

118TH CONGRESS  
2D SESSION

# H. R. 9230

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

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## IN THE HOUSE OF REPRESENTATIVES

JULY 30, 2024

Mr. TONKO introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, Education and the Workforce, and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## 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           cludes 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       tabish 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      ministrators 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       ministrators 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           sponsive 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.

○