

Coalition Open Letter To the Honorable Governor Daniel McKee

Business and Citizens Groups Oppose the TCI Gas Tax

April 20, 2021

Dear Governor McKee:

We call on you to fulfill your commitment to small businesses by withdrawing our state from the TCI MOU.

For many years, the **National Federation of Independent Businesses (NFIB)** and the **RI Center for Freedom & Prosperity** have been thankful that you have voiced support for the small business community.

Unfortunately, our state suffers from one of the worst overall business climates in the entire nation ... and now is the time for your new administration to demonstrate its commitment to make Rhode Island a more friendly place to operate a business.

As our entire state struggles to recover from the devastating medical and economic impact of the pandemic, now is clearly not the time to impose major new fuel taxes on our businesses and families; taxes that hasten the already debilitating exodus of vital business investors and working families – and the billions in wealth they take with them – away from our shores.

As you are well aware, however, there is a strong push from many lawmakers for policies that will make our state's business climate even more unfriendly for job-producing employers, investors, and entrepreneurs; policies such as a rapid increase in the minimum wage, a 50% increase in the personal income tax on potential investors, and other wage mandates that will subject employers to potential litigation nightmares.

This past December, your predecessor co-signed a Memorandum Of Understanding (MOU) committing Rhode Island to develop legislation to join the interstate-regional compact known as the **Transportation and Climate Initiative (TCI)**. The openly stated purpose behind TCI is to artificially raise the cost of transportation fuel to a level high enough to meaningfully discourage people and businesses from driving their vehicles. This is anathema to the business community.

Despite claims to the contrary, this cap-and-trade scheme for gasoline would artificially and necessarily have to raise the price of fuel by up to 38 cents per gallon over 5 years; and would place additional burdens on businesses, not only at the pump, but by increasing the costs of vehicle-delivered goods and services. In short, TCI would make our state's businesses climate *even less competitive* with other states.

When it comes to jobs, as with other energy mandates that hamper economic growth, the increased costs from the TCI gas tax could force employers to reduce worker hours, lay off employees, or worse, shut down or move to another state. Economically, **TCI is poor public policy** for any state seeking to encourage commerce.

And, unlike reasonable gas taxes to generate funds to pay for transportation infrastructure, the TCI gas tax is designed to be a “sin tax” – a penalty for engaging in what proponents view as bad behavior – and none of the TCI funds can be used to maintain or repair bridges and roads; only off-budget for ‘green’ projects.

A recently leaked video from a Massachusetts senior state climate official confirms this point, when he confessed what TCI's supporters truly believe; that people who drive cars and heat their homes with fossil fuels are the "bad guys" who need to have the "screws turned on them" and to "break their will" so they would be

forced to drive their vehicles less often. Governor McKee, surely, this type of attitude by TCI advocates is not something your administration should want association with.

The TCI Gas Tax would also put upward pressure on commercial and residential property taxes, increasing municipal budgets for snowplows, school buses, parks & rec maintenance, garbage trucks, and other state and municipal vehicles that require regular or diesel fuel to operate. In fact, last year, at least two towns passed local resolutions expressing their opposition to TCI.

Further, this "TCI Gas Tax" is **highly regressive** in that it would negatively impact low income families much more severely than others, despite its stated goal to refund some of the collected taxes. As Rhode Islanders struggle to recover from the pandemic, raising prices for automobile and diesel fuel for every motorist would unfairly punish families and businesses for driving their vehicles for work, shopping, or pleasure.

And, based on a study recently commissioned by the Center, it is estimated that the average family, due to increased prices at the pump and at grocery stores and other retail outlets, within 5 years, would suffer **increased costs of approximately \$1200 per year** to their already stressed budgets.

While we all want a clean environment, the reality, per our report, is that TCI would inflict all of this economic pain for no environmental benefit.

And TCI is not popular politically. Per a public survey poll our Center also commissioned this year, once Ocean Staters learn of the high economic costs of TCI, as compared with its non-existent impact on world-wide carbon emissions, just 3 in 10 people still supported TCI. Already, **9 Democrats and 14 Republicans** in the legislature are on record as opposing TCI, while just 4 lawmakers have expressed support.

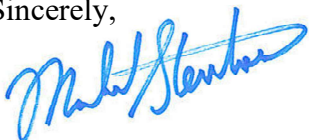
For these reasons, we respectfully call on you to **take executive action to officially withdraw Rhode Island from the TCI MOU** and to **publicly pledge to veto** any legislation that commits our state, in any way, to the TCI regional compact.

We also ask you to consider **the competitive advantage that Ocean State retailers would enjoy** if you were to undertake such executive action. With significantly lower gasoline prices than Connecticut and Massachusetts (who appear to be the only states aggressively moving forward with TCI), our own gas stations and convenience stores would see increased consumer traffic and brand new revenues, due to cross-border shopping from nearby out-of-state residents, searching for lower prices.

We are pleased that the undersigned organizations and citizen groups have joined in our call for you to withdraw our state from this costly TCI scheme. Upon your request, our Center is more than happy to share with your staff any of the ample research that the Center and NFIB have compiled on TCI.

Best wishes to your administration in your efforts to make Rhode Island a more desirable state to raise a family and build a career. Withdrawing our state from the TCI MOU would be a terrific first-step and would send a strong signal that you are serious about improving our state's dismal business climate.

Sincerely,



Mike Stenhouse, CEO

Christopher Carlozzi, State Director in RI



Additional Signatories ...



Chris Hudson, VP Government Affairs



Bristol County Concerned Citizens



Little Compton Taxpayers Assoc.



Grover Norquist, President



Clay Johnson, Chairman



Nancy Driggs, President



Paul Gangi, Program Director



Paul Craney, President



Portsmouth Concerned Citizens



Clay Johnson, Chairman