

## **The Maine Heritage Policy Center Testimony in Opposition to the TCI's Draft Framework**

The Maine Heritage Policy Center is opposed to the proposal released by the Transportation and Climate Initiative (TCI) on October 1, 2019. Not only is this proposal anti-free market, but it would be harmful to consumers of diesel fuel and gasoline in Maine.

The proposed “cap-and-invest” program would undoubtedly raise the cost of gasoline and diesel fuel for Mainers. While fuel suppliers would be burdened with purchasing allowances in the artificial marketplace created by this program, the cost they would incur at auction would be passed onto consumers. A 2018 study of California’s cap-and-trade program found that it adds 13 and 14 cents to gasoline and diesel per gallon, respectively, when the allowance price is \$15 per metric ton of carbon.

Assuming someone uses 400 gallons of gasoline annually (almost 7.7 gallons per week), an increase of 13 cents per gallon would require a consumer to pay approximately \$52 more annually for gasoline. In 2017, the average Mainer spent more than \$1,234 on gasoline and the state ranked 12th for gasoline expenditures per person.<sup>1</sup> While this passthrough fee might seem insignificant for the well-to-do, low-income Mainers would be most harmed by an increase in the price of gasoline and diesel fuel.

A proposal to cap emissions and increase the price of gasoline is impractical given the current composition of vehicles on the road. In 2018, only around 1,300 Mainers owned electric cars — less than one percent of the total passenger vehicles currently registered in the state.<sup>2</sup> Therefore, this cap-and-trade program will only serve to increase state government revenue. The Maine Heritage Policy Center believes individuals are more responsible stewards of their hard-earned funds.

In addition, Maine’s transportation sector emitted a mere 8.4 million metric tons of carbon in 2017, which accounted for approximately 0.44 percent of the 1,905.1 million metric tons of carbon produced by the United States as a whole.<sup>3</sup> Because our carbon emissions are comparatively insignificant, including Maine in this proposal would do little

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<sup>1</sup> [https://www.eia.gov/state/seds/data.php?incfile=/state/seds/sep\\_sum/html/rank\\_pr\\_mg.html&sid=US](https://www.eia.gov/state/seds/data.php?incfile=/state/seds/sep_sum/html/rank_pr_mg.html&sid=US)

<sup>2</sup> <https://www.nrcm.org/wp-content/uploads/2018/09/EVsurveyandmap.pdf>; <https://www.maine.gov/sos/bmv/stats/reg11.html>

<sup>3</sup> <https://www.eia.gov/environment/emissions/state/>

to mitigate climate change while harming all diesel fuel and gasoline consumers in the process.

While this policy might be well-intentioned, it would have serious ramifications for all individuals who reside in TCI jurisdictions. The negative impacts of this program on low-income Mainers far outweigh the insignificant, immeasurable benefits a cap-and-trade program would have on vehicle-based carbon emissions in Maine.

Therefore, The Maine Heritage Policy Center urges the decisionmakers involved in TCI's Regional Policy Design Process to reject the cap-and-trade program outlined in the draft framework.