Governors push regional gas tax as states battle COVID-19 pandemic

Small businesses and consumers likely to suffer under increased gasoline taxes and energy costs

While the governors of eleven Northeast and mid-Atlantic states try to contain the shattering effects of the COVID-19 pandemic, they are actively considering plans for the largest gasoline tax in history. At the urging of a little-known regional compact, the [Transportation Climate Initiative](https://www.transportationandclimate.org) administered by the Georgetown Climate Center, the states are considering the first regional gasoline tax.

Under the leadership of Governors Charlie Baker of Massachusetts and Larry Hogan of Maryland, the compact between the states would restrict the sale of gasoline, establish an ever-increasing tax scheme, and develop new government spending programs for projects such as bike lanes and electric vehicles. Participating states include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Virginia. (https://www.transportationandclimate.org/content/about-us)

The initial TCI proposal outlined $4 billion in new tax revenue, equating to an approximately 17 cent per gallon increase at the gasoline pump in the first year. More recent program designs show the program would raise gasoline prices in 2022 by 19.6 cents per gallon and rise steadily to 32 cents per gallon in 2032. This is an average price increase of almost 26 cents per gallon over the ten-year period, raising over $73 billion in revenue from eleven states. Significantly, the Georgetown Climate Center acknowledges that the program will likely only yield an additional 6% in emission reductions. That's right, $73 billion for 6% more in emission reduction.

A new multi-state bureaucracy would administer the program and determine how to spend the proceeds. Depending on the state, this would be done with limited or no legislative oversight, meaning any future TCI tax increase is a fait accompli. Decisions on this proposal will be made in the next several weeks. Although public support is dwindling as consumers realize the increase in their everyday expenses, the Governors are moving forward with the tax, cap and spend program and pushing an agreement by year's end.

Mike O'Halloran, Maryland and Delaware State Director of the National Federation of Independent Business (NFIB) predicts the costs of a new multi-state bureaucracy and increases in gasoline taxes will be devastating. He says, "it is very unfortunate to impose a major tax increase that will affect consumers and business while COVID-19 is hammering communities. The region is reeling under record unemployment where 11 million people remain jobless – double the rate from February, according to a recent article in the Washington Post. People cannot afford to pay more at the pump and small businesses will not be able to sustain the fallout."

Rob Underwood, President of Energy Marketers of America, is concerned the revenue raised by TCI will not be spent on the most critical transportation and emission reduction projects but will instead be siphoned into a variety of other states' needs. Underwood says, "Those taxes will go to a multi-government run entity and taken out of the local community. TCI has already promised 35 percent to environmental justice advocates. Before this is all said and done, what other non-affiliated initiatives will be funded by motorists across the region?"

These proposals will come as a surprise to hard-working citizens who are opposed to paying more at the pump for gasoline. The public deserves to know the truth about hidden costs underlying the calls to fight climate change.

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