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LEGISLATIVE POLICY BRIEF

IMPLICATIONS OF A VIRGINIA TRANSPORTATION CLIMATE INITIATIVE (TCI) GASOLINE "CARBON" TAX

12/17/2019 -- In September of 2018 Governor Northam proposed having Virginia join the Transportation and Climate Initiative (TCI)[1], with 11 other northeast and mid-Atlantic states.[2] Designed to discourage and eventually eliminate the use of fossil fuels, TCI proposes to start with at least a 10-cent per gallon gas tax hike that will rise to over a dollar per gallon in future years, intending to drive down demand.[3] Some states have proposed starting at 18 cents a gallon and even 21 cents a gallon, rising to $3.00 per gallon.[4] It's unclear where Virginia would start its new tax level.

Recent push-polling suggests the public is badly misinformed about greenhouse gas emissions and what TCI will mean. For example, nearly two-thirds of Virginia voters surveyed think that transportation and industry are the "top contributors" to greenhouse gas emissions while only a quarter of the voters surveyed got it right[5] – that the major contributors are electricity generation and home and commercial building use.[6] What the survey failed to examine are the impacts the TCI would have.

Current gas excise taxes are raised to pay for transportation improvements, repairs and safety. If demand for gasoline goes down as advocates claim, and this carbon tax is intended to cause, it will reduce tax revenues intended for road repair, safety and new road construction. Instead, TCI revenues will be specifically reserved for things like subsidizing purchase of electric vehicles, building charging stations, land use planning, and more subsidies for public transportation.

TCI wants to move people out of cars and trucks and into buses and trains. "Public transportation" cannot replace cars or trucks, especially in large swaths of Virginia. Further, TCI will hurt lower-income and rural residents much more significantly than their higher-income suburban or urban peers, raise business costs significantly and increase municipal budgets for snow removal, school buses and trash collection with vehicles all requiring fuel to operate.

Our analysis of the TCI program suggests it is fundamentally flawed. Here are facts that explain how TCI would harm the citizens, businesses and municipalities of the Commonwealth.

- Even under TCI, we will still need good roads. At present, 40% of Virginia's secondary roads, 15% of primary roads and 9% of interstate roads are in poor or very poor condition.[7]
- Virginia needs $5.2 Billion to get structurally deficient roads up to only "fair" condition and $7.9 Billion to get structurally deficient bridges into no better than "fair" condition.[8]
- The Virginia Department of Transportation highway construction budget is $2.8 Billion per year.[9] Under TCI, the revenue used to support this budget would be eliminated.

- The TCI gas tax would not only add to the cost of gasoline and diesel fuel, the TCI gas tax will not go toward meeting road or bridge needs; and, existing federal, state and local gas tax revenues that are used for road and bridge maintenance would shrink, necessitating significant additional gas tax increases or some other means to offset these losses.
- The TCI approach would have little impact on Green House Gas emissions. It would simply replace carbon-based fuels used in cars with carbon-based fuels used in electricity generation with very little reduction in CO_2 emissions.[10]
- The TCI carbon tax is regressive. Economically disadvantaged citizens and businesses operating on small profit margins would be forced to pay this carbon "sin" tax and would recoup no benefits. Rather, the taxes would underwrite electric vehicles and their use – something only the wealthy and advantaged can and would be able to afford, a wealth transfer in the wrong direction.
- Virginia's participation in TCI will have no impact whatever on global warming. Eliminating use of gasoline and diesel fuels in Virginia would decrease global temperatures by year 2100 by about 0.0015 degrees C, (0.0026 degrees F).[11] Not only is such a change undetectable, from a policy perspective, it is a meaningless reduction, to be obtained at the cost of higher taxes and worse roads and bridges.

Dr. David Schnare
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Reference Notes

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[1] An effort coordinated out of the Georgetown University's Climate Center, a climate alarmism advocacy group funded by liberal organizations including the Rockefeller Brothers Fund, Kresge Foundation, John D. and Catherine T. MacArthur Foundation, Barr Foundation, Energy Foundation, Merck Family Fund, New York Community Trust, Town Creek Foundation, Doris Duke Charitable Foundation, The William and Flora Hewlett Foundation, John Merck Fund, and The Summit Foundation. https://www.georgetownclimate.org/about-us/index.html.

[2] https://www.governor.virginia.gov/newsroom/all-releases/2018/september/headline-829610-en.html.

[3] https://www.transportationandclimate.org/sites/default/files/20190808%20-%20TCI%20Webinar%20-%20Reference%20Case%20Results.pdf.

[4] https://www.youtube.com/watch?v=iRM6Kz0OJgo.

[5] https://files.constantcontact.com/e6e14db6301/c92d1e91-6128-4e0d-9c37-fb3b28be67e6.pdf.

[6] According the Energy Information Agency, in Virginia, 50.0% of carbon-based energy consumption comes from coal and natural gas; 42.2% comes from gasoline and diesel/distillate. https://www.eia.gov/state/?sid=VA#tabs-1.

[7] https://www.virginiadot.org/info/resources/State_of_the_Pavement_2018.pdf.

[8] https://wtop.com/dc-transit/2018/04/fixing-virginia-potholes-pavement-bridges-cost-13-1b/

[9] *Ibid.*

[10] Renewable electric generation in Virginia now supplies 0.3% of the Commonwealth's Energy Consumption. *See*, https://www.eia.gov/state/?sid=VA#tabs-1.

[11] The Virginia transportation fuels portion of global temperature reduction from elimination of CO_2 nationwide from all sources. *See*, https://www.forbes.com/sites/patrickmichaels/2013/07/25/reduce-u-s-carbon-emissions-to-zero-and-the-temperature-decrease-by-2100-will-be-undetectable/#5a53a1303909.