

# **Testimony: Ohio Motor Fuels Taxation**

## **House Finance Committee**

Sam Spofforth, Executive Director  
Clean Fuels Ohio

February 20, 2019

Good morning, Chairman Oelslager and members of the Committee. My name is Sam Spofforth and I serve as the Executive Director for Clean Fuels Ohio. As a statewide organization, we work to increase Ohio's prosperity and sustainability by growing the use of cleaner, advanced fuels for transportation. These include propane autogas, natural gas, electricity, biofuels and hydrogen. We encourage fleets and consumers to consider all-of-the-above as options, making choices best suited to their needs and goals.

I stand before you today to support increasing motor fuels taxation to ensure that Ohio's critical transportation infrastructure needs are met. Specifically, on behalf of our Board of Directors, Clean Fuels Ohio supports new Ohio vehicle and fuel fees and taxes, while opposing one possible fee, as follows:

- We support a registration sticker fee on plug-in electric vehicles (EVs).
- We support a registration sticker fee on plug-in hybrid electric vehicles (PHEVs).
- We support sharing revenues generated by such fees between improvements for Ohio's transportation infrastructure and development of new EV charging infrastructure.
- We support a phase in of motor fuels taxes covering compressed natural gas (CNG).
- We oppose any new sticker fees on hybrid electric vehicles (HEVs).

We agree with those who argue these new taxes and fees will generate only token revenue, and that sticker fees are regressive by nature since they are imposed up-front, rather than pay-as-you-go gas taxes. Still, the time has come for these vehicles and fuel types to begin paying to support Ohio's transportation infrastructure. These alternative fuels and vehicles will provide important benefits to Ohio motorists and our economy as their markets grow.

Simply put, initiating new these taxes now is the right thing to do. The levels and implementation specifics should be designed to make sure new tax burdens don't crush emerging markets for Ohio-based transportation energy sources. Further, we believe imposition of fees provides a unique opportunity to utilize a portion of new revenues to incentivize development of new EV charging stations in order to overcome existing market barriers to adoption. As part of this process, Clean Fuels Ohio looks forward to working with the Ohio General Assembly and Administration to establish appropriate levels, processes and implementation timing on these new taxes and fees. For now, we submit some data for your consideration:

- EV owners charge primarily at home and currently pay about \$15 per year in taxes as part of their electricity bills. Today, these taxes do not benefit Ohio's roads, but capturing funds from this existing revenue stream for roads could be explored. Any sticker fee should consider this KWh tax already paid.
- The current gas tax is based on volume of energy consumed in the form of fuel. Actual energy consumed per mile for EVs varies, but 120 MPGe (energy-equivalent amount of electricity to a gallon of gasoline) is a good average. At 12,000 miles per year at the current \$0.28/gallon, this would translate to \$28 per year per EV in taxes.
- An alternate method of estimating proportionate EV taxes is equating them to small fuel-efficient gas sedans, such as the Honda Civic. The Civic gets about 35 MPG. At 12,000 miles of use per year and 28 cents per gallon, this translates to \$96/year.
- PHEVs use a combination of electricity from a plug and gasoline. Mileage estimates vary, but since PHEVs use both electricity from a plug as well as gasoline, a sticker fee of half that of a fully battery electric EV is reasonable.
- Media accounts that suggest a "proliferation" of alternative fuel vehicles are overblown. Based on the most recent year of Ohio BMV data obtained (Polk data through the National Renewable Energy Laboratory), Ohio had just under 10,000 registered EVs and PHEVs, or about one-tenth of one-percent of all registered passenger vehicles in Ohio, based on 2017 data.
- HEVs have no plug; all energy comes from gasoline. HEV owners already contribute gas taxes. While many HEVs get high miles per gallon, others do not. Many HEV models, including pick up trucks, get less than 30 MPG, and a few less than 20 MPG. Compare this to a conventional Honda Civic at 35 MPG. We oppose sticker fees on HEVs because they unfairly single out HEV technology for additional taxation.
- For new taxation of CNG, we recommend these be established and paid at the pump in "diesel equivalent gallon (DGE)" equivalents. This is because CNG is almost exclusively a medium to heavy-duty vehicle fuel. Taxation should be slowly ramped up over a 10-year period to avoid damage to CNG fleets and Ohio's natural gas vehicle industry.

Finally, we know that any sticker fee and even an increase in the volumetric motor fuel tax itself, while necessary, is a short to medium-term stop gap measure. As our entire vehicle fleet becomes more energy-efficient and we see more EVs on the road, we likely will need to explore alternative means of generating revenues needed to support our transportation infrastructure. We look forward to serving as a resource as Ohio policy-makers consider future options.

Thanks again for the opportunity to testify. I look forward to answering any questions that committee members might have.