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Opponent Testimony - House Bill 26

Chairman Smith, members of the House Finance Committee, thank you for the opportunity to testify on the Ohio Transportation budget.

My name is Jason Phillips and I serve as Policy Director for Clean Fuels Ohio. I stand before you today in opposition to the \$0.28/ gallon tax on Compressed Natural Gas (CNG).

Ladies and gentlemen, Clean Fuels Ohio is a non-profit organization that works exclusively with alternative transportation fuel. Primarily we assist fleets in making the transition to alternative fuels.

Imposing a new \$0.28/ gallon tax on CNG would be extremely problematic for businesses that have entered a fuel contract at a specific rate. When making a decision for transitioning to alternative fuels, they typically calculate the return on investment (ROI). At Clean Fuels Ohio, we don't recommend making the move if the ROI is above 5-6 years. Adding any additional cost, much less \$0.28/ gallon will dramatically alter the ROI. This puts customers in a terrible spot through no fault of their own.

In recent discussions, the question has been asked how other states are able to tax CNG at the same rate as gas and diesel without causing undue hardship to businesses. Pennsylvania and other states that currently tax CNG pair this tax with a very healthy financial incentive to offset a new tax that would hurt the ROI. Pennsylvania has had an incentive program for several years, allocating over \$25 million to alternative fueled vehicle projects. It has been so successful that they have renewed the program. Ohio has a comparatively modest program that hasn't even been released by the Ohio EPA yet.

Ladies and gentlemen of the committee, imposing a \$0.28/ gallon tax on CNG would be difficult for businesses and without the accompanying financial incentives, would generally hurt the ROI. I thank you for the opportunity to testify and would be happy to answer any questions at this time.