

TLU TWG Recommended Early Action Policy Options

The Transportation and Land Use TWG recommends the inclusion of the following options for Early Action in the Interim Report.

Transportation emissions are driven by the *technology* in the vehicles, by the carbon content of the *fuel*, and by the level of *activity* (amount of driving, flying, etc.). The TLU TWG recommends taking early action in two of these areas: activity and fuels. These options are ready to be implemented, in the ways described below.

1. Early action to get the incentives right

a. An incremental fuel tax whose revenue would fund transportation investments and operations that reduce GHG emissions. The GHG performance of these and other transportation investments would be closely evaluated before being made, and closely tracked afterwards with performance-based contracts ensuring timely GHG reductions.

Ready to be implemented: the fuel tax mechanism is in place. The spending mechanism is in place. The modeling and evaluation tools are in place. Contracting for performance can strengthen public trust that infrastructure and services will operate to meet promises.

Alternatives for the CCC to consider:

i) Some TWG members felt strongly that the early action should be a small incremental tax, which would still raise substantial revenue for investments in alternatives.

ii) Other TWG members felt that given the state's emissions reductions targets, a serious attempt to reach those targets must necessarily include a "substantial" increase in the fuel tax, and that it needed to be phased in starting ASAP; ergo, it was an early action.

b. Direct the State Commissioner of Insurance to remove any barriers to the early introduction by insurance companies of Pay / Save As You Drive insurance (in which large discounts are available to motorists based on how much and how they drive). Ready to be implemented: Insurance companies have successfully piloted in the US, and widely implemented abroad, P/SAYD, showing 10% VMT reductions with consumer cost savings. Regulatory approvals could hinder it being offered in MD.

2. Adopt the California Low-Carbon Fuel Standard

California has developed and adopted a Low-Carbon Fuel Standard. Maryland could take advantage of work on this complex area, and adopt the CA standard. See:

<http://www.arb.ca.gov/fuels/lcfs/lcfs.htm>