

Kerry-Lieberman Climate Proposal Does Well on Consumer Relief

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Senators Kerry and Lieberman performed CPR on climate policy yesterday, releasing a [discussion draft](#) of the bill they have been crafting with Senator Graham. Admittedly, Congress is still a long way from passing a comprehensive climate and energy bill. But in an area of [particular concern](#) to the Center — protecting vulnerable low-income households — the senators have done a good job.

Like the climate bill the House passed last year, the Kerry-Lieberman proposal includes a robust program of direct payments (“energy refunds”) for low-income households. The refunds are large enough to protect the typical household in the poorest 20 percent of the population from incurring a financial loss as a result of the policies necessary to [reduce greenhouse-gas emissions](#). (The bottom 20 percent consists of households with incomes below roughly 150 percent of the poverty line, or about \$33,000 for a family of four.)

The refund program is very similar to the one in the House bill (which we analyzed [here](#)). We’ll have a full analysis soon, but here are the highlights:

- Households with incomes at or below 150 percent of the poverty line will be eligible to receive monthly energy refunds by direct deposit or through states’ electronic benefit transfer (EBT) systems, the debit-card systems states use to deliver food stamps and other federal benefits.
- Households that receive food stamps, as well as low-income seniors and people with disabilities who participate in the Supplemental Security Income program, will be enrolled for the energy refunds automatically. Other households will have to apply for them.
- Households with slightly higher incomes — between 150 and 250 percent of the poverty line, or about \$33,000 - \$55,000 for a family of four — will be eligible for a smaller tax credit. The credit will be refundable, meaning that if the amount of a family’s credit exceeds its income tax liability, it can receive the difference in the form of a refund check.

It’s encouraging that the new proposal, like the House-passed bill, follows the [soundest approach](#) to protecting low-and moderate-income consumers in a comprehensive energy and climate bill: providing direct assistance through state EBT systems and refundable tax credits. This approach is *effective* in reaching these households, *efficient* (with low administrative costs), and *consistent* with the goal of encouraging energy conservation.