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for Social Responsibility

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February 28, 2020

To: Governor Ned Lamont, Governor John Carney, Governor Janet Mills, Governor Larry Hogan, Governor Charlie Baker, Governor Chris Sununu, Governor Phil Murphy, Governor Andrew Cuomo, Governor Tom Wolf, Governor Gina Raimondo, Governor Phil Scott, Governor Ralph Northam and Mayor Muriel Bowser.

On behalf of Vermont Businesses for Social Responsibility (VBSR), I am writing to express strong support for the Transportation and Climate Initiative (TCI) and comment on the draft Memorandum of Understanding (MOU.)

Vermont Businesses for Social Responsibility is a business association representing over 730 business members in every industry and every county across the state; united in our shared mission to advance an ethic that protects the natural, human, and economic environments of Vermont as a business thrives.

From global brands like Ben & Jerry's and Burton to small startups like Mamava, VBSR members are some of the most successful and iconic businesses in our state, who together shape the Vermont brand. Of the top 25 companies in Vermont, 13 are VBSR members – including our champion members Green Mountain Power and National Life Group. Those 13 companies together earned over 9 billion dollars in revenue in 2012, according to Vermont Business Magazine.

In 2018, we surveyed our members on annual revenues – just under 50%, or about 185 companies, earn less than \$500,000 a year. About 16% earn between \$500,000 and \$1 million a year, 9% earn \$1 to 5 million a year, 7% earn \$5-20 million a year, and 10%, or about 70 companies, earn over \$20 million a year in revenue.

No matter their size our businesses recognize that our continued reliance on fossil fuels is triggering a climate crisis and stifling our economy. The longer we delay in taking action the more exacerbated these impacts become. For Vermont, the transportation sector accounts for nearly half of our carbon emissions and so it is imperative that we seize this rare opportunity to decarbonize our region's transportation system with a strong, equitable TCI cap-and-invest program.

The potential benefits of this carbon pricing system make it a far cry from the gas tax opponents claim it will be. A cap and invest system would establish a limit on carbon emissions and a regional auction for participating states to sell their emissions allowances. They can then invest those revenues into cost-saving programs designed to reduce prices at the pump such as electric vehicle (EV) incentives, rural broadband to support remote work and telemedicine, bike and pedestrian infrastructure, public transit, and more. Conversely, a gas tax means higher costs at the pump without any palpable transportation or environmental benefit.

VBSR urges the working group to develop a program that will not only decrease climate pollution but use program revenues to address the needs of rural, low-income communities who are overburdened by vehicular pollution, transportation costs, and a lack of clean transportation options. These communities are often those most directly impacted by the adverse effects of climate change and as such should enjoy the strongest benefits of this program. Considering the different challenges each state faces in our region, we also call for strategic, state-by-state investments to be made to ensure equity.

The challenges rural, working Vermonters face are far different than those living in Boston, Baltimore, or Burlington, so it is essential that we give states the flexibility to invest program revenues into transportation solutions that serve their respective communities rather than take a one-size-fits-all approach.

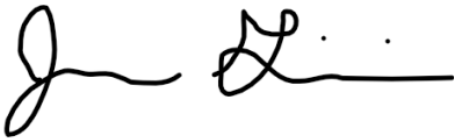
The urgency to develop and implement TCI cannot be overstated and VBSR is pleased to see that the timeline outlined in the draft MOU reflects this. The initial compliance period launch on January 1, 2022 recognizes the need to take swift action while providing states with adequate time to elevate the program and prepare for participation.

Along that same line, we strongly urge that the working group adopt an emissions cap on transportation pollution at a pace and scale in line with science by requiring no less than a 25% pollution reduction in the first ten years from the program's 2022 adoption. There is a clear consensus within the scientific community that significant, rapid pollution reductions are needed, and we implore you to consider pursuing even more ambitious greenhouse gas reductions moving forward as well as continuous programmatic evaluation of TCI to ensure its continued progression and efficacy.

Climate change is without question the single greatest threat to Vermont's communities, ecosystems, and shared way of life. Spring is arriving earlier, heavy rainstorms are becoming commonplace, and our summers are hotter and drier than ever. Meanwhile more frequent and severe storms cause floods that cost us millions in damaged property and infrastructure. From winter recreation and local food driven tourism to manufacturing and service industries, these changes disrupt nearly every facet of our state's economy— and we can no longer afford half measures.

TCI offers one of the most promising opportunities to advance solutions that recognize our shared responsibility to take action, strengthen our economy and bring Vermont's most vulnerable along in our climate future by reducing pollution from the transportation sector. We appreciate the opportunity to comment and your continued work to improve and implement a strong, equitable program.

Thank you,

A handwritten signature in black ink, appearing to read 'Jordan Giaconia', with a stylized flourish at the end.

Jordan Giaconia
Public Policy Manager
Vermont Businesses for Social Responsibility
Jordang@vbsr.org
860-304-2251 (mobile)