In this paper I explore the effects of political institutions—historical tax structure, political party power, neocorporatism, and federalism—on the implementation of explicit carbon tax (ECT) policies. This represents one of the first quantitative studies of ECT adoptions. The event history analysis shows that administrative capacity, operationalized as indirect tax structure, has a positive effect on the implementation of ECT, but only for the first adopters after which this effect declines. Social democracy is a robust positive predictor of ECT, suggesting left-party power represents greater demand for climate change policy. Federalism has a strong negative effect, meaning this type of political decentralization might make implementation of national-level ECTs more challenging, and decentralization might also reduce the administrative capacity for national-level ECTs. Neocorporatism has a positive effect in some models, suggesting cooperative institutions facilitate the implementation of ECT policies, which are often characterized by exemptions and rebates for certain sectors and reductions in taxes on labor. Evidence is also found for spatial diffusion of ECT policies spreading outward from Northern Europe.