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To: House Environment and Transportation Committee
House Appropriations Committee

From: Ellen Valentino

Date: March 5, 2020

Re: HB 1526 Transportation Carbon Reduction Fund – Establishment
Oppose

This bill establishes another state fund that will hold revenues received by the state from the "Transportation Climate Initiative" (TCI).

Before establishing a special fund, it is important to have an understanding of what TCI is, what the TCI Initiative is recommending and the implication it will have on Marylanders.

Establishing this new fund without having all the facts and during a time when the state is in search of sustainable funding for education is not a good idea.

Please review the enclosed.

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*Submitted by Ellen Valentino, ellen@mapda.com*

The TCI draft MOU and plan is ill-conceived and will negatively impact consumers and businesses as well as the larger economies of Maryland and Delaware. **We believe the northeast governors should reject the MOU and disband the Initiative.** The TCI plan structure:

- restricts the amount of gasoline and diesel that can be sold in the Northeast region
- imposes a tax on gasoline and diesel, and
- establishes a regional non-profit government entity to oversee the whole TCI Plan, including how billions of dollars in new tax revenue can be spent and how much gasoline a state can receive without penalty.

## Restricting the amount of gasoline that can be sold is a bad idea.

The stakes are too high to give complete control over gasoline sales to a newly created non-profit entity that must juggle the competing concerns of 12 states. The TCI proposal leaves many questions unanswered. What happens when a state hits the allowed allotment of gasoline? Who determines if they can get more? Who will control the price? And more importantly, how will the political environment in the Northeast play into decisions? Will Maryland and Delaware be forced to adhere to policies from other states?

## Consumers will pay more for gasoline.

The draft plan clearly anticipates $.05 - $.17 per gallon increase in gasoline prices, explaining that money will go to poor and marginalized communities for clean transportation projects. Today, those communities are most reliant on gas-powered vehicles because the transportation infrastructure has lagged. Electric vehicles are commonly purchased by affluent consumers. The per gallon increase set out by the plan will hit poor and rural communities hardest.

## State road projects will suffer.

The draft plan requires states to follow rules developed by the newly created multistate non-profit as to how this new gasoline tax can be spent. So far, the initiatives set forth by the plan are suggested spending on bike lines and tax breaks to purchase electric vehicles. Electric vehicles don't support maintenance of roads and bridges – the current gasoline taxes do.

## Businesses will be burdened.

The draft proposal imposes a new regulatory and inspection scheme on thousands of businesses. And, as drafted, the proposal would subject Maryland and Delaware's business owners to the whim of this newly created multistate entity and tax collector.

## Maryland and Delaware's economy will be hit hard.

It's simple geography. Delaware and Maryland's citizens and business owners are on the periphery of the Northeast region. The disadvantages of the cap, tax and spend program on gasoline may be diluted in northern states that are surrounded by other states in the compact. Our region is the southernmost tip of the participating states, meaning Maryland, Delaware and DC are most vulnerable to consumers and businesses choosing to go where they can find less expensive fuels.