



**BEFORE THE OHIO HOUSE FINANCE COMMITTEE**

**PROPONENT TESTIMONY ON HOUSE BILL 62**

**FEBRUARY 28, 2019**

Chairman Oelslager, Vice Chair Scherer, Ranking Member Cera, and members of the Ohio House Finance Committee; I am Kimberly Schwind, Senior Manager, Public Affairs at AAA Ohio Auto Club and am here today representing the Ohio Conference of AAA Clubs. The Ohio Conference is composed of the six AAA Clubs in Ohio, and represents approximately 3 million members in Ohio, all constituents of yours.

AAA supports House Bill 62 in its introduced version, as it provides increased resources to ensure adequate funding for our roads and bridges - our essential transportation infrastructure for moving people and products across and through our state.

I know you have heard this before, but it's important to reiterate that Ohio's roads need attention and immediate action. According to a recent report by TRIP, a national transportation research group, 30 percent of Ohio's major roads are in poor or mediocre condition.

AAA members rely each and every day on our roads, bridges and transit systems. When these systems deteriorate, it not only frustrates our members, but it imposes a real cost on them in terms of safety, time and vehicle maintenance.

As you know, Ohio's motor fuel user fee has not increased since 2005. Due to inflation, more efficient vehicles and increased construction costs, the value of that fee has drastically declined, and 28 cents a gallon is no longer enough to maintain our roads.

Ohio is not the only state that has experienced this. Since 2013, half the states in the country have taken action to increase their motor fuel user fees, and many others have enacted measures such as formula revisions, tolling or bonding. This includes the neighboring states of Pennsylvania, Indiana and Michigan.

The proposed bill would raise Ohio's motor fuel user fee 18 cents, from 28 cents to 46 cents a gallon. This would cost the average motorist an additional \$112-150 per year, depending on the size of their tank and if they fill up each week. While Ohio taxpayers don't want to pay more in taxes, this investment is essentially a road user fee, which will pay for itself each year in safer, better maintained roadways, shorter commutes and less congestion in the long run.

Compare that \$150, or less, per year to the cost of doing nothing, and motorists pay the price. For example:

- The cost to repair pothole damage can range from around \$50 (a simple realignment) to more than \$2,000 (to repair a broken axle), according to AAA repair data.
- The [American Society of Civil Engineers](#) reported that driving on roads in need of repair cost Ohio drivers \$475 per year.
- A [AAA study](#) conducted by Cambridge Systematics found congestion costs an average of \$590 per person each year.

These costs far exceed what drivers would pay with the proposed motor fuel user fee increase.

AAA would also like to submit a couple of other items for your consideration, which we raised during Governor DeWine's Advisory Committee on Transportation Infrastructure.

- **Index cap:** The bill proposes to index the per gallon rate of taxes with the consumer price index to account for inflation beginning July 1, 2020. Indexing gas taxes for inflation is one of the most important actions states can take to create a more stable source of revenue to fund infrastructure maintenance and repair needs for years to come, and to avoid coming back to revisit funding needs year after year. Yet, a cap on annual rate of increase should be factored into the index to avoid major spikes in the gasoline tax rate in the event of an extreme situation.
- **Alternatively fueled vehicle fees:** AAA fully supports the testing and safe implementation of connected, autonomous and electric vehicles, which, throughout a transportation transformation over time, will change mobility options. While electric vehicles make up a relatively small proportion of vehicles on our roads today, a recent AAA survey found that 20 percent, or 50 million Americans will likely go electric for their next vehicle purchase, up from just 15 percent in 2017.

Highway user taxes should be imposed in proportion to the cost of responsibility of each user class. Hybrid and alternatively fueled vehicles should bear the same responsibility (financially or otherwise) as conventional vehicles for their impact on roads and traffic congestion.

At least 21 states have enacted legislation requiring a special registration fee for select hybrid and plug-in electric vehicles. Typically, annual hybrid fees are \$50-\$75 and electric vehicle fees are \$100-\$200.

In short, AAA supports H.B. 62's proposal to increase the per gallon rate of the motor fuel user fee from 28 cents to 46 cents, beginning on July 1, 2019. We also hope you will consider an index cap and alternatively fueled vehicle fees. These are not easy choices, yet we believe an increase in the gas tax would provide the needed means of funding for repairing, maintaining and building safe roads - We do know there is one choice we cannot make – and that is to do nothing. Thank you for your time today. I am happy to answer any questions.