Gas tax proposal offers false hope for the lower-income population

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At its heart, the *Transportation Climate Initiative* (TCI) is a program to promote the electrification of the transportation sector through government subsidies. Twelve states from Virginia to Maine, including Delaware, are considering joining the program.

Joining the TCI program would add 20 to 40 cents per gallon of tax to gasoline and diesel fuel.

This tax would provide revenue to partially subsidize purchases of full battery-electric cars and buses costing twice as much as conventional vehicles. *Gasoline distributors would have to buy carbon dioxide emission allowances to deliver the fuel to local gas stations, passing the cost onto consumers at the pump.*

Over time there would be fewer allowances available at an ever-increasing price. On average, everyone, including the low-income population, will pay about $254 more for gasoline a year, rising to as much as $450 a year. *Higher fuel prices would hurt the low-income population the most.*

The TCI program promises to spend 35% of the tax revenue in low-income communities.

Just recently, a few details of how that money would be spent have been released. Unfortunately, the plans ring hollow in actually helping the low-income population. *For example*, TCI promises jobs will be created in low-income neighborhoods but offers no evidence, or specifics, of where those jobs will come from.

TCI proponents also want to use the tax revenue to build bike lanes used mainly for recreation and are unlikely to be used as transportation by the low-income population in the heat of summer or cold of winter.

Proposed subsidies only cover part of the extra cost of electric vehicles (EV), which helps the high-income individuals who can afford to buy these vehicles.

There are many benefits for the wealthy of owning an EV: lower refueling costs, free chargers, access to high occupancy vehicle lanes to avoid rush hour traffic, and avoidance of the gas tax that pays for road construction and repair.

Owning an EV ***does not*** *help the low-income population who can't afford to buy an EV and likely have no dedicated parking place to put a charging station even if they own one.*

The low-income population has no access to home charging, and 90% of charging occurs at home for special lower electric rates and for the time it takes to charge. The rural low-income also often own the least efficient older vehicles and may live further from jobs, and shopping which means they will pay more of this tax than most families.

TCI proposes subsidies for electric buses.

Public transportation is already widely available. Subways and trains already run on electricity and account for 58% of public transport. Of the 42% of public transport carried on buses, 58% have already switched to low CO_2 emission hybrid electric, biodiesel, and compressed natural gas. That leaves only about 18% of the entire public transport fleet to switch away from diesel fuel.

The *US Department of Transportation* reports that as of April 2021, public transit ridership is still down 58% from the same month in 2019, with bus ridership specifically down 50%. It is possible that ridership will continue at low levels. There may be an excess of available transit capacity, meaning no new buses will be needed. The combination of potentially greatly reduced ridership and likely planned federal investment means <u>no TCI funds will be required</u> to reduce emissions from public transport.

TCI strategies call for establishing additional air quality monitoring stations.

The *Environmental Protection Agency* (EPA) establishes standards for seven air pollutants. The only pollutant exceeding the standards is ozone, and motor vehicles do contribute to ozone creation. However, only a few air quality monitoring stations near Interstate 95 in Maryland, Connecticut, and the District of Columbia are substantially over the standard. The primary fix needed in those areas is additional highway construction to relieve persistent traffic jams. Funds for such projects are included in pending federal legislation, so TCI funding is not needed.

People drive out of necessity, and higher fuel prices result in a very small reduction in driving.

It is unlikely the proposed taxes will reduce driving by much, meaning TCI reduction goals will likely not be met. However, TCI has a specific budget for cutting the number of available emission allowances each year. That could lead to fuel shortages, and long lines at the pump as fuel distributors come up short on allowances.

The funds being offered by TCI to provide equitable outcomes for low-income communities are duplicative of programs already meeting these needs and are thus unnecessary. There are no specifics of TCI spending that will create jobs in low-income communities. Higher fuel cost, and its impact on the cost of everything, will undeniably impact the low-income population the most and will likely overwhelm any questionable benefits of TCI revenue expenditures.