

# Open Letter on the Transportation and Climate Initiative

October 20, 2020

We, the undersigned, represent citizens and businesses in states listed as considering participation in an inter-state compact known as the Transportation and Climate Initiative (TCI), a carbon tax “cap and trade” proposal for reducing carbon dioxide (CO<sub>2</sub>) emissions from fossil motor fuel use. While the final Memorandum of Understanding on TCI was originally expected to be released in the Spring of 2020, it has now been held until Fall of 2020. This is due to a global event on a level unseen in our lifetimes that has drastically changed our economic outlooks and put forth uncertainty of job security in our states.

Due to the nature of the TCI, which intends to make purchasing transportation fuels so prohibitively expensive that the high price will discourage people from buying it, we find it untimely and distasteful to proceed with such a proposal.

Make no mistake, this is a tax. More precisely, it is a carbon dioxide emissions tax being implemented through a gas tax. But unlike motor fuel taxes levied to pay for roads, bridges, and transportation infrastructure (a reasonable fee for use), the TCI would be the equivalent of a “sin tax” – a penalty for engaging in what some consider bad behavior. We do not believe that driving to and from work, transporting children to school, transporting goods, going to the grocery store, and all the other necessary activities that generally require a vehicle should be treated by governments as a sin; especially in these uncertain times. Fewer people than ever are commuting to work and travel is based on necessity more than leisure.

In addition, the TCI will also increase state and municipal spending, as public services such as snow plowing, collecting trash, and transporting school children will be burdened with significantly higher fuel costs. Across the country, state and local governments are suffering budget deficits and lawmakers are already faced with making tough budget cuts or looking at ways to increase funding through new and increased taxes. An added burden of the magnitude of TCI is unwise and lacks fiscal prudence.

Furthermore, already struggling small businesses which rely on fuel to transport goods or provide services will incur higher operating costs. Those increased expenses

ultimately will be passed along to consumers and taxpayers or force even more small businesses to close their doors.

Citizens in TCI states can expect to be hit with higher personal costs, higher costs for goods and services, and higher taxes. By their nature, gas taxes are among the most regressive of taxes a state is capable of levying. With public transportation potentially posing a major health risk, those who need to get to their jobs safely will be burdened with higher gas prices or forced to put their lives at risk. The TCI will hurt lower-income and rural residents much more significantly than their higher-income, urban peers. Since motor fuels are economically “inelastic,” the higher costs imposed by the TCI’s fuel tax will have to come out of other areas of household budgets. People already struggling to make ends meet will be forced by their own governments to make painfully difficult choices. Economically speaking, this is bad policy. Morally speaking, it is simply cruel.

TCI would result in substantial economic pain, especially for our most vulnerable residents, and all for virtually no environmental gain. TCI has acknowledged that emissions from transportation fuels will drop by 19 percent by 2032, without adding billions of dollars of burden for transportation users.

We ask that you thoughtfully consider these burdens going forward. The world we live in today is a much different place than it was just six months ago.



Chris Hudson  
Vice President of Government Affairs  
Americans for Prosperity



Grover Norquist  
President, Americans for Tax Reform



John Toedtman  
Policy Director, Caesar Rodney Institute



Leo Knepper  
Executive Director, Citizens Alliance of Pennsylvania



Chip Ford  
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Rob Roper  
President, Ethan Allen Institute



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Danielle H. Webb  
President, Fiscal Alliance Foundation



A handwritten signature in black ink, appearing to read "Paul D. Craney".

Paul D. Craney  
President, Fiscal Partners



A handwritten signature in black ink, appearing to read "Regina M. Egea".

Regina M. Egea  
President, Garden State Initiative



A handwritten signature in black ink, appearing to read "Andrew Cline".

Andrew Cline  
President, Josiah Bartlett Center for Public Policy



A handwritten signature in black ink, appearing to read "JASON ISAAC".

Jason Isaac  
Director, Life:Powered



A handwritten signature in black ink, appearing to read "Matthew Gagnon".

Matthew Gagnon  
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The Maryland Public Policy Institute

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