

H2438 An Act to Promote a Clean Car Initiative

Hearing:

Tuesday, September 12, 2005

Joint Committee on Revenue, B-1, 11:00am

What Will the Clean Car Initiative Do?

This bill establishes an excise rate schedule for all automobiles, vans and light trucks based upon the carbon dioxide emissions of each. It also requires the Commonwealth to acquire and use vehicles with low carbon dioxide emissions. This bill will create a sliding scale sales tax on vehicles based on their CO₂ emissions within size class: purchasers of vehicles with the least CO₂ emissions will pay 0% sales tax, while purchasers of vehicles with the most CO₂ emissions will pay 10%. The sales tax shift will essentially raise sales tax on vehicles with the most tailpipe emissions while lowering those on vehicles with the least tailpipe emissions without changing the overall tax revenues to the state. In essence, this bill has the potential to significantly shift consumer behavior toward less polluting vehicles without creating an additional cost burden overall.

Why a Clean Car Initiative?

State government data shows that during the 1990s, two-thirds of the increase in greenhouse gas emissions from Massachusetts came from transportation. The main reasons: more vehicles are on the road, more miles are driven per vehicle, and higher gasoline consumption per vehicle. To both meet our state's commitment to cutting emissions and decrease our dependency on oil imports, it is vital that we achieve some control over gasoline consumption. While reducing the growth in the number of miles driven is a very difficult challenge, improving efficiency per vehicle is easier to accomplish.

The concept behind H2438 bill is simple. If you want to buy a car that excessively pollutes the air and contributes to our dependency on oil, you should pay for some of the social cost. People who pollute less will pay less for protecting our collective health and the environment while being rewarded for contributing to our energy security. It creates an incentive for achieving a desired outcome (less air pollution and dependence on oil) and a way to make it easier for people to buy a less polluting vehicle. Tax incentives are one effective way to influence consumer behavior; however, those incentives should be tied to outcomes (like tailpipe emissions) and not particular technologies (like hybrids and regenerative braking systems).

Promote Our Economic and Energy Security

The U.S. needs to address an imminent energy crisis. We are seeing the highest heating oil and gasoline prices in years and we currently import more than half of all oil we use. Even before the natural gas shortage caused by Hurricane Katrina, we have been importing more natural gas to make up for our falling gas production. Our energy system is changing and the federal energy initiative fails to address long-term energy security. It is now up to the states to more efficiently use our resources while exploring energy alternatives, cutting our dependency on foreign oil and reducing motor vehicle emissions.