

Re: Raised Bill 7280 AN ACT ESTABLISHING A CARBON PRICE FOR FOSSIL FUELS SOLD IN CONNECTICUT

MTAC Opposes

Co-Chair Cohen, Co-Chair Demicco, Ranking Member Miner, Ranking Member Harding, and members of the Environment Committee, thank you for the opportunity to submit this testimony. I am Joe Sculley, president of Motor Transport Association of Connecticut (MTAC).

MTAC opposes this bill because it would mean significant cost increases on small businesses that operate trucks in Connecticut. Additionally, it is another form of taxation on gasoline and diesel, and much like the current CT gas tax and diesel tax, these funds would not be spent on highways, roads, or bridges.

Experts at MTAC’s affiliate, the American Trucking Associations (ATA), provided a summary to MTAC of potential cost impacts. They state:

“If transportation fuels were to be assessed a \$10/metric tonne carbon tax, gasoline and diesel costs would increase by \$.09/gallon and \$.10/gallon respectively; at a \$50/metric tonne tax, gasoline and diesel fuel costs would increase by \$.46/gallon and \$.51/gallon respectively. At a tax rate of \$100/metric tonne of carbon, consumer fuel prices would increase by \$.89/gallon and \$1.01/gallon for gasoline and diesel respectively.”

Separately, the American Transportation Research Institute (ATRI) estimates that the average 18-wheel tractor trailer uses about 16,000 gallons of diesel fuel each year.

Based on those numbers, below is a table showing what cost increases could be in store for Connecticut-based small business trucking companies if this bill passes.

CARBON TAX	\$10/metric tonne	\$15/metric tonne	\$50/metric tonne	\$100/metric tonne
Per gallon gas increase	\$0.09	\$0.135	\$0.46	\$0.89
Per gallon diesel increase	\$0.10	\$0.15	\$0.51	\$1.01
Per-truck annual cost increase (average)	\$1,600	\$2,400	\$8,160	\$16,160
Sample 5 truck fleet cost increase	\$8,000	\$12,000	\$40,800	\$80,800
Sample 10 truck fleet cost increase	\$16,000	\$24,000	\$81,600	\$161,600
Sample 20 truck fleet cost increase	\$32,000	\$48,000	\$163,200	\$323,200
Sample 30 truck fleet cost increase	\$48,000	\$72,000	\$244,800	\$484,800
Sample 40 truck fleet cost increase	\$64,000	\$96,000	\$326,400	\$646,400



The per-truck and per-fleet numbers are estimates based on industry averages, but they paint a good picture of what could happen if this tax is enacted.

FEDERAL POLICY WORKS

From an environmental perspective, MTAC believes this bill is unnecessary because of progress that is being made through federal government actions. Gone are the days of big rigs blowing soot from an exhaust pipe. The phrase “these are not your father’s trucks” comes to mind.

Trucking was the first freight industry to widely use advanced diesel engine emissions control systems. In 2002, the industry began buying new trucks which incorporated exhaust gas recirculation (EGR) combined with other emission control technologies to reduce tailpipe emissions of nitrogen oxides (NOx) by half. The additional cost of purchasing this new engine technology has been estimated to be as much as \$500 million annually.

90% Particulate Matter (PM) (“SOOT”) REDUCTION PER TRUCK; 90% NOx REDUCTION PER TRUCK

Beginning in 2007, the new diesel trucks purchased by the industry began incorporating diesel particulate filters (DPFs) to reduce tailpipe emissions of particulate matter (PM) by at least 90 percent. These trucks also achieved the first half of a 90 percent reduction in NOx emissions which was fully implemented in 2010.

97% SULFUR REDUCTION

To enable the use of these new emission reduction technologies, the trucking industry began transitioning to ultra-low sulfur diesel fuel (ULSD) in 2006. By late 2010, all of the highway diesel fuel sold in the United States contained near-zero levels of sulfur (<15 parts/million). This is an approximate 97% reduction from the previous type of diesel that was used. The additional cost of purchasing this new low-emission engine technology and fuel has been estimated to be as much as \$4 billion annually

NEW TRUCK PURCHASES DRIVE EMISSIONS REDUCTION

With each new truck purchase further expanding the use of PM and NOx controls, emissions from heavy-duty diesel engines are projected to significantly decrease over the next decade. According to the Environmental Protection Agency, between 2007 and 2015, nationwide PM and NOx emissions from heavy-duty diesel trucks was reduced by more than half. By 2020, these emissions will be reduced by more than 75 percent.

MTAC WORKING WITH CT DEEP

MTAC is pleased to be able to work collaboratively with Connecticut DEEP, most recently regarding disbursement of funds the state received as part of the Volkswagen settlement. DEEP officials conducted a seminar at the MTAC building to discuss the available grants and how interested businesses could apply. Ultimately, several MTAC businesses were awarded grants when the first round of funds from the settlement were released. This means that older, dirtier trucks are being taken off the road (required under the grant program), and newer, cleaner trucks

will be put on the road in their place. MTAC also commends CT DEEP for crafting workable options for the trucking industry within this program, which is something that not all states have done.

Federal policy and voluntary state partnerships will reduce emissions and have positive environmental results. Simply trying to tax our way out of using fossil fuels will have many negative consequences on jobs, the economy, cost of goods, and cost of living.

ABOUT CT TRUCKING INDUSTRY:

85.8%: number of Connecticut communities that depend exclusively on trucks to move their goods

94%: percent of manufactured tonnage transported by truck in Connecticut

\$3.2 billion: total trucking industry wages paid in Connecticut (2017)

58,400: trucking industry jobs in Connecticut (2017)

\$53,3500: average annual salary in Connecticut (2017)

\$8,610: average annual CT-imposed highway user fees paid by tractor trailers (as of 4/1/2018)

\$8,906: average annual fed-imposed highway user fees paid by tractor trailers (as of 4/1/2018)