

APRIL 2021



GAS TAX

stopthegastaxct.com

HOW THE DEMOCRATS' **GAS TAX & FOOD TAX** WILL IMPACT CT FAMILIES



FOOD TAX

stopthefoodtaxct.com



PRESENTED BY:

The Connecticut Senate Republican Caucus

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CONNECTICUT MUST IMPROVE TRANSPORTATION & CLEAN AIR

...BUT THE GOVERNOR'S PROPOSAL DOES NOT ACHIEVE EITHER GOAL

CT Republicans strongly believe in advancing policies which make our air cleaner and our transportation system stronger, safer and primed for economic growth. We also must protect middle class families in the process.

Proposals from Governor Ned Lamont will add new regressive burdens on Connecticut residents at the absolute worst possible time without improving our aging transportation infrastructure and without improving air quality in our state.

GOV. LAMONT'S \$200 MILLION+ TAX INCREASE

\$100 MILLION GAS TAX

A new gas tax will result from joining the Transportation & Climate Initiative Program (TCI-P). The Governor estimates revenue of approximately \$90 million - \$120 million annually.

\$90 MILLION TRUCK TAX

A new mileage tax on trucks, including those that carry necessities such as groceries and home heating oil.

THE GOVERNOR'S TCI-P: HOW IT WORKS

1) IMPLEMENT GOVERNOR'S "SMALL TAX" ON GAS

Requires gasoline producers and wholesalers to purchase carbon credits at auction. This will add costs that get pushed on to consumers who buy gasoline. Governor Lamont has described this approximately \$100 million annual new tax as "small." But to middle class families, that's a huge number.

2) DISCOURAGE PEOPLE FROM BUYING GAS & FORCE PEOPLE TO BUY ELECTRIC CARS LIKE TESLA

The goal of the tax is literally to increase the cost of gas to the point where it "discourages people from buying gas" and forces people to drive less or purchase "more electric cars."

3) SENDS CT TAX DOLLARS TO THIRD PARTY

Connecticut would eventually receive funds from the carbon credit auction out of a multi-state pool of money that is limited to use on clean transportation projects. It cannot be used to fund most infrastructure repairs.

“

This is a small tax

- GOVERNOR LAMONT
(REP-AM, MARCH 17, 2021)

**A small fee ...would
discourage people
from buying gas and
maybe lead to more
electric cars...**

- GOVERNOR LAMONT
(WICC, MARCH 26, 2021)

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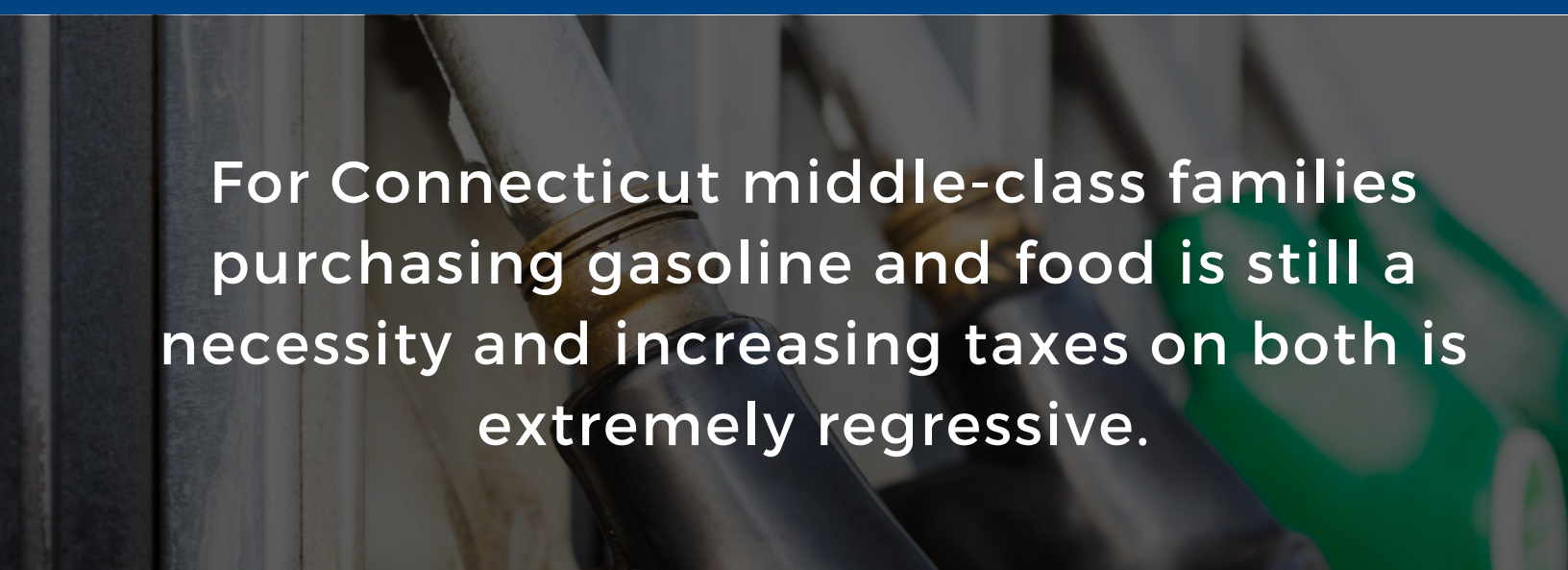
HOW TCI-P & A MILEAGE TAX PUNISH THE MIDDLE CLASS

The TCI-P seeks to raise the price of gas so that people can no longer afford to buy and operate gasoline and diesel vehicles and are forced into more expensive electric vehicles or public transportation.

*From Tufts University's study of TCI for Massachusetts:
“[H]igher gasoline prices will encourage people to seek ride-sharing options, consider public transit, and rethink the expense of shipping goods by truck. Then, over time, people can shift their long-term plans by purchasing fewer cars or choosing vehicles with higher fuel efficiency.”*

The problem is many middle-class families are not economically privileged enough to afford a new car or a Tesla and must not be punished for living in the sluggish economy caused by Democrats' bad choices.

The trucks that bring food to our supermarkets or heating oil to our homes face increased costs because of the TCI-P, as well as the Governor's proposed \$90 million mileage tax on all trucks. Increasing their expenses leads to increased costs for middle-class families.



For Connecticut middle-class families purchasing gasoline and food is still a necessity and increasing taxes on both is extremely regressive.



THE COST OF GOVERNOR LAMONT'S TAX INCREASES

TCI-P

The TCI-P estimated a gas tax increase of approximately 17 cents per gallon to start. Modeling for Massachusetts estimates gas prices will increase between 13 cents – 24 cents per gallon. Governor Lamont is claiming the increase will be limited to 5 cents in the first year. But no matter the number at the pump, the Governor admits the new tax will be a \$90 million - \$120 million annual tax increase. And as designed, gas prices will continue to increase each year under this program.

The goal of the program is to increase the cost of gas each year until it becomes too unaffordable for people to purchase it.

Truck Mileage Tax

Governor Lamont estimates collecting \$90 million from a mileage tax on trucks. Industry experts estimate that this will cost the average family an additional \$500 per year for groceries. This will also cause the price of all goods transported across our state to increase, such as home heating oil.

ADDITIONAL BILLS WILL FURTHER INCREASE COSTS

The Governor is also pushing a bill that would allow Department of Energy and Environmental Protection to adopt California's emissions standards for medium and heavy duty trucks.

This will make it significantly more expensive to buy new trucks that meet this standard, putting another new cost on job creators including those that transport groceries and home heating oil. This will further increase the cost of their products.

This could also lead to even higher costs in the future as it would force all of California's policies on the state of Connecticut, and Connecticut would be required to modify our standards to match California's whenever changes are made in California law, taking the decision making out of the hands of our own state.

THIS WILL INCREASE COSTS ON:

- **GROCERIES**
- **HOME HEATING OIL**
- **MUNICIPAL EXPENSES (PROPERTY TAXES)**

IMPACTED VEHICLES:

Medium-duty vehicles generally have a GVWR of between 10,000 and 26,000 pounds (e.g., box trucks, firetrucks, and school buses). Heavy-duty vehicles have a GVWR of more than 26,000 pounds (e.g., city transit buses, mobile cranes, cement mixers, refuse trucks, and tractor trailers).



THE GOVERNOR'S FALSE PROMISE OF CLEANER AIR

Make no mistake about it, TCI will be a significant burden on the middle class, with little improvement in greenhouse gas pollution.

Global jet streams blow air from west to east. Therefore, air quality in Connecticut is largely determined by pollutants in states to our west. But states to our west, New York, New Jersey, Pennsylvania, are **NOT** joining the TCI-P. Therefore, if CT is in fact able to reduce carbon emissions by taxing gasoline, the only benefit will be to the Atlantic Ocean.

"More than 90 percent of ozone levels in southwest Connecticut and more than 80 percent of ozone levels in some remaining parts of the state result from pollution that **originates in areas located out of Connecticut's jurisdiction and control.**"

- CT DEEP

"New Hampshire could take every car off the road and still see ozone levels drop by just 3 percent."

- NH Gov. Maggie Hassan

"Connecticut sits at the end of the tailpipe of the nation's exhaust fumes...States like Connecticut who are downwind of some of our country's heaviest polluters need the protection of strong interstate ozone pollution regulation."

- CT Attorney General

Environmental activist organization, The Sierra Club, is not supporting the TCI-P because it won't achieve its stated goals.

If taking all cars off the road has a minimal impact and we are litigating pollution caused by Western states, why enact TCI? Why should Connecticut's middle class bear this sacrifice alone?

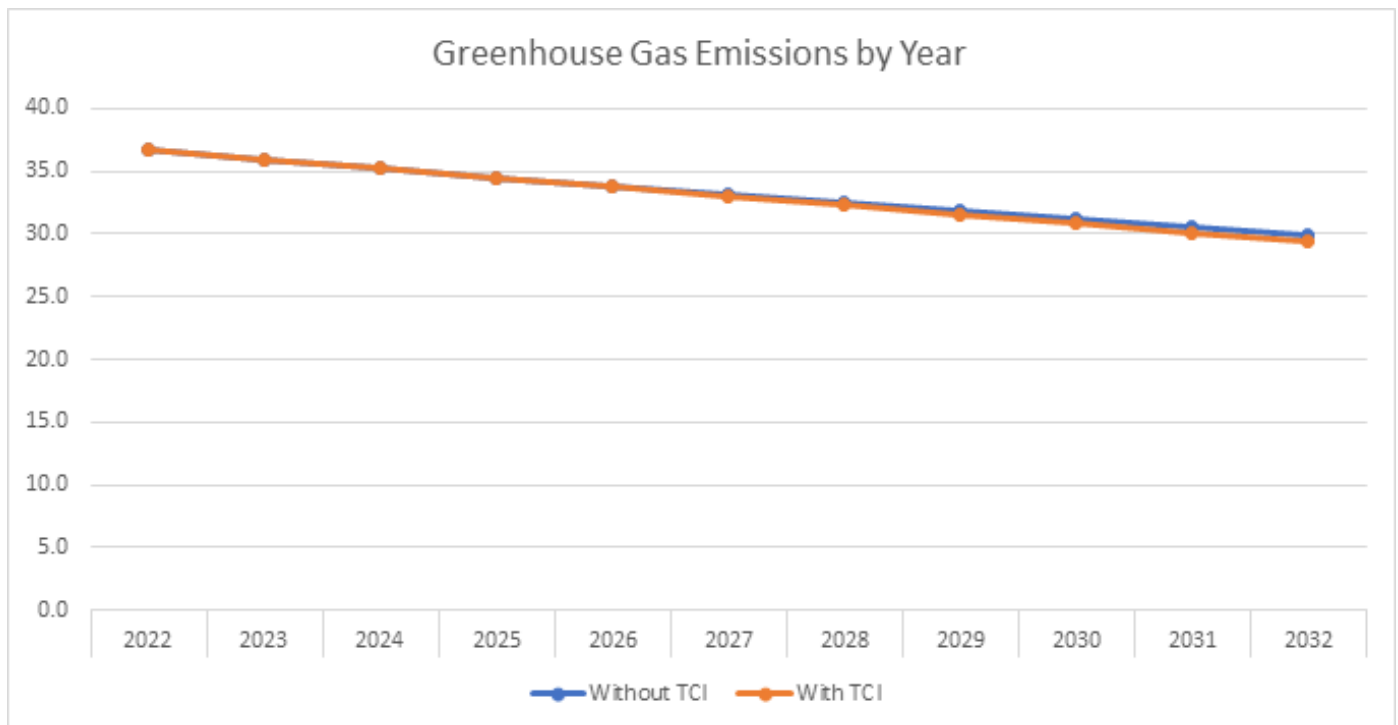
WE'RE ALREADY REDUCING EMISSIONS WITHOUT A NEW TAX

Connecticut is already projected to decrease emissions without the TCI-P, at a rate very close to TCI-P projections.

Below shows the state's projections for emissions reduction currently, and the projections for emissions reduction if we implement the TCI-P gas tax increase.

TCI-P will have a minimal impact on our already decreasing emissions projections, but will have a significant impact on families' everyday budgets.

Why would Connecticut ask residents to pay more now, at a time when they can least afford it, for a potential benefit that is minimal and if achieved will only result in cleaner air in regions to our east?



THE GOVERNOR'S FALSE PROMISE OF TRANSPORTATION IMPROVEMENTS

The portion of proceeds from carbon credits Connecticut will receive through the TCI-P are limited in what they can be used for. The TCI-P will take infrastructure money and require it to be spent on clean transportation projects, like electric buses. These funds cannot be used to invest in the state's most pressing transportation needs. They cannot be used on projects like the Mixmaster in Waterbury or the Hartford viaduct. They cannot be used to elevate our roads to a state of good repair.

In addition, contrary to what the Governor says, these funds do not go into the state's Special Transportation Fund (STF) or our transportation lockbox. Therefore, the solvency of the STF still remains a significant issue.

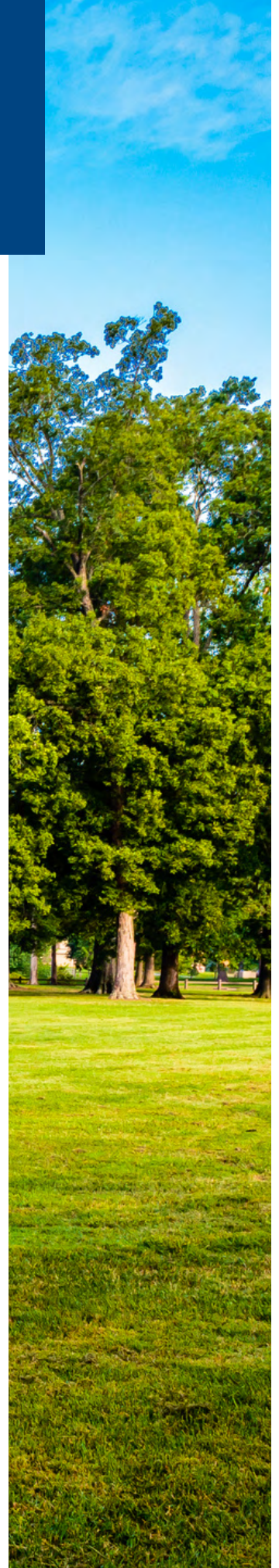


THE BETTER WAY

Since TCI-P admittedly will only result in a few percentage points of a reduction in emissions, but come with a significant cost, CT Republicans propose alternatives to reduce carbon emissions in Connecticut and other states that will NOT ask middle class families to make painful financial sacrifices.

- Prioritize transportation construction projects that will reduce emissions by opening traffic and congestion bottlenecks, such as reducing congestion along I-95;
- Invest in greenways and more open space properties;
- Encourage and incentivize energy efficiency through rebates, credits and changes to building codes;
- Incentivize lean energy-efficiency opportunity in industrial and manufacturing operations;
- Require the state's Federal delegation to push for pollution reduction in states to our west. We asked our Federal delegation to take on this important task, but they remain silent. If this is the policy choice CT Democrats want to make then they must make states to our west join in that TCI-P sacrifice (New York, New Jersey, Pennsylvania and Ohio).

CT Republicans have also offered multiple proposals year after year to increase transportation infrastructure investment and we continue to put our ideas forward. We must improve transportation and grow construction jobs without taking more from taxpayers' wallets.



SPREAD THE WORD

Transportation, like all things post-pandemic, has changed in our state. Lawmakers need to be ready to look at our challenges with fresh eyes and a new perspective.

We also believe in the value of improving our environment for future generations.

But we cannot fall back on the same old strategy of asking the people of Connecticut to pay more.

Taxes are not the solution, especially when our families cannot afford it.

Visit CTSenateRepublicans.com to learn more about how you can take action. Go to stopthegastaxct.com or stopthefoodtaxct.com to sign the petition.

