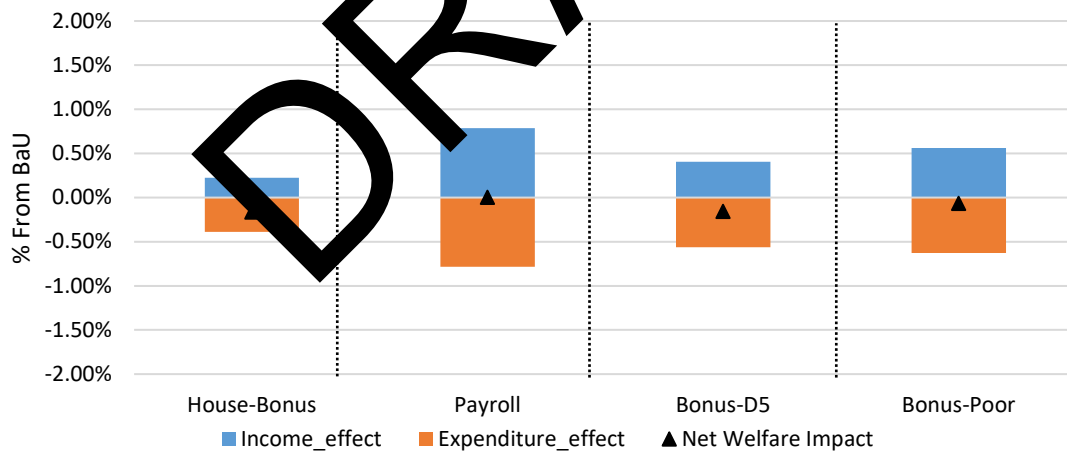


| | | | |
|----------|---------|---------|-------|
| Capital | 4760.78 | 1919.95 | 40.3% |
| Labor | 7412.23 | 4432.23 | 59.8% |
| Transfer | 1550.15 | 423.15 | 27.3% |

Figure A.1. shows the average welfare impacts for the residual households in each scenario¹⁷, whereas Figure A.2. shows the welfare impacts for the residual household included in the main regions/states included in USREP: California, Florida, New York and Texas. The results show that the welfare impacts of the residual household from the income and expenditure channel are consistent with the welfare impacts of the different income groups for each recycling scheme (see Figure 2). As also shown in Figure 2, welfare impacts from the income or expenditure channels differ depending on the scenario. In all scenarios, carbon price has negative expenditure welfare impacts, which are offset by positive income welfare impacts. These results also show that the residual household is closer to the welfare impacts of higher income brackets, as the welfare impacts of income are larger the higher the payroll tax reduction (i.e., the *Payroll* scenario, which is followed by the *Bonus-Poor* scenario), demonstrating that surveys such as CEX suffer from underrepresentation of the upper tail of the distribution (Atkinson, 2011 or Lustig, 2015).

Figure A.1: Average Welfare impacts for residual households in each scenario (% of HEV in income).



¹⁷ To make sure that we include the impact of the rebate on residual households, and also in order not to overestimate the bonus transferred to the microhousehold data, we estimated the weight of the residual household as a function of the share of expenditure it represented in the economy. Therefore, in scenarios that include lump-sum transfers (*House-bonus*, *Bonus-D5* and *Bonus-Poor*), the lump-sum received by each household is according to the population weight of each household, including the residual household

