



**EFFECTS OF BRITISH COLUMBIA'S CARBON TAX
ON CO₂ EMISSIONS AND NET GASOLINE SALES**
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ABSTRACT

In 2008, British Columbia implemented the first comprehensive carbon tax in North America which covers nearly three quarters of all emitters in the province. This paper analyzes the effects of British Columbia's carbon tax on CO₂ emissions and net gasoline sales using differences-in-differences and fixed effects estimations. The results indicate that the tax is associated with a small but statistically insignificant decrease of CO₂ emissions in British Columbia. However, this study does find statistically significant evidence that British Columbia's carbon tax caused a 4-10% decrease in net gasoline sales. This suggests that the carbon tax does encourage less gasoline use, but not enough to create a statistically significant effect on aggregate CO₂ emissions.