as defined in the
5 Indian Child Welfare Act of 1978 and the Indian Fi-
6 nancing Act of 1974.

7 (2) COADMINISTRATION WITH OTHER PRO-
8 GRAMS.—Such a State may coadminister the Clean
9 Energy Rebate Program with other State programs,
10 such as the supplemental nutrition assistance pro-
11 gram authorized by the Food and Nutrition Act of
12 2008 in accordance with the provisions of this title.

13 (3) ADDITIONAL REQUIREMENTS.—No State
14 shall impose any condition of eligibility for a rebate
15 under this section other than what is required by
16 this section.

17 (4) OVERSIGHT.—Each State administering the
18 Clean Energy Rebate Program shall—

19 (A) assume responsibility for the certifi-
20 cation of eligible households and for the
21 issuance of rebates and the control and ac-
22 countability thereof; and

23 (B) report information to the Secretary at
24 such a time and manner as determined appro-
25 priate by the Secretary.

1 (f) OUTREACH.—The Secretary shall carry out a ro-
2 bust and comprehensive outreach program to ensure that
3 eligible households learn of their eligibility for rebates and
4 are advised of the opportunity to receive such rebates.

5 (g) TAX TREATMENT.—Rebate amounts provided
6 under this section may not be includible in the gross in-
7 come of the recipient for purposes of the Internal Revenue
8 Code of 1986.

9 (h) REGULATIONS.—Not later than 24 months after
10 the date of enactment of this title, the Secretary shall
11 issue such regulations, or guidance, as the Secretary de-
12 termines necessary or appropriate for the effective and ef-
13 ficient administration of the Clean Energy Rebate Pro-
14 gram.

15 (i) DEFINITIONS.—In this section:

16 (1) ELIGIBLE HOUSEHOLD.—The term “eligible
17 household” means a household—

18 (A) for which the gross income of the
19 household does not exceed 200 percent of the
20 poverty line;

21 (B) for which the relevant State agency of
22 the State in which the household is located de-
23 termines that the household is participating
24 in—

1 (i) the supplemental nutrition assist-
2 ance program authorized by the Food and
3 Nutrition Act of 2008 (7 U.S.C. 2011 et
4 seq.);

5 (ii) the food distribution program on
6 Indian reservations authorized by section
7 4(b) of such Act; or

8 (iii) the program for nutrition assist-
9 ance in Puerto Rico or American Samoa
10 under section 19 of such Act;

11 (C) that consists of a single individual or
12 a married couple, and receives benefits under
13 the supplemental security income program
14 under title XVI of the Social Security Act (42
15 U.S.C. 1381 et seq.); and

16 (D) of which at least one member is a cit-
17 izen or permanent legal resident.

18 (2) GROSS INCOME OF A HOUSEHOLD.—The
19 term “gross income of a household” means the gross
20 income of a household that is determined in accord-
21 ance with standards and procedures established
22 under section 5 of the Food and Nutrition Act of
23 2008 (7 U.S.C. 2014).

24 (3) HOUSEHOLD.—The term “household” has
25 the meaning given the term “Household” in section

1 3(m) of the Food and Nutrition Act of 2008 (7
2 U.S.C. 2012(m)).

3 (4) POVERTY LINE.—The term “poverty line”
4 has the meaning given such term in section 673(2)
5 of the Community Services Block Grant Act (42
6 U.S.C. 9902).

7 (5) SECRETARY.—The term “Secretary” means
8 the Secretary of the Treasury.

9 (6) STATE.—The term “State” means the 50
10 States, the District of Columbia, the Commonwealth
11 of Puerto Rico, American Samoa, the United States
12 Virgin Islands, Guam, and the Commonwealth of the
13 Northern Mariana Islands.

14 **SEC. 103. WORKER AND COMMUNITY ASSISTANCE FUND.**

15 (a) ESTABLISHMENT.—There is established in the
16 Treasury of the United States a fund, to be known as the
17 Worker and Community Assistance Fund, consisting of—

18 (1) such amounts as are deposited in the fund
19 under sections 722(g) and 752 of the Clean Air Act;
20 and

21 (2) such additional amounts as may be appro-
22 priated to supplement the fund.

23 (b) EXPENDITURES FROM FUND.—

24 (1) AVAILABILITY.—Amounts deposited in the
25 fund pursuant to subsection (a) shall be available to

1 the Secretary of Labor and the Director of the Of-
2 fice of Energy and Economic Transition without
3 subsequent appropriation and shall remain available
4 without fiscal year limitation until expended.

5 (2) ADMINISTRATIVE EXPENSES.—The Sec-
6 retary of Labor and the Director of the Office of
7 Energy and Economic Transition may use not more
8 than 5 percent of the amount available in the Work-
9 er and Community Assistance Fund on October 1 of
10 each fiscal year to cover the administrative expenses
11 of carrying out title II of this Act for that fiscal
12 year.

13 **SEC. 104. CLEANER AIR COMMUNITY FUND.**

14 (a) ESTABLISHMENT.—There is established in the
15 Treasury of the United States a fund, to be known as the
16 Cleaner Air Community Fund, consisting of—

17 (1) such amounts as are deposited in the fund
18 under sections 722(h) and 752 of the Clean Air Act;
19 and

20 (2) such additional sums as may be appro-
21 priated to supplement the fund.

22 (b) EXPENDITURES FROM FUND.—

23 (1) IN GENERAL.—Amounts deposited in the
24 fund pursuant to subsection (a) shall be available to
25 the Administrator of the Environmental Protection

1 Agency without subsequent appropriation and shall
2 remain available without fiscal year limitation until
3 expended.

4 (2) ADMINISTRATIVE EXPENSES.—The Admin-
5 istrator of the Environmental Protection Agency
6 may use not more than 5 percent of the amount
7 available in the Cleaner Air Community Fund on
8 October 1 of each fiscal year to cover the adminis-
9 trative expenses of carrying out part C of title VII
10 of the Clean Air Act for that fiscal year.

11 **SEC. 105. NEGATIVE EMISSIONS ACTIVITIES FUND.**

12 (a) ESTABLISHMENT.—There is established in the
13 Treasury of the United States a fund, to be known as the
14 Negative Emissions Activities Fund, consisting of—

15 (1) such amounts as are deposited in the fund
16 under sections 722(i) and 752 of the Clean Air Act;
17 and

18 (2) such additional amounts as may be appro-
19 priated to supplement the fund.

20 (b) EXPENDITURES FROM FUND.—

21 (1) IN GENERAL.—Amounts deposited in the
22 fund pursuant to subsection (a) shall be available to
23 the Administrator of the Environmental Protection
24 Agency without subsequent appropriation and shall

1 remain available without fiscal year limitation until
2 expended.

3 (2) ADMINISTRATIVE EXPENSES.—The Admin-
4 istrator of the Environmental Protection Agency
5 may use not more than 5 percent of the amount
6 available in the Negative Emissions Activities Fund
7 on October 1 of each fiscal year to cover the admin-
8 istrative expenses of carrying out part D of title VII
9 of the Clean Air Act for that fiscal year.

10 **SEC. 106. ENERGY INNOVATION FUND.**

11 (a) ESTABLISHMENT.—There is established in the
12 Treasury of the United States a fund, to be known as the
13 Energy Innovation Fund, consisting of—

14 (1) such amounts as are deposited in the fund
15 under section 722(j) and 752 of the Clean Air Act;
16 and

17 (2) such additional amounts as may be appro-
18 priated to supplement the fund.

19 (b) EXPENDITURES FROM FUND.—

20 (1) IN GENERAL.—Beginning in fiscal year
21 2026, amounts deposited in the fund pursuant to
22 subsection (a) shall be available to the Secretary of
23 Energy without subsequent appropriation and shall
24 remain available without fiscal year limitation until

1 expended to provide assistance pursuant to sub-
2 section (c).

3 (2) ADMINISTRATIVE EXPENSES.—The Sec-
4 retary of Energy may use not more than 5 percent
5 of the amount available in the Energy Innovation
6 Fund on October 1 of each fiscal year to cover the
7 administrative expenses of carrying out this section
8 for that fiscal year.

9 (c) USE OF FUNDS.—The Secretary of Energy shall
10 provide assistance under this section, distributed on a
11 competitive basis, to local, State, and Tribal governments,
12 institutions of higher education, companies, research foun-
13 dations, trade and industry research collaborations, or
14 consortia of such entities, or other appropriate research
15 and development entities to support research, develop-
16 ment, and demonstration of technology that the Secretary
17 determines supports achievement of the goals of section
18 702 of the Clean Air Act, including through targeted ac-
19 celeration of—

20 (1) novel early-stage clean energy research;

21 (2) development of techniques, processes, and
22 technologies, and related testing and evaluation;

23 (3) development of manufacturing processes for
24 clean energy technologies; and

1 (4) demonstration for commercial applications
2 of clean energy technologies.

3 (d) SUPPLEMENT NOT SUPPLANT.—Assistance pro-
4 vided under this section shall be used to supplement, and
5 not to supplant, any other Federal resources available to
6 carry out the activities described in this section.

7 (e) REPORT TO CONGRESS.—Not later than 3 years
8 after the date of enactment of this Act, and each year
9 thereafter, the Secretary of Energy shall submit to Con-
10 gress and make available to the public a report that de-
11 scribes the activities funded by the Energy Innovation
12 Fund.

13 **SEC. 107. EMISSION ALLOWANCE MARKET OVERSIGHT.**

14 (a) DEFINITION OF EMISSION ALLOWANCE.—In this
15 section, the term “emission allowance” means any emis-
16 sion allowance established or issued under title VII of the
17 Clean Air Act, or any derivative of such allowance.

18 (b) INTERAGENCY WORKING GROUP.—

19 (1) ESTABLISHMENT.—Not later than 1 year
20 after the date of enactment of this section, the
21 President shall establish an interagency working
22 group to support the oversight of emission allowance
23 transactions. Such working group shall include rep-
24 resentatives from—

25 (A) the Environmental Protection Agency;

1 (B) the Federal Energy Regulatory Com-
2 mission;

3 (C) the Commodity Futures Trading Com-
4 mission; and

5 (D) other relevant Federal agencies as de-
6 termined by the President.

7 (2) RECOMMENDATIONS.—The working group
8 shall make periodic recommendations to Congress
9 and relevant Federal agencies to—

10 (A) provide for effective and comprehensive
11 market oversight of emission allowance trans-
12 actions;

13 (B) prohibit fraud, market manipulation,
14 and excess speculation related to emission al-
15 lowance transactions;

16 (C) limit unreasonable fluctuation in the
17 prices of emission allowances;

18 (D) ensure market transparency to provide
19 for efficient price discovery, prevention of fraud,
20 market manipulation, and excess speculation;
21 and

22 (E) facilitate compliance with title VII of
23 the Clean Air Act.

24 (3) REPORT.—Not later than 3 years after the
25 date of enactment of this section, and biennially

1 thereafter, the interagency working group shall sub-
2 mit to the President and Congress a written report
3 that includes the recommendations made under
4 paragraph (2) for—

5 (A) regulations and other actions to be
6 taken by Federal agencies to enhance the over-
7 sight of emission allowance transactions; and

8 (B) statutory changes needed to ensure the
9 proper operation and oversight of transparent,
10 fair, stable, and efficient emission allowance
11 transactions.

12 **SEC. 108. DIRECT HIRE AUTHORITY FOR IMPLEMENTATION**
13 **OF THIS TITLE.**

14 Notwithstanding section 3304 and sections 3309
15 through 3318 of title 5, United States Code, the Adminis-
16 trator of the Environmental Protection Agency, upon a de-
17 termination by the Administrator that there is a severe
18 shortage of candidates or a critical hiring need for par-
19 ticular positions to carry out this title (including the
20 amendments made by this title), may recruit and directly
21 appoint highly qualified individuals into the competitive
22 service.

1 **TITLE II—WORKER AND**
2 **COMMUNITY ASSISTANCE**

3 **SEC. 201. DEFINITIONS.**

4 In this title:

5 (1) **ADVERSELY AFFECTED COMMUNITY.**—The
6 term “adversely affected community” means a unit
7 of local government or an Indian Tribe (or a polit-
8 ical subdivision thereof) that has been, or is at risk
9 to be, significantly disrupted by the United States
10 transition to net-zero greenhouse gas emissions
11 through the loss of a significant portion of locally
12 generated tax revenue or employment due to the clo-
13 sure, or risk of closure, of an impacted employer
14 within its jurisdiction.

15 (2) **ADVERSELY AFFECTED WORKER.**—The
16 term “adversely affected worker” means an indi-
17 vidual who has been, or is at risk to be, totally sepa-
18 rated or partially separated from employment by an
19 impacted employer.

20 (3) **DIRECTOR.**—The term “Director” means
21 the Director of the Office of Energy and Economic
22 Transition.

23 (4) **IMPACTED EMPLOYER.**—The term “im-
24 pacted employer” means a private entity that is pri-
25 marily engaged in business related to—

- 1 (A) the extraction of fossil fuels;
- 2 (B) the refinement of fossil fuels;
- 3 (C) the generation of electricity from fossil
4 fuels;
- 5 (D) the production of energy-intensive in-
6 dustrial products;
- 7 (E) the manufacture of light-, medium-,
8 and heavy-duty vehicles that utilize an internal
9 combustion engine and component parts for
10 such vehicles;
- 11 (F) the construction, operation, and main-
12 tenance of infrastructure to deliver fossil fuels
13 for domestic use; or
- 14 (G) other industries significantly disrupted
15 by the United States transition to net-zero
16 greenhouse gas emissions, as determined by the
17 Director, in consultation with the Administrator
18 of the Environmental Protection Agency and
19 the Secretary of Labor.
- 20 (5) PARTIAL SEPARATION.—The terms “partial
21 separation” and “partially separated” mean, with
22 respect to an individual who has not been totally
23 separated from employment, that—
- 24 (A) the number of hours of work for such
25 individual has been reduced by an impacted em-

1 employer to 80 percent or less of the average num-
2 ber of hours per week such individual worked
3 per week prior to any separation from employ-
4 ment; and

5 (B) the wages for such individual have
6 been reduced by an impacted employer to 80
7 percent or less of the average wages per week
8 while employed by the impacted employer prior
9 to any separation.

10 (6) TOTAL SEPARATION.—The terms “total
11 separation” and “totally separated” mean the layoff
12 or severance of an individual from employment by an
13 impacted employer.

14 **SEC. 202. ENERGY AND ECONOMIC TRANSITION IMPACT**
15 **STUDIES.**

16 (a) IN GENERAL.—The Secretary of Energy shall
17 seek to enter into an agreement with the National Acad-
18 emy of Sciences under which the Academy agrees to con-
19 duct studies on matters concerning the potential impacts
20 of achieving net-zero greenhouse gas emissions on workers
21 and communities dependent on employment related to fos-
22 sil fuels as follows:

23 (1) Not later than 1 year after the date of
24 entry into such agreement, the Academy shall com-
25 plete a study focused on communities that have ex-

1 perienced an energy-related transition within the
2 previous 10 years, including communities that were
3 dependent on coal, and submit to Congress and the
4 Secretary of Energy a report on the results of such
5 study.

6 (2) Not later than 3 years after the date of
7 entry into such agreement, the Academy shall com-
8 plete a study focused on communities and industries
9 not covered in the study under paragraph (1) that
10 are likely to experience an energy-related transition
11 should the United States achieve net-zero green-
12 house gas emissions by 2050, and submit to Con-
13 gress and the Secretary of Energy a report on the
14 results of such study.

15 (b) TIMING OF AGREEMENT.—The Secretary of En-
16 ergy shall seek to enter into the agreement described in
17 subsection (a) not later than 180 days after the date of
18 the enactment of this Act.

19 (c) REQUIREMENTS.—The study and report under
20 paragraph (1) of subsection (a), with respect to commu-
21 nities described in such paragraph, and the study and re-
22 port under paragraph (2) of subsection (a), with respect
23 to communities described in such paragraph, shall—

24 (1) assess current and foreseeable trends in
25 worker and community disruptions associated with

1 the United States transition to achieving net-zero
2 greenhouse gas emissions, and the effects of such
3 trends on the social, economic, and other require-
4 ments of the United States;

5 (2) identify types of occupations related to fos-
6 sil fuels that may be impacted by the United States
7 transition to achieving net-zero greenhouse gas emis-
8 sions, including—

9 (A) occupations involved with—

10 (i) the extraction of fossil fuels;

11 (ii) the refinement of fossil fuels;

12 (iii) the generation of electricity from
13 fossil fuels;

14 (iv) the production of energy-intensive
15 industrial products;

16 (v) the manufacture of light-, me-
17 dium-, and heavy-duty vehicles that utilize
18 an internal combustion engine and compo-
19 nent parts for such vehicles; and

20 (vi) the construction, operation, and
21 maintenance of infrastructure to deliver
22 fossil fuels for domestic use; and

23 (B) for each type of occupation identified
24 under subparagraph (A), estimates of—

- 1 (i) the number of employees serving in
2 each type of occupation;
- 3 (ii) the locations of employees for each
4 type of occupation;
- 5 (iii) the average wages and benefits of
6 employees for each type of occupation; and
- 7 (iv) the average age of employees for
8 each type of occupation, including an esti-
9 mate of the number of employees 55 years
10 of age or older;
- 11 (3) assess impacts and potential impacts associ-
12 ated with the United States transition to achieving
13 net-zero greenhouse gas emissions on workers in the
14 types of occupations identified under paragraph (2);
- 15 (4) identify skills, including professional certifi-
16 cations, typically associated with each type of occu-
17 pation identified under paragraph (2) and potential
18 occupations utilizing the same or similar skills in in-
19 dustries not impacted by the United States transi-
20 tion to achieving net-zero greenhouse gas emissions,
21 including an estimate of average wages and benefits
22 for each such potential occupation;
- 23 (5) identify the ages and locations of, and exist-
24 ing debt burdens, including debt burdens resulting
25 from Department of Agriculture Rural Utilities

1 Service loans, related to existing fossil fuel-powered
2 electricity generating units;

3 (6) identify municipal and county governments
4 that derive—

5 (A) more than 25 percent of locally gen-
6 erated tax revenue or employment within the
7 jurisdiction of the government from industries
8 employing workers in types of occupations iden-
9 tified under paragraph (2); and

10 (B) more than 50 percent of locally gen-
11 erated tax revenue or employment within that
12 jurisdiction from such industries;

13 (7) assess the status and condition of commu-
14 nities already affected by the transition to achieving
15 net-zero greenhouse gas emissions, that have lost
16 significant locally generated tax revenue or employ-
17 ment within the past 10 years;

18 (8) assess economic development and alter-
19 native employment opportunities in communities
20 identified in paragraphs (6) and (7), including an
21 assessment of existing educational, workforce devel-
22 opment, and infrastructure assets, including trans-
23 portation, energy, and digital infrastructure, near
24 identified communities;

1 (9) identify commonly occurring municipal and
2 county government services and programs funded by
3 locally generated tax revenues in communities identi-
4 fied in paragraphs (6) and (7), including—

5 (A) education;

6 (B) public safety, including police and fire
7 departments;

8 (C) health care;

9 (D) infrastructure; and

10 (E) workforce development; and

11 (10) identify potential strategies, consistent
12 with achieving net-zero greenhouse gas emissions, to
13 avoid future disruptions among businesses and work-
14 ers, including strategies to reskill workers to fill jobs
15 in emerging and growing industries.

16 (d) RECOMMENDATIONS.—The studies and reports
17 under subsection (a) shall identify actions that could be
18 taken regarding worker and community transition to net-
19 zero greenhouse gas emissions, including—

20 (1) compensation packages for employees in
21 types of occupations identified under subsection
22 (c)(2), including—

23 (A) transition adjustment assistance, po-
24 tentially including support for wages, pension,
25 health care, and other benefits; and

1 (B) enabling early retirement for such em-
2 ployees over the age of 55;

3 (2) training and further education for employ-
4 ees in occupations identified under subsection (c)(2),
5 potentially including job placement and relocation
6 assistance;

7 (3) economic development and diversification of
8 communities identified under paragraphs (6) and (7)
9 of subsection (c), including employment and develop-
10 ment opportunities associated with environmental re-
11 mediation;

12 (4) financial assistance packages for commu-
13 nities identified in paragraphs (6) and (7) of sub-
14 section (c) to provide temporary replacement of lost
15 locally generated tax revenue; and

16 (5) recommendations for remedying deficiencies
17 of existing programs and activities identified in sub-
18 section (c), which may include recommendations for
19 Federal legislation and Executive action.

20 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
21 authorized to be appropriated such sums as are necessary
22 to carry out this section.

23 **SEC. 203. OFFICE OF ENERGY AND ECONOMIC TRANSITION.**

24 (a) ESTABLISHMENT.—There is established in the
25 Executive Office of the President an Office of Energy and

1 Economic Transition. The Office shall be led by a Director
2 who shall be appointed by the President, to serve at the
3 pleasure of the President, by and with the advice and con-
4 sent of the Senate.

5 (b) DIRECTOR QUALIFICATIONS.—The Director shall
6 be a person who, as a result of training, experience, and
7 attainments, is exceptionally well qualified to—

8 (1) appraise programs and activities of the Fed-
9 eral Government in light of the challenges posed to
10 adversely affected workers and adversely affected
11 communities;

12 (2) be conscious of and responsive to the sci-
13 entific, economic, social, cultural, and pollution re-
14 duction needs and interests of the United States;
15 and

16 (3) formulate and recommend national policies
17 to assist workers and communities disrupted in the
18 United States transition to achieving net-zero green-
19 house gas emissions.

20 (c) COMPENSATION FOR DIRECTOR.—The annual
21 rate of pay for the Director shall be fixed by the President
22 at a rate that may not exceed the annual rate of pay for
23 level II of the Executive Schedule.

24 (d) DUTIES OF DIRECTOR.—The Director shall assist
25 and advise the President on policies and programs of the

1 Federal Government affecting the United States transition
2 to achieving net-zero greenhouse gas emissions by—

3 (1) administering the programs and activities
4 under this title;

5 (2) assisting and advising the President in the
6 preparation of the Worker and Community Transi-
7 tion Report required under subsection (g);

8 (3) reviewing and appraising the various pro-
9 grams and activities of the Federal Government re-
10 lated to adversely affected workers and economic de-
11 velopment and diversification of adversely affected
12 communities, and making recommendations to the
13 President with respect to such programs and activi-
14 ties;

15 (4) coordinating relevant programs and activi-
16 ties among the relevant Federal departments and
17 agencies through the Interagency Energy and Eco-
18 nomic Transition Task Force convened pursuant to
19 section 204;

20 (5) coordinating across Federal departments,
21 agencies, and other initiatives to align energy-related
22 transition strategies with other national economic
23 development strategies, including national manufac-
24 turing, infrastructure, and environmental remedi-
25 ation strategies;

1 (6) in accordance with section 205, being re-
2 responsive to and coordinating with the Stakeholder
3 Advisory Committee established under such section;

4 (7) creating and maintaining a website to serve
5 as an information clearinghouse containing informa-
6 tion on relevant programs and activities from rel-
7 evant departments and agencies across the Federal
8 Government to increase awareness of Federal pro-
9 grams, grants, loans, loan guarantees, and other as-
10 sistance and resources the Director determines may
11 assist economic development and diversification ac-
12 tivities in adversely affected communities and sup-
13 port adversely affected workers;

14 (8) providing assistance to adversely affected
15 communities, including technical and financial as-
16 sistance, and support for capacity building and plan-
17 ning capabilities by adversely affected communities
18 and community-based leaders of such communities,
19 including assistance provided pursuant to section
20 206 or through Community-Based Transition Hubs
21 pursuant to section 207;

22 (9) collecting, collating, analyzing, and inter-
23 preting data and information on adversely affected
24 workers and economic development and diversifica-
25 tion of adversely affected communities; and

1 (10) implementing grant programs or other
2 forms of financial and technical assistance to sup-
3 port adversely affected workers and the economic de-
4 velopment and diversification of adversely affected
5 communities as required by this title or after deter-
6 mining no such similar program or assistance is
7 being provided by a Federal agency.

8 (e) EMPLOYMENT OF PERSONNEL, EXPERTS, AND
9 CONSULTANTS.—The Office may employ such officers and
10 employees as may be necessary to carry out its duties
11 under this title. In addition, the Office may employ and
12 fix the compensation of such experts and consultants as
13 may be necessary for carrying out such duties, in accord-
14 ance with section 3109 of title 5, United States Code.

15 (f) REIMBURSEMENTS.—The Office may accept reim-
16 bursements from any private nonprofit organization, any
17 department, agency, or instrumentality of the Federal
18 Government, or any State or local government for the rea-
19 sonable travel expenses incurred by the Director or an em-
20 ployee of the Office in connection with attendance at any
21 conference, seminar, or similar meeting conducted for the
22 benefit of the Office.

23 (g) REPORT TO CONGRESS.—Beginning in 2026, the
24 President shall transmit to Congress a report, to be known

1 as the Worker and Community Transition Report, not less
2 than once every 2 years, which shall set forth—

3 (1) the status and condition of workers and
4 communities disrupted in the United States transi-
5 tion to achieving net-zero greenhouse gas emissions,
6 with an emphasis on economic development and di-
7 versification activities in adversely affected commu-
8 nities;

9 (2) current and foreseeable trends in worker
10 and community disruptions associated with the
11 United States transition to achieving net-zero green-
12 house gas emissions, and the effects of such trends
13 on the social, economic, and other requirements of
14 the United States;

15 (3) a review of the programs and activities (in-
16 cluding regulatory activities) of the Federal Govern-
17 ment, State, Tribal, and local governments, and non-
18 governmental entities or individuals that serve ad-
19 versely affected communities;

20 (4) recommendations for remedying deficiencies
21 of existing programs and activities described in
22 paragraph (3), which may include recommendations
23 for new programs and activities and legislation to
24 authorize such programs; and

1 (5) the expenditures of the Office in support of
2 programs and activities authorized under this title.

3 (h) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated to carry out this section
5 such sums as are necessary.

6 **SEC. 204. INTERAGENCY ENERGY AND ECONOMIC TRANSI-**
7 **TION TASK FORCE.**

8 (a) IN GENERAL.—Not later than 1 year after the
9 date of enactment of this Act, the Director shall convene
10 regularly a task force, to be known as the Interagency En-
11 ergy and Economic Transition Task Force, to enhance the
12 coordination of relevant programs and activities intended
13 to support adversely affected workers and adversely af-
14 fected communities, with an emphasis on economic devel-
15 opment and diversification activities in adversely affected
16 communities.

17 (b) COMPOSITION.—The Task Force shall be com-
18 prised of the following (or a designee):

19 (1) The Secretary of Energy.

20 (2) The Secretary of Labor.

21 (3) The Secretary of Commerce.

22 (4) The Secretary of Agriculture.

23 (5) The Secretary of Health and Human Serv-
24 ices.

1 (6) The Secretary of Housing and Urban Devel-
2 opment.

3 (7) The Secretary of the Interior.

4 (8) The Secretary of Transportation.

5 (9) The Secretary of the Treasury.

6 (10) The Secretary of Education.

7 (11) The Administrator of the Environmental
8 Protection Agency.

9 (12) The Administrator of the Small Business
10 Administration.

11 (13) The Director of the Office of Management
12 and Budget.

13 (14) The Chair of the Council on Environ-
14 mental Quality.

15 (15) The Chairman of the Appalachian Re-
16 gional Commission.

17 (16) Such other Federal officials as determined
18 appropriate by the Director.

19 (c) FUNCTIONS.—The Task Force shall—

20 (1) report to the President through the Direc-
21 tor;

22 (2) seek to enhance coordination and implemen-
23 tation of programs and activities related to the du-
24 ties of the Office of Energy and Economic Transi-
25 tion in order to ensure that the administration of

1 programs, activities, and policies across Federal de-
2 partments and agencies is carried out in a consistent
3 and complementary manner;

4 (3) utilize, to the fullest extent possible, the
5 services, facilities, and information (including statis-
6 tical information) of public and private agencies and
7 organizations, and individuals, in order that duplica-
8 tion of effort and expense may be avoided; and

9 (4) identify, based in part on recommendations
10 from the Stakeholder Advisory Committee estab-
11 lished under section 205 and the public, opportuni-
12 ties to improve support for adversely affected work-
13 ers and adversely affected communities for relevant
14 Federal departments and agencies to take into con-
15 sideration and address.

16 (d) PUBLIC PARTICIPATION.—The Task Force
17 shall—

18 (1) hold public meetings or otherwise solicit
19 public participation for the purposes of developing
20 and coordinating policies and programs of the Fed-
21 eral Government related to adversely affected work-
22 ers and adversely affected communities in the
23 United States transition to achieving net-zero green-
24 house gas emissions; and

1 (2) publish a summary of any comments and
2 recommendations provided pursuant to paragraph
3 (1).

4 **SEC. 205. STAKEHOLDER ADVISORY COMMITTEE.**

5 (a) IN GENERAL.—Not later than 1 year after the
6 date of enactment of this Act, the Director shall establish
7 a committee, to be known as the Stakeholder Advisory
8 Committee, to consult with representatives of adversely af-
9 fected communities, adversely affected workers, industry,
10 labor unions, economic development experts, State, local,
11 and Tribal governments, and other organizations and indi-
12 viduals, as determined appropriate by the Director, to ad-
13 dress the needs of workers and communities affected by
14 the United States energy transition to net-zero greenhouse
15 gas emissions.

16 (b) MEMBERSHIP.—The Stakeholder Advisory Com-
17 mittee shall be comprised of members who have knowledge
18 of, or experience relating to, workers and communities ad-
19 versely affected by the United States energy transition to
20 net-zero greenhouse gas emissions, with an emphasis on
21 economic development and diversification activities in ad-
22 versely affected communities, and shall include—

23 (1) representatives from labor unions, including
24 at least one representative from—

25 (A) the mining sector;

1 (B) the electricity generation sector;

2 (C) the manufacturing sector; and

3 (D) the transportation sector;

4 (2) community leaders from adversely affected
5 communities, including community leaders from
6 Tribal and Indigenous communities;

7 (3) representatives from State, Tribal, and local
8 governments;

9 (4) experts in economic development;

10 (5) experts in workforce development;

11 (6) representatives from nongovernmental orga-
12 nizations, including environmental organizations;
13 and

14 (7) representatives from the private sector.

15 (c) RESPONSIBILITIES.—The Stakeholder Advisory
16 Committee shall provide independent advice and rec-
17 ommendations to the Director with respect to issues relat-
18 ing to the duties of the Office of Energy and Economic
19 Transition, including—

20 (1) improving participation, cooperation, and
21 communication between the Office and adversely af-
22 fected communities;

23 (2) recommending lessons learned and best
24 practices from communities, regions, and countries

1 that have gone through, are going through, or are
2 planning for an energy-related economic transition;

3 (3) supporting community-based public meet-
4 ings, as described in subsection (f);

5 (4) soliciting and receiving feedback from Com-
6 munity-Based Transition Hubs receiving grants pur-
7 suant to section 207; and

8 (5) producing a report within 2 years of estab-
9 lishment, and every 2 years thereafter, and make
10 recommendations, including actions that could be
11 taken under executive authority and new legislation.

12 (d) RECOMMENDATIONS FROM THE STAKEHOLDER
13 ADVISORY COMMITTEE.—The Director shall provide a
14 written response to each recommendation submitted in a
15 report under subsection (c) to the Director by the Stake-
16 holder Advisory Committee by not later than 180 days
17 after the date of submission of such report.

18 (e) COMMITTEE MEETINGS.—

19 (1) IN GENERAL.—The Stakeholder Advisory
20 Committee shall meet not less frequently than 3
21 times each calendar year.

22 (2) OPEN TO PUBLIC.—Each meeting of the
23 Stakeholder Advisory Committee shall be held open
24 to the public.

1 (3) DUTIES OF THE DIRECTOR.—The Director
2 (or a designee) shall—

3 (A) be present at each meeting of the
4 Stakeholder Advisory Committee;

5 (B) ensure that each meeting is conducted
6 in accordance with an agenda approved in ad-
7 vance by the Director;

8 (C) provide an opportunity for interested
9 persons—

10 (i) to file comments before or after
11 each meeting of the Stakeholder Advisory
12 Committee; or

13 (ii) to make statements at such a
14 meeting, to the extent that time permits;
15 and

16 (D) ensure that a high-level representative
17 from each department and agency from the
18 Interagency Energy and Economic Transition
19 Task Force convened pursuant to section 204 is
20 invited to, and encouraged to attend, each
21 meeting of the Stakeholder Advisory Com-
22 mittee.

23 (f) PUBLIC MEETINGS.—

24 (1) IN GENERAL.—Not later than 2 years after
25 the date of enactment of this Act, and each year

1 thereafter, the Director, in coordination with the
2 Stakeholder Advisory Committee, shall hold public
3 meetings to gather input with respect to the duties
4 of the Office of Energy and Economic Transition
5 and implementation of this title.

6 (2) OUTREACH TO ADVERSELY AFFECTED COM-
7 MUNITIES.—The Director, in advance of the meet-
8 ings described in subsection (a), shall hold meetings
9 in multiple adversely affected communities to pro-
10 vide meaningful community involvement opportuni-
11 ties.

12 (3) COORDINATION WITH COMMUNITY-BASED
13 TRANSITION HUBS.—The Director, in advance of the
14 meetings described in subsection (a), shall coordi-
15 nate and solicit comments from entities receiving
16 grants under section 207.

17 (g) TRAVEL EXPENSES.—A member of the Stake-
18 holder Advisory Committee may be allowed travel ex-
19 penses, including per diem in lieu of subsistence, at such
20 rate as the Director determines to be appropriate while
21 away from the home or regular place of business of the
22 member in the performance of the duties of the Stake-
23 holder Advisory Committee, including participation in a
24 public meeting pursuant to subsection (f).

1 (h) DURATION.—The Stakeholder Advisory Com-
2 mittee shall remain in existence unless otherwise provided
3 by law.

4 **SEC. 206. ASSISTANCE FOR ADVERSELY AFFECTED COMMU-**
5 **NITIES.**

6 (a) IN GENERAL.—The Director shall establish a pro-
7 gram to provide assistance to eligible local government en-
8 tities, including making payments to temporarily replace
9 eligible local revenues of such entities, using amounts
10 made available to the Director in the Worker and Commu-
11 nity Assistance Fund.

12 (b) REQUIREMENTS.—In implementing the program
13 in subsection (a), the Director shall—

14 (1) identify problems of counties, regions, met-
15 ropolitan areas, Tribal Governments, and commu-
16 nities that result from the cessation of operations by
17 impacted employers;

18 (2) use and maintain a uniform socioeconomic
19 impact analysis;

20 (3) apply consistent policies, practices, and pro-
21 cedures in the administration of Federal programs
22 that are used to assist counties, Tribal Governments,
23 regions, metropolitan areas, communities, and busi-
24 nesses;

1 (4) encourage effective Federal, State, Tribal,
2 county, regional, metropolitan, and community co-
3 operation and involvement of public interest groups,
4 labor organizations, and private sector organizations
5 in community adjustment activities;

6 (5) serve as a clearinghouse to exchange infor-
7 mation among Federal, State, Tribal, county, re-
8 gional, metropolitan, and community officials in-
9 volved in community adjustment activities. Such in-
10 formation may include reports, studies, best prac-
11 tices, technical information, and sources of public
12 and private financing; and

13 (6) support planning activities of counties,
14 Tribal Governments, regions, metropolitan areas,
15 and communities to promote diversification of local
16 economies.

17 (c) **COMMUNITY ADJUSTMENTS TO ELIGIBLE LOCAL**
18 **GOVERNMENT ENTITIES.**—The Director shall make an-
19 nual payments under this section to eligible local govern-
20 ment entities to replace eligible local revenues due to the
21 cessation of operations by impacted employers located
22 within the jurisdiction of such local government entities.

23 (d) **ORDER OF PAYMENT.**—The date of submission
24 of an eligible local government entity’s application for as-
25 sistance shall establish the order in which assistance is

1 paid to program applicants, except that in no event shall
2 assistance be paid to a local government entity until such
3 time that an impacted employer has been closed. Any local
4 government entity seeking assistance under this section
5 shall submit an affidavit to the Director that an impacted
6 employer has ceased operating and an estimation of eligi-
7 ble local revenues. After receipt of such an affidavit under
8 this subsection, the Director shall confirm such informa-
9 tion.

10 (e) CONDITIONS ON PAYMENTS AND ASSISTANCE.—

11 An eligible local government entity shall—

12 (1) be eligible for not more than one payment
13 each fiscal year under this section; and

14 (2) not receive payments under this section for
15 more than 8 fiscal years.

16 (f) DETERMINATION OF PAYMENT AMOUNT.—The

17 amount of a payment under this section shall be deter-
18 mined by the Director based on the eligible local revenues
19 from one or more impacted employers to an eligible local
20 government entity equal to—

21 (1) 90 percent of eligible local revenues in the
22 first and second years;

23 (2) 75 percent of eligible local revenues in the
24 third and fourth years;

1 (3) 50 percent of eligible local revenues in the
2 fifth and sixth years; and

3 (4) 25 percent of eligible local revenues in the
4 seventh and eighth years.

5 (g) ADJUSTMENT OF PAYMENT AMOUNTS.—Not-
6 withstanding subsection (f), if the Director determines
7 that the total amount of payments to eligible local govern-
8 ment entities in any year would exceed the amount of
9 funding made available to carry out this section for that
10 year, the Director may reduce each eligible local govern-
11 ment entity's payment on a pro rata basis.

12 (h) REPORT TO THE DIRECTOR.—An eligible local
13 government entity receiving payment under this section
14 shall be required to submit an annual report to the Direc-
15 tor explaining the use of payments, including a description
16 of funding used for—

17 (1) infrastructure;

18 (2) telecommunications;

19 (3) education;

20 (4) health care;

21 (5) public safety, including police, fire, emer-
22 gency response, or other community support serv-
23 ices;

24 (6) drinking water and wastewater services;

25 (7) economic development and diversification;

1 (8) employment training, counseling, and place-
2 ment services for dislocated workers; and

3 (9) counseling and other social services for dis-
4 located workers.

5 (i) COMMUNITY ADJUSTMENTS, ECONOMIC DEVEL-
6 OPMENT, AND ECONOMIC DIVERSIFICATION PLANNING.—
7 The Director may make grants and supplement other Fed-
8 eral funds in order to assist a county, municipality, school
9 district, special district, or Tribal Government in planning
10 for community adjustments, economic development, and
11 economic diversification even if such entity is not currently
12 eligible for assistance under this section if the Director
13 determines that there exists a reasonable likelihood that
14 such entity may become eligible in the future.

15 (j) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated such sums as are nec-
17 essary for carrying out this section.

18 (k) DEFINITIONS.—In this section:

19 (1) ELIGIBLE LOCAL GOVERNMENT ENTITY.—
20 The term “eligible local government entity” means a
21 county, municipality, school district, special district,
22 or Tribal Government that has one or more im-
23 pacted employers located within the jurisdiction of
24 such entity that have ceased operations within the 2
25 years prior to submitting an application to the Di-

1 rector, resulting in at least a 25 percent reduction
2 in total revenues from the real property tax collec-
3 tions, royalties, lease payments, transaction privilege
4 taxes and sales taxes, or payments in lieu of taxes
5 owed to such entity.

6 (2) **ELIGIBLE LOCAL REVENUES.**—The term
7 “eligible local revenues” means the amount of real
8 property taxes, royalty or lease payments, trans-
9 action privilege taxes and sales taxes, and payments
10 in lieu of taxes owed by one or more impacted em-
11 ployers to a county, municipality, school district,
12 special district, or Tribal Government, based on the
13 average annual amount owed by such an impacted
14 employer for the 3 years prior to the cessation of op-
15 erations by such impacted employer.

16 **SEC. 207. COMMUNITY-BASED TRANSITION HUB PROGRAM.**

17 (a) **IN GENERAL.**—The Director shall establish a pro-
18 gram to award grants to entities described in subsection
19 (b), to be known as Community-Based Transition Hubs,
20 to carry out the activities described in subsection (d),
21 using amounts made available to the Director in the
22 Worker and Community Assistance Fund.

23 (b) **ELIGIBILITY.**—To be eligible to receive a grant
24 under subsection (a), an entity shall demonstrate to the
25 Director that the entity—

1 (1) has existing relationships, or could readily
2 establish relationships, with local employers and em-
3 ployees, county, municipal, and Tribal governments,
4 local and regional economic development and plan-
5 ning organizations, workforce development, edu-
6 cational, and job training resources, economic devel-
7 opment organizations, community organizations that
8 provide social services, and other organizations de-
9 termined appropriate by the Director;

10 (2) is capable of carrying out the duties de-
11 scribed in subsection (d);

12 (3) can meet the standards described in sub-
13 section (e); and

14 (4) can provide information consistent with the
15 standards developed under subsection (f).

16 (c) PRIORITIES.—In awarding grants under this sec-
17 tion, the Director shall prioritize grants to entities located
18 in communities that—

19 (1) receive assistance under section 206; or

20 (2) the Director determines there is a reason-
21 able likelihood may receive assistance under section
22 206 within 5 years.

23 (d) DUTIES.—An entity that receives a grant under
24 this section shall—

1 (1) coordinate with the Office of Energy and
2 Economic Transition and relevant Federal depart-
3 ments and agencies regarding the latest information,
4 financial and technical assistance opportunities, and
5 best practices to support workers and communities
6 adversely affected by the United States energy tran-
7 sition to net-zero greenhouse gas emissions;

8 (2) provide capacity-building support and tech-
9 nical assistance, including grant writing assistance,
10 to local leaders and organizations, including elected
11 officials, community leaders, business owners, and
12 labor leaders, to facilitate community-driven plan-
13 ning processes and on-going program development
14 and implementation related to assistance to dis-
15 placed workers and economic development and diver-
16 sification;

17 (3) advise communities that apply for assist-
18 ance under this title or under other Federal and
19 State programs, including providing guidance on the
20 procedures and deadlines for applying or petitioning
21 for such assistance;

22 (4) conduct public education activities, includ-
23 ing outreach to adversely affected workers with re-
24 spect to services and assistance available through
25 local, State, and Federal programs;

1 (5) provide information related to, and when
2 appropriate, facilitate enrollment in—

3 (A) training, employment counseling, em-
4 ployment opportunities, and placement services
5 for adversely affected workers, available in local
6 and regional areas, including information on
7 how to apply for such training and services;

8 (B) training programs and other services
9 provided by a State pursuant to title I of the
10 Workforce Investment Act of 1998 (29 U.S.C.
11 2801 et seq.) and available in local and regional
12 areas, including information on how to apply
13 for such training;

14 (C) educational opportunities and informa-
15 tion related financial aid, including referring
16 workers to educational opportunity centers de-
17 scribed in section 402F of the Higher Edu-
18 cation Act of 1965 (20 U.S.C. 1070a–16),
19 where applicable;

20 (D) short-term prevocational services, in-
21 cluding development of learning skills, commu-
22 nications skills, interviewing skills, personal
23 maintenance skills, and professional conduct to
24 prepare individuals for employment or training;
25 and

1 (E) support services in local and regional
2 areas, including services related to childcare,
3 personal counseling (including substance abuse
4 treatment, suicide prevention, and mental
5 health care), family counseling, bankruptcy and
6 financial counseling, transportation, dependent
7 care, housing assistance, and need-related pay-
8 ments;

9 (6) provide individual employment counseling
10 for adversely affected workers, including develop-
11 ment of an individual employment plan to identify
12 employment goals and objectives, and appropriate
13 training to achieve those goals and objectives, or in-
14 formation to obtain such counseling in local and re-
15 gional areas;

16 (7) provide employment statistics information,
17 including the provision of accurate information relat-
18 ing to local, regional, and national labor market
19 areas, including—

20 (A) job vacancy listings in such labor mar-
21 ket areas;

22 (B) information on jobs skills necessary to
23 obtain jobs identified in job vacancy listings de-
24 scribed in subparagraph (A);

1 (C) information relating to local occupa-
2 tions that are in demand and earnings potential
3 of such occupations; and

4 (D) skills requirements for local occupa-
5 tions described in subparagraph (C); and

6 (8) provide information in a manner that is cul-
7 turally and linguistically appropriate to the needs of
8 the population being served.

9 (e) STANDARDS.—The Director shall establish stand-
10 ards for grant recipients under this section, including pro-
11 visions to ensure that any entity that receives a grant is
12 qualified to engage in the activities described in this sec-
13 tion.

14 (f) FAIR AND IMPARTIAL INFORMATION AND SERV-
15 ICES.—The Director, in consultation with States, Tribal
16 Governments, and relevant Federal agencies, shall develop
17 standards to ensure that information made available by
18 grant recipients under this section is accurate and shall
19 provide such entities with relevant information and tech-
20 nical assistance to enable grant recipients under this sec-
21 tion to better perform the duties in subsection (d).

22 (g) LIMITATIONS ON GRANTS.—

23 (1) PERIOD.—In carrying out this section, the
24 Director shall ensure that the total period of a grant
25 does not exceed 6 years.

1 (2) AMOUNT.—In carrying out this section, the
2 Director shall ensure that the total amount awarded
3 to an entity during the total period of the grant does
4 not exceed \$12,000,000.

5 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
6 authorized to be appropriated such sums as are necessary
7 for carrying out this section.

8 **SEC. 208. ASSISTANCE FOR ADVERSELY AFFECTED WORK-**
9 **ERS.**

10 (a) IN GENERAL.—Using amounts made available to
11 the Secretary of Labor in the Worker and Community As-
12 sistance Fund, the Secretary of Labor shall provide assist-
13 ance to each eligible adversely affected worker in accord-
14 ance with this section.

15 (b) PETITIONS.—

16 (1) FILING.—

17 (A) IN GENERAL.—To be eligible to receive
18 assistance under this section, a petition shall be
19 filed with the Secretary and the Governor of the
20 applicable State, simultaneously, by (or on be-
21 half of) an adversely affected worker or a group
22 of adversely affected workers that meets the re-
23 quirements of subsection (c).

24 (B) AUTHORIZED ENTITIES.—A petition
25 under subparagraph (A) may be filed on behalf

1 of an individual adversely affected worker or a
2 group of adversely affected workers by one of
3 the following:

4 (i) The certified or recognized union
5 or other duly authorized representative of
6 such worker or workers.

7 (ii) An employer of such worker or
8 workers.

9 (iii) A one-stop operator or one-stop
10 partners (as defined in section 3 of the
11 Workforce Innovation and Opportunity
12 Act) including State employment security
13 agencies.

14 (iv) A State, or an entity designated
15 by a State, carrying out rapid response ac-
16 tivities pursuant to title I of the Workforce
17 Innovation and Opportunity Act (29
18 U.S.C. 3111 et seq.).

19 (C) APPLICABLE GOVERNOR.—For pur-
20 poses of subparagraph (A), the term “applicable
21 State” applicable State, when used with respect
22 to an adversely affected worker or a group of
23 such workers, means the State in which the em-
24 ployment site of such worker or workers is lo-
25 cated.

1 (2) ACTION BY THE SECRETARY OF LABOR.—

2 Upon receipt of a petition filed under paragraph (1),
3 the Secretary of Labor shall promptly publish notice
4 in the Federal Register and on the website of the
5 Department of Labor that the Secretary has re-
6 ceived, and is reviewing, the petition.

7 (3) ACTION BY GOVERNORS.—Upon receipt of a
8 petition filed under paragraph (1), the Governor
9 shall—

10 (A) ensure that rapid response activities
11 and appropriate career services (as described in
12 section 134 of the Workforce Innovation and
13 Opportunity Act) authorized under other Fed-
14 eral laws are made available to each adversely
15 affected worker covered by the petition to the
16 extent authorized under such laws; and

17 (B) assist the Secretary of Labor in the re-
18 view of the petition by verifying the information
19 provided under the petition and providing such
20 other assistance as the Secretary of Labor may
21 request.

22 (c) ELIGIBILITY.—An adversely affected worker who
23 works or has worked at an employment site of an impacted
24 employer or a group of adversely affected workers from
25 the same employment site of an impacted employer shall

1 be certified by the Secretary of Labor as eligible to receive
2 assistance under this section if the Secretary determines
3 that the petition filed under subsection (b) by or on behalf
4 of such individual or group demonstrates that—

5 (1) such individual worker or each individual
6 worker in such group is an adversely affected worker
7 who has been (or who has been at risk to be) totally
8 separated or partially separated from employment
9 with such impacted employer for not longer than the
10 1-year period ending on the date on which such peti-
11 tion is filed;

12 (2) a significant number or percentage of the
13 workers at such employment site are adversely af-
14 fected workers; and

15 (3) the sales, production, or delivery of goods or
16 services at such employment site has decreased as a
17 result of any requirement of title VII of the Clean
18 Air Act, as added by this Act, which may be dem-
19 onstrated by evidence—

20 (A) in the case of a facility of such em-
21 ployer that mines, produces, processes, or uti-
22 lizes fossil fuels to generate electricity, that the
23 shift from reliance upon fossil fuels to other
24 sources of energy has resulted in the closing of
25 such facility or in the partial separation or total

1 separation of a significant number or percent-
2 age of workers at such employment site;

3 (B) in the case of a manufacturing facility,
4 of a substantial increase in the cost of energy
5 and other inputs required for such facility to
6 produce items whose prices are competitive in
7 the marketplace, and such cost increase is not
8 significantly offset by emission allowance alloca-
9 tion to the facility pursuant to title VII of the
10 Clean Air Act, as added by this Act; or

11 (C) of other documented occurrences of
12 such decreases at such employment site that the
13 Secretary of Labor determines are indicators of
14 an adverse impact on the industry in which
15 such employer is primarily engaged as a result
16 of any requirement of title VII of the Clean Air
17 Act, as added by this Act.

18 (d) DETERMINATION BY THE SECRETARY OF
19 LABOR.—As soon as possible after the date on which a
20 petition is filed under subsection (b) and not later than
21 60 days after that date, the Secretary of Labor, in con-
22 sultation with the Administrator of the Environmental
23 Protection Agency, as necessary, shall—

24 (1) determine whether the worker or group of
25 workers who filed the petition or on whose behalf

1 such a petition was filed meets the requirements of
2 subsection (c);

3 (2) upon reaching a determination with respect
4 to a petition, promptly publish a summary of the de-
5 termination in the Federal Register and on the
6 website of the Department of Labor, which shall in-
7 clude the first date of the total separation or partial
8 separation (or the risk of total separation or partial
9 separation) from employment with an impacted em-
10 ployer of each worker covered by the petition; and

11 (3) if the Secretary determines that such peti-
12 tion meets the requirements of subsection (c)—

13 (A) publish a certification that such work-
14 er or workers are eligible for the assistance de-
15 scribed in subsections (e) and (f); and

16 (B) notify the representatives of the indus-
17 try in which the worker or workers were em-
18 ployed, the employer or previous employer of
19 such worker or workers, and any entity that
20 filed the petition on behalf of the worker or
21 workers, of—

22 (i) the assistance described in sub-
23 sections (e) and (f); and

24 (ii) an explanation of how to apply for
25 such assistance.

1 (e) WAGE ADJUSTMENT ASSISTANCE.—

2 (1) AGREEMENTS WITH STATES.—An adversely
3 affected worker covered by a certification under sub-
4 section (d) may be eligible to receive the wage ad-
5 justment assistance described in this subsection—

6 (A) if the worker is or was employed in a
7 State with an agreement described in paragraph
8 (2), by submitting to such State an application
9 for such assistance; or

10 (B) if the worker is or was employed in a
11 State with no such agreement, by complying
12 with the regulations issued by the Secretary
13 pursuant to paragraph (4).

14 (2) STATE AGREEMENT.—The Secretary of
15 Labor may enter into an agreement with a State or
16 State agency, which shall provide for each of the fol-
17 lowing:

18 (A) APPLICATIONS.—The State or State
19 agency shall receive applications from adversely
20 affected workers pursuant to paragraph (1)(A).

21 (B) TERMS AND CONDITIONS.—The terms
22 and conditions for amending, suspending, or
23 terminating such agreement.

24 (C) RELATIONSHIP TO UNEMPLOYMENT
25 INSURANCE.—An adversely affected worker re-

1 ceiving wage adjustment assistance under this
2 subsection shall not be eligible for unemploy-
3 ment insurance otherwise payable to such work-
4 er under the laws of the State.

5 (D) RESPONSIBILITIES OF COOPERATING
6 AGENCIES.—The State or State agency shall
7 perform outreach to adversely affected workers
8 in the State covered by a certification under
9 subsection (d) with respect to the assistance
10 available to such workers under this subsection.

11 (E) STATE FUNDS.—The Secretary shall
12 provide funds to the State or State agency to
13 provide the assistance described in this sub-
14 section, and in addition to such funds, the State
15 shall receive a payment from the Secretary in
16 an amount that is equal to 15 percent of the
17 amount of such funds for administrative ex-
18 penses, including—

19 (i) reviewing petitions under sub-
20 section (b)(3);

21 (ii) collecting, validating, and report-
22 ing data required under this section;

23 (iii) providing information and em-
24 ployment services; and

1 (iv) administering wage adjustments
2 under this subsection.

3 (3) WAGE ADJUSTMENT ASSISTANCE.—

4 (A) ELIGIBILITY.—Payment of a wage ad-
5 justment assistance shall be made to an ad-
6 versely affected worker covered by a certifi-
7 cation published by the Secretary of Labor pur-
8 suant to subsection (d) who files an application
9 with a State or State agency under paragraph
10 (1) for such assistance for any month of total
11 separation or partial separation from employ-
12 ment with an impacted employer, if the fol-
13 lowing conditions are met:

14 (i) The first month of such total sepa-
15 ration or partial separation occurred dur-
16 ing the period beginning on the date that
17 is 1 year before, and ending on the date
18 that is 2 years after, the date of such cer-
19 tification.

20 (ii) Such worker had, in the 52-week
21 period ending with the week in which such
22 total separation or partial separation first
23 occurred, at least 26 weeks of full-time em-
24 ployment or 1,040 hours of part-time em-
25 ployment with an impacted employer, or, if

1 data with respect to weeks of employment
2 are not available, equivalent amounts of
3 employment computed under regulations
4 prescribed by the Secretary of Labor. For
5 the purposes of this clause, a week shall be
6 treated as a week of employment in which
7 such worker—

8 (I) is on employer-authorized
9 leave for purposes of vacation, sick-
10 ness, injury, parental or family leave,
11 or inactive duty or active duty mili-
12 tary service for training;

13 (II) does not work because of a
14 disability that is compensable under a
15 workmen's compensation law or plan
16 of a State or the United States;

17 (III) had employment interrupted
18 in order to serve as a full-time rep-
19 resentative of a labor organization in
20 such firm; or

21 (IV) performs service in the uni-
22 formed services as such term is de-
23 fined in section 4303 of title 38,
24 United States Code.

1 (B) INELIGIBILITY FOR CERTAIN OTHER
2 BENEFITS.—An adversely affected worker re-
3 ceiving a payment under this subsection shall
4 be ineligible to receive any other form of unem-
5 ployment insurance for the period in which such
6 worker is receiving a wage adjustment assist-
7 ance under this section.

8 (C) PAYMENTS.—

9 (i) AMOUNTS.—Payments under this
10 subsection shall be provided to an indi-
11 vidual in an amount which, for each month
12 during an applicable period, is equal to—

13 (I) the average amount of month-
14 ly remuneration for employment paid
15 to such individual during the 12-
16 month period prior to the first month
17 of total separation or partial separa-
18 tion identified in subparagraph (A)(i);
19 minus

20 (II) an amount equal to the sum
21 of—

22 (aa) any wages received by
23 such individual with respect to
24 employment during such month;
25 plus

1 (bb) any payments made to
2 such individual pursuant to a
3 Federal benefit program during
4 such month.

5 (ii) NOTIFICATION.—During the ap-
6 plicable period, an eligible individual shall
7 notify the Secretary of Labor or cooper-
8 ating State agency, if applicable, with re-
9 spect to any wages, payments, or com-
10 pensation described in clause (i)(II)(aa).

11 (iii) APPLICABLE PERIOD.—For pur-
12 poses of this subsection, the term “applica-
13 ble period” means, with respect to an indi-
14 vidual receiving assistance under this sub-
15 section, the 36-month period subsequent to
16 the first month of total separation or par-
17 tial separation identified in subparagraph
18 (A)(i).

19 (iv) FREQUENCY.—Any payment to
20 an eligible individual under this subsection
21 shall be provided on a basis which is not
22 less frequent than once per month during
23 the applicable period.

24 (v) ADJUSTMENT FOR INFLATION.—
25 In the case of a calendar year beginning

1 after the date that the employment of an
2 eligible individual is terminated, the dollar
3 amount of the payment determined under
4 subsection (a) shall be increased by an
5 amount equal to—

6 (I) such dollar amount, multi-
7 plied by

8 (II) the cost-of-living adjustment
9 determined under section 1(f)(3) of
10 the Internal Revenue Code of 1986
11 for such calendar year, determined by
12 substituting “calendar year 2023” for
13 “calendar year 2016” in subpara-
14 graph (A)(ii) thereof.

15 (vi) TAX TREATMENT.—For purposes
16 of the Internal Revenue Code of 1986, the
17 amount of any payment provided to a
18 qualified individual under this subsection
19 shall be included in gross income and
20 treated as wages (as defined in section
21 3121(a) of such Code).

22 (4) ADMINISTRATION ABSENT STATE AGREE-
23 MENT.—For any State where there is no agreement
24 in force between a State or its agency under para-
25 graph (1), the Secretary of Labor shall promulgate

1 regulations for the performance of all necessary
2 functions under this subsection.

3 (f) OTHER ASSISTANCE.—

4 (1) HEALTH INSURANCE CONTINUATION.—Not
5 later than 1 year after the date of enactment of this
6 section, the Secretary of Labor shall prescribe regu-
7 lations to provide, for a period of no longer than 36
8 months, 80 percent of the monthly premium of any
9 health insurance coverage that an adversely affected
10 worker who is covered by a certification published
11 pursuant to subsection (d) was receiving through
12 such worker's employer prior to the separation from
13 employment, to be paid to any health care insurance
14 plan designated by the adversely affected worker re-
15 ceiving assistance under this section.

16 (2) EDUCATIONAL BENEFITS.—The Secretary
17 of Labor, in consultation with the Secretary of
18 Labor of Education, shall carry out a program of
19 educational assistance for any eligible adversely af-
20 fected worker who is covered by a certification pub-
21 lished pursuant to subsection (d) and child of such
22 worker that is comparable to the program of edu-
23 cation assistance administered by the Secretary of
24 Labor of Veterans Affairs under chapter 33 of title
25 38, United States Code, except that an eligible work-

1 er, and each child of such worker, may receive the
2 educational assistance provided under the program.

3 (3) EMPLOYMENT SERVICES AND TRAINING.—

4 The Secretary of Labor shall provide, directly or
5 through agreements with the States similar to agree-
6 ments described in subsection (e), to adversely af-
7 fected workers covered by a certification under this
8 section information related to, and, when appro-
9 priate, facilitate enrollment in—

10 (A) training, employment counseling, em-
11 ployment opportunities, and placement services
12 for adversely affected workers, available in local
13 and regional areas, including information on
14 how to apply for such training and services;

15 (B) training programs and other services
16 provided by a State pursuant to title I of the
17 Workforce Innovation and Opportunity Act (29
18 U.S.C. 3111 et seq.) and available in local and
19 regional areas, including information on how to
20 apply for such training;

21 (C) educational opportunities and informa-
22 tion related financial aid, including referring
23 workers to educational opportunity centers de-
24 scribed in section 402F of the Higher Edu-
25 cation Act of 1965 (20 U.S.C. 1070a–16);

1 (D) short-term prevocational services, in-
2 cluding development of learning skills, commu-
3 nications skills, interviewing skills, personal
4 maintenance skills, and professional conduct to
5 prepare individuals for employment or training;
6 and

7 (E) support services in local and regional
8 areas, including services related to childcare,
9 personal counseling (including substance abuse
10 treatment, suicide prevention, and mental
11 health care), family counseling, bankruptcy and
12 financial counseling, transportation, dependent
13 care, housing assistance, and need-related pay-
14 ments.

15 (g) FRAUD AND RECOVERY OF OVERPAYMENTS.—

16 (1) RECOVERY OF PAYMENTS TO WHICH AN IN-
17 DIVIDUAL WAS NOT ENTITLED.—If the Secretary of
18 Labor or a court of competent jurisdiction deter-
19 mines that any person has received any payment
20 under this section to which the individual was not
21 entitled, such individual shall be liable to repay such
22 amount to the Secretary of Labor or to the State
23 that made such payment pursuant to an agreement
24 under subsection (e), except that the Secretary of

1 Labor or such State may waive such repayment if
2 the Secretary or the State determines that—

3 (A) the payment was made without fault
4 on the part of such individual; and

5 (B) requiring such repayment would cause
6 a financial hardship for the individual (or the
7 individual's household, if applicable) when tak-
8 ing into consideration the income and resources
9 reasonably available to the individual (or house-
10 hold) and other ordinary living expenses of the
11 individual (or household).

12 (2) MEANS OF RECOVERY.—Unless an overpay-
13 ment is otherwise recovered, or waived under para-
14 graph (1), the Secretary of Labor shall recover the
15 overpayment by deductions from any sums payable
16 to such person under this section, under any Federal
17 unemployment compensation law, or other Federal
18 law administered by the Secretary of Labor which
19 provides for the payment of assistance with respect
20 to unemployment. Any amount recovered under this
21 section shall be returned to the Treasury of the
22 United States.