Top Story: TCI Is Just the Latest Carbon Tax

A collection of east coast states from Maine down to Virginia are currently negotiating an agreement called “The Transportation Climate Initiative” or TCI. This is, for all intents and purposes, just the latest attempt by the environmental Left to saddle citizens with a Carbon Tax.

The proposed deal, released on December 17th and now open for public comment, would immediately add 7 to 17 cents to every gallon of gasoline and on-road diesel fuel purchased, a number that would increase by unspecified amounts every year thereafter. The purpose is to ratchet up the cost of driving to the point where the financial pain is so great that people are forced to give up their cars either for electric vehicles or, if you can’t afford one, bicycles or sturdy walking shoes.

Governor Scott has been steadfastly opposed to any sort of Carbon Tax since his first campaign for governor in 2016. He recently affirmed that if TCI is just another Carbon Tax he will not support it.

Ergo, supporters of TCI in Vermont are bending over backward to define TCI as not a Carbon Tax, but a regional “cap and trade” program based on or an extension of the Regional Greenhouse Gas Initiative (aka ReGGI).

But, in an exchange with his then opponent Sue Minter (D), Scott made his opinion of a regional, cap and trade program targeting transportation fuels very clear:

Minter: What I am looking forward to is… working with other states throughout the Northeast region… expanding the Regional Greenhouse Gas Initiative…. This is what we can do when we build the transportation sector into the Regional Greenhouse Gas Initiative.

Scott: It sure sounds like she supports a Carbon Tax! Whether it’s regionally or for the state I’m not in favor of the Carbon Tax. If a Carbon Tax came to my desk as governor, I would veto it.

Minter: The Greenhouse Gas Initiative is actually a “cap and trade” program….

Scott: “Cap and trade” in California cost them 11 cents a gallon. That sounds like another tax increase.

EAI dug through the archives and found the video. You can check it out here: https://youtu.be/LDq5tMkyEMg
Commentary: What You Need to Know About TCI

By John McClaughry

On December 17 the Georgetown Law Center revealed its long-awaited Transportation and Climate Initiative (TCI) draft Memorandum of Understanding (MOU). It will be open for on-line comments until February 28. At some point after that Gov. Scott will be asked to sign Vermont into TCI. Presumably the legislature would have to enact some provisions to make it enforceable on Vermont fuel dealers.

Here are twelve questions and answers that will explain what TCI is and expects to do.

Q: What is TCI? TCI is a multistate regional agreement to drive up the price of motor fuel (gasoline and on-road diesel). It proposes to start at five, nine or seventeen cents per gallon, and escalate upward from that, with no declared maximum.

Q: Why do the TCI backers want to drive up the price of motor fuel? Because they are convinced that “climate change poses a clear, present, and increasingly dangerous threat to the communities and economic security of each [participating state].” The MOU says that the participating states will “need to implement bold initiatives to mitigate the impacts of greenhouse gas emissions from the transportation sector,” which produce 40% of human-caused emissions.

Q: How will TCI drive down those emissions? By driving up the price of gasoline and diesel fuel so you will drive less, drive smaller cars, use electric vehicles, walk, ride bicycles, use public transportation, move closer to school and work, and so on.

Q: How does TCI drive up motor fuel prices? It creates what it calls a “cap and invest” system. TCI sets a cap, or limit, on carbon dioxide emissions from burning motor fuel. Every distributor of motor fuel – of which there are eighty in Vermont – will be required to purchase “allowances” to match the motor fuel sold in each reporting period.
Q: So, motorists, including passenger cars, pickups, SUVs, vans, school buses, delivery trucks, contractor vehicles, milk tankers, ambulances, and motorcycles will end up paying for the allowances? Yes, of course they will.

Q: What does the state get for imposing these costs on motorists? TCI will distribute among the participating states some fraction of the revenue from its sale of “allowances”, according to an as yet undetermined formula. The states are supposed to use these revenues to further drive down gasoline and on-road diesel use, and “help their residents transition to affordable, low-carbon transportation options”. Paying people to buy electric cars, and building charging stations for them, is a recommended use of the funds. However, the states can use what they receive for anything their legislature desires.

Q: How many “allowances” will TCI issue? As many it sees fit. TCI will invent them out of thin air, and motor fuel distributors will be required to go into TCI’s auction market to buy enough of them with real money to match their motor fuel deliveries over a preceding reporting period. The cost of these “allowances” will be included in the price you pay at the pump.

Q: Won’t this plan hit hardest on working people and the poor, especially in Vermont’s rural areas? Of course. It’s regressive.

Q: How much will the preferred TCI scenario reduce carbon dioxide emissions from motor fuel? Drew Cline of New Hampshire’s Josiah Bartlett Center analyzed the TCI economic model. He found that the “reference case” used by the Georgetown Climate Center to project what would happen from 2022 to 2032 if states did not implement the TCI would likely be a 19% reduction in carbon dioxide emissions. If TCI is implemented, emissions are projected to fall by between 20% and 25% over that decade. So TCI will produce an additional emissions reduction of between 1 and 6 percentage points on top of a presumed reduction of 19 percent. In short, TCI would extract $56 billion from motor fuel users to reduce carbon dioxide emissions by a little more than 5 percent over ten years.

Q: Will that reduction of emissions actually reduce “climate change”? Certainly not measurably. Probably not at all.

Q: Wait a minute. Isn’t this TCI “cap and invest” scheme just another carbon tax in a fancy package, designed to make it look like it’s not a carbon tax? Yes, of course.

Q: Gov. Phil Scott has steadfastly promised to veto a carbon tax. Won’t he reject the MOU, as New Hampshire Governor Chris Sununu has already done, and veto any legislation to force Vermont fuel dealers to buy those funny money TCI allowances that will drive up the price of gasoline and diesel fuel for all Vermonters? As of now he won’t say, so if you don’t want to see the TCI drive up your fuel prices year after year, it wouldn’t hurt to encourage him to strengthen his resolve.

- John McClaughry is vice president of the Ethan Allen Institute

Commentary: How Will Vermonters Pay for This Agenda?

By Rob Roper
The Vermont legislature returns in January with a long list of daunting challenges, all with potentially astronomical price tags for Vermonters, who are already some of the most highly taxed people in the United States.

Among this list includes a projected 6% increase in property taxes to fund an education system already topping $2 billion to serve a declining population of less than 80,000 students. The system is so dysfunctional that former House Education Committee Chair, Dave Sharpe (D-Bristol) recently claimed legislators were “hoodwinked” by special interests into supporting Act 46, the 2015 school district consolidation law that was supposed to lower costs by increasing efficiency. That has not worked out.

The Green Mountain Care Board recently authorized rate hikes of 12.4% (Blue Cross Blue Shield) and 10.1% (MVP) for people with Vermont Health Connect insurance plans, and approved a 59% increase to $1.42 billion for OneCare, the state’s latest healthcare boondoggle. One suspects considerable hoodwinking here as well.

Also of concern is the state’s $4.5 billion in unfunded pension liabilities for teachers and state workers. To put this cost in some perspective, every Vermonter – man, woman, and child -- is currently on the hook for over $7000 (a number that is growing quickly) to pay for these benefits, and feeding this beast will consume 14% of the state’s general fund in 2020. (In 2018 that general fund expenditure was nearly $200 million, and this is an annual obligation over the next twenty years.) If this is not addressed, public employees risk losing some or, in an unlikely but not impossible scenario, all of their benefits.

Act 64, the water quality law passed in 2015, is about to hit businesses, municipalities, public schools and even some individual residences full force with stormwater regulations and fines with associated costs and taxes that will run into the hundreds of millions of dollars over the next few years, and billions over the next decade. This has the very real potential of bankrupting many Vermont businesses.

These are costs already on the books. Here’s what we have to look forward to. Leaders of the majority party seem poised to pass a minimum wage increase to $15 an hour, which, on top of the increased costs to employers and consumers, will require an estimated $86 million for Medicaid over five years either in tax increases or program cuts.

And, they seem resolved to pass a mandatory Paid Family Leave program which will come with a new payroll tax taking an estimated $76 million per year out of working Vermonters’ pockets, just to start.

If this weren’t enough, in what one legislator described as what will be “our banner legislation” for 2020, many lawmakers want to entangle Vermonters in the latest carbon tax scheme called the Transportation Climate Initiative or TCI. This multi-state collaborative would amount to a proposed 7, 9 or 17 cent per gallon tax on gasoline and diesel fuel, at a total cost to Vermonters of an estimated $20 to $90 million, a number that will grow annually ad infinitum.

These are just the big ticket items. Who knows what nickel and dime tax and fee increases they have in store, like plastic bag taxes, new and increased professional licensing fees, etc. It would be one thing if we were getting our money’s worth out of all this, but the programs outlined above, apart from being ridiculously expensive, are all examples of gross and wasteful mismanagement.

In all seriousness, how do our representatives expect us to pay for all of this? There are only about 320,000 taxpayers in Vermont. This ever-growing burden on so few shoulders is crushing. It has to stop.
A recent news story out of Rockingham, Vermont, described a community discussion billed as “Attracting and Retaining Young People” in which one person described as an “older resident in work jeans and boots” summed things up very well. “Our taxes are absolutely nuts,” he said. But, “There’s so much potential.”

There is so much potential in Vermont. This is a wonderful place, but these taxes and regulations are smothering the people who try to live her. As long as our taxes remain “absolutely nuts,” and the money is poured into programs that do not work as intended or promised, that potential cannot and will not be realized.

- Rob Roper is president of the Ethan Allen Institute.

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**Events**

**January 1. Happy New Year!**

**February 29.** Rob Roper will speak to the Pawlet Republican Town Committee from 2:00 pm - 4:00 pm at the Modern Woodmen Hall in Wells.

To Schedule an EAI presentation in your community, please email rob@ethanallen.org.

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**News & Views**

**Vermont Labor Opposes TCI:** “We can and should build a better, greener, more equitable and secure future for the people of the Green Mountain State. But charging the working class more money to get to their job? I fail to see how any friend of Labor could stand by such a proposal.” – David Van Deusen, President Vermont Labor Council AFL-CIO, in a column captioned “TCI is No Friend of the Worker” (VTDigger, 12/30/19)

**China vs. Vermont:** Conferees from 195 countries are meeting in Madrid this week to wage more war against carbon dioxide. The climate hawks must be chagrined by the news that China, the world’s largest consumer of coal, is building or planning to build 148,000 megawatts of new coal fired power plants within the next few years. Vermont’s carbon dioxide emissions from all sources are about 10 Million metric tons of carbon dioxide equivalent per year. Just one 1600 Mw Chinese coal plant would produce about as much CO2 in a year as all CO2 emissions in Vermont - coal, motor fuel, heating oil, natural gas and propane. The Chinese are building the equivalent of 92 1600 megawatt coal plants — each one putting as much CO2 into the air as everything Vermon ters burn. So, if the Green majority in the legislature suddenly killed off 100% of our CO2 emissions, one 1600 Mw Chinese coal plant would restore all those emissions. and the Chinese are building 92 of them. And the climate action crowd now wants Vermont to join a 12 state group to impose a steadily rising new tax on motor fuel - the Transportation and Climate Initiative - to meet our emissions goals? Gimme a break. - John McClaughr.
**Forbes Assesses Vermont Economy:** “Vermont Annual Net Migration: -300. Job Growth: 0%. At $34 billion, Vermont has the smallest economy in the U.S. Its five-year average unemployment rate of 3.6% was the fifth lowest among states, but Vermont suffers from business costs that are 12% above the national average. The state’s economic outlook is also weak with job and income growth expected to badly lag the rest of the country over the next five years.” (Forbes, 12/12/19)

**Why Government Shouldn’t Pick Winners and Losers.** “SB Electronics, the venerable Barre manufacturer of capacitors for electric vehicles, including the first Teslas, closed its doors Monday, telling suppliers the company is out of money…. The federal matching grant SBE received was part of a $2.4 billion Obama Administration initiative to jump-start the electric vehicle industry. The administration touted the program as the single largest investment ever made in advanced battery technology for hybrid and electric drive vehicles, expected to create tens of thousands of manufacturing jobs. 100 jobs as a result of its new manufacturing facility. He said at the groundbreaking for the new plant in 2010, an official from the Department of Energy predicted that in 10 years everyone would have at least one electric vehicle in their garages. "I don't know about you, but I don't have one," Sawyer said. "Had that happened, this would have been a phenomenal success story. That didn't happen." – Burlington Free Press, 12/3/19

**OneCare a Failure:** “It is time to admit that this expensive experiment is accomplishing nothing substantive for health care reform in Vermont. Costs are not going down, quality indicators are not improving, primary care is not expanding, commercial insurance rates have continued to soar, access to care is no better, and not one new person has become insured because of this system. Instead it creates an expensive new layer of bureaucracy that needs to be subsidized.” – Patrick Flood, former commissioner of the Department of Mental Health, the Department of Disabilities, Aging and Independent Living and former deputy secretary of the Agency of Human Services, 12/5/19.

**Act 46 Author Admits It’s a Failure:** “As chair of the House Education Committee, former Rep. David Sharpe (D-Bristol) shepherded Act 46 to passage [in 2015]. But in a December 12 Addison Independent guest editorial, he writes plaintively, “we have not seen the promised reduction in administrative staff in school buildings or in the superintendent’s offices. What we are seeing instead are proposals to close community schools against the specific intent of the legislation and the wisdom of many community members.” Maybe the poor chump should have read those EAI commentaries….

**Vermont School (under)Performance:** “Only three states spend more per pupil than Vermont to educate our students. Our per-pupil spending is more than 60% higher than the national average — which means about $600 million more than we would spend if we spent at the national average. If $600 million doesn't buy us exceptionally well-educated students, think of what else we could use that money for.” - Prof. Art Woolf (VtDigger 11/7/19)

**First Step: Admitting You Have a Problem:** The community conversation was billed as “Attracting and Retaining Young People.” But the older resident in work jeans and boots came to discuss what could keep hold of him, too. “Our taxes are absolutely nuts,” he said. “And I’ve watched the tourists come in and drive right on.” – VT Digger,
Study: A Rising Minimum Wage Hurts Little Companies. Here’s another volley in the debate over the “Fight for $15”: As the federal minimum wage rose from 1989-2013, small businesses in affected states suffered “lower bank credit, higher loan defaults, lower employment, a lower entry and a higher exit rate. That’s according to a study last week from the National Bureau of Economic Research.” WSJ, Editorial Board (12/15/19). Note: The overwhelming majority of Vermont employers are “little companies.”

US Less Free than Hong Kong, Where They Are Fighting for Freedom! In the Cato Institute’s annual Human Freedom Index around the world. Here are the results: 1) New Zealand 2) Switzerland 3) Hong Kong 4) Canada 5) Australia 6) Denmark and Luxembourg (tie) 8) Finland and Germany (tie) 10) Ireland 11) Sweden and the Netherlands (tie) 13) Austria 14) United Kingdom 15) United States and Estonia (tie).

Your Overlords Want You to Walk More: “According to the TCI website, one of the primary health benefits they will project in their modeling will be the increase in “biking and walking associated” with the implementation of TCI for “residents of TCI jurisdictions.” If you read between the lines, their aim is clear. They want to make fuel so expensive that taxpayers will be forced to walk and bike to work.” – Paul Craney, Lowell (MA) Sun, 10/1/19. Keep in mind, according to the U.S. Census the average commute in Vermont is 26 miles. And, it’s often quite cold. Hope you got a good pair of boots for Christmas!

Rebutting Climate Alarmism: A group of meteorologists has published a document using actual climate observations to rebut the most common claims made by climate alarmists. Read it at https://alarmistclaimresearch.wordpress.com/2019/05/20/alarmist-claim-fact-check-update/

More Climate Hypocrisy: “Climate change activists, it would seem, are more than happy to block portions of the Geneva airport to protest the use of private jets. However, when nearly 1,500 private jets land at a climate change summit in Davos, Switzerland, the Left barely makes a peep.” Gregory Wrightstone (American Thinker 12/7/19)

Gretta Is Not Pleased: “We have achieved nothing,” said [teenage climate crisis expert] Greta Thunberg in a recent YouTube video. Although I rarely agree with Thunberg on climate, as numerous headlines attest, her statement accurately describes the lack of accomplishments at COP25 [in Madrid]. After being extended for two days, the largest annual gathering of climate alarmists ended—as so many such meetings have in the past—with a whimper, not a bang.” - Sterling Burnett (Heartland, 12/20/19)

Person of the Year? “The unassailable truth is that climate deaths have plummeted dramatically and billions of people have been lifted from abject poverty by the system that Greta assails. There is no “unassailable science” that tells us how the future looks: what technologies humans will devise, how they will adapt. One imagines a magazine such as Time, which once published pieces about now discredited predictions of a “population bomb” and global cooling, might understand that the future is always more complicated than we imagine. The reality is that Thunberg was bequeathed the healthiest,
wealthiest, safest and most peaceful world that humans have ever known. She is one of the luckiest people ever to have lived. And unlike most of her ancestors, she can continue to be a professional activist her entire life, thanks to market economies and emerging technological advances.” David Harsanyi, “Thunberg perfect hero for unserious time.”

Referring to Venezuelan Socialism: “You would think that when your economy gets to the point where people are eating their pets, people might have second thoughts about what system they’ve chosen.” – Sen. Rand Paul.

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**Movie of the Month**

**Midway**
Director: Roland Emmerich  
Writer: Wes Tooke  
Release: 2019

It was with great anticipation that I awaited the release of *Midway*, in my opinion the most important and pivotal battle of World War II, at least from the United States perspective. Too often these days when Hollywood gets its hands on a historical event it is less interested in the history itself, and more interested creating a totally fictionalized thing unrecognizable by the actual events. *Midway*, for the most part, happily breaks with this trend.

The film is tremendously ambitious in covering the attack at Pearl Harbor (December 7, 1941), the Doolittle Raid on Japan (April 18, 1942), the Battle of the Coral Sea (May 4-8, 1942), and the Battle of Midway (June 4-7, 1942) in just a little over two hours. It’s a lot to take in, especially if the viewer isn’t already familiar with the history. This creates a bit of a quick slide-show/highlight reel effect robbing each event of some of its individual drama by not sufficiently allowing time for stories to develop and unfold. If there is a silver lining to this, the pace does demonstrate how quickly all of these major events were actually, planned, executed, and unfolded one on top of the other – just six months.

The writing and acting is not great. A bit cheesy and melodramatic with lots of canned lines delivered with squinty expressions through clouds of cigarette smoke. If Nick Jonas was hoping this would be his big chance to make the leap from teen pop star to the big screen he should scurry back to his day job.

All in all, it was well worth the ten bucks. If viewers are interested in learning more about the battle I can recommend a couple of books, *The Battle of Midway*, by Craig Symonds from the American perspective, and *Shattered Sword, the Untold Story of the Battle of Midway* by Anthony Parshall and Anthony Tully from the Japanese perspective.

*Review by Rob Roper, president of the Ethan Allen Institute*
The Final Word

January Survey: TCI Carbon Tax
Do you support or oppose Vermont’s participation in the Transportation Climate Initiative (TCI), which would add a 17 cent per gallon tax to gasoline and diesel fuel?
- I support the TCI carbon tax.
- I oppose the TCI carbon tax.

Take the survey at https://www.surveymonkey.com/r/TCICarbonTax

December Survey Results: 2020 Foresight!
Do you think you will be better off or worse off in 2020 vs. 2019?
- 2020 will be better than 2019. 41.46% (17)
- 2020 will be worse than 2019. 29.27% (12)
- 2020 will be about the same as 2019. 29.27% (12)