

Maxwell Rye: The TCI has the right objectives but is using the wrong approach

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As a Middlebury College student majoring in Environmental Economics, my entire curriculum has concentrated on how economic policy tools can be used to mitigate climate change. Although I recognize that a whole panoply of tools must be employed to solve this complex issue, the TCI is a step in the right direction towards reaching the emissions reductions goals that Vermont set in its 2016 Energy Plan.

I applaud the TCI for utilizing a cap and invest program to set a hard limit on emissions from cars and trucks to guarantee emissions reductions in an efficient and timely way. While I support the TCI's use of economic policy tools, I don't think that a cap and invest program is the right tool for targeting the transportation sector. Carbon taxes, on the other hand, have proven to be effective at reducing emissions from transportation and would offer the same benefits as the cap and invest program. Therefore, the TCI must consider implementing a carbon tax instead of a cap and invest program.

To make perfectly clear, I acknowledge that either of these policy tools will raise fuel prices. However, the TCI will more than compensate for fuel price increases with environmental improvements, electric vehicle funding, transit expansion and upkeep, and pedestrian infrastructure renovations.

These higher prices could seem burdensome to rural residents that are stuck driving themselves long distances to reach essential amenities. Vermont is a state where six out of ten people live in rural areas and many of these rural residents are removed from shopping, services, and employment, with few public transit routes to get them to these destinations. Also, by 2040, half of Vermont's population will be 45 years or older and 26 percent of the population will be over 65 years of age. Issues of access and isolation will be extremely pertinent to this aging demographic. To combat these transportation issues, revenue from the cap and invest program will be invested into public transportation options for people of all means and needs.

Additionally, the State meets merely 2/3 of the funding required to maintain its transportation assets in a state of good repair. Revenue from the program will also go towards road expansion and upkeep and improving pedestrian and bike infrastructure.

In addition to transportation issues faced by Vermont, the effects of climate change have already begun to emerge and will continue to torment the state in the future. Increases in storm frequency and intensity, warmer and shorter winters, and hotter summer days are not only stripping Vermont of its character, but also compromising human health due to increased flooding and increased incidence of tick and mosquito borne diseases. The TCI will mitigate climate change by directly reducing greenhouse gas emissions and by investing in the advancement of technology, which represent some of the greatest opportunities to improve safety, efficiency, and general effectiveness of the transportation system, while reducing its environmental impacts.

In spite of the excellent objectives stated in the TCI, I'm unconvinced that a cap and invest policy is the most effective way of accomplishing those goals. The TCI needs to stop pretending that the cap and invest program isn't a carbon tax in disguise and ditch the façade. The cap and invest program will be unnecessarily expensive to administer to over 100 State Fuel Suppliers in the participating jurisdictions. Plus, over-allocation of allowances commonly leads to price crashes in these programs (European Union and California), large bonus profits can result from generous free allocation of permits, and issues with financial fraud are a real possibility.

A carbon tax would be far less complicated and can achieve all of the targets of the cap and invest program; the money raised from the tax can be reinvested into electric vehicles, transportation infrastructure, and public transportation. Also, economic modeling can accurately predict the price of the tax in order to reach a specific amount of emissions reductions. Not to mention, some tax revenue can go towards tax breaks in other sectors for low-income households.

There's also hard evidence that a carbon tax can reduce emissions from cars and trucks. British Columbia (BC) introduced an emissions tax in 2008 that covers transportation, home heating, and electricity. The tax has reduced BC's emissions by roughly 15 percent during its existence and empirical evidence suggests little net positive or negative impact on economic performance.

Regardless of the policy that the TCI does ultimately implement, the expected benefits will be a step forward for Vermont in reaching its energy goals, improving transportation in the state, and bettering the lives of its residents. The TCI cannot individually solve all of the climate and transportation issues faced by the Green Mountain State, but if designed correctly, should bring environmental and transportation benefits to all regions of the state. This plan is not the silver bullet that's going to magically solve all of Vermont's transportation and environmental issues, but it's good progress and should encourage others to follow suit.