

Ohio Propane Gas Association

Proponent Testimony Regarding

HB 176

Before the House Ways and Means Committee

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Chairman McClain, Vice Chairman Scherer, Ranking Member Cera and members of the House Ways & Means Committee my name is Robert Herron, Propane and Gas Processing Operations Manager at The Energy Cooperative in Nashport, Ohio. The Energy Cooperative is a member owned cooperative that provides members with Electric, Natural Gas and Propane service. We serve 35,000 Natural Gas, 25,000 Electric and 4,000 Propane members. I have been involved with the Propane Gas Business for over 20 years.

I make the following statement on behalf of the Ohio Propane Gas Association (OPGA) of which I am the current President

The Ohio Propane Gas Association supports passage of HB 176, which will promote the advancement of alternative fuels for propane-powered vehicles through tax incentives and grants.

One of the factors affecting growth in the propane autogas market is favorable policy, both on the federal and state level. U.S. tax policy has incentivized the use of alternative fuels, such as natural gas and propane, for nearly a decade. Over that period of time, alternative fuel use in vehicles has grown slowly, yet significantly, displacing the demand for foreign fuels and decreasing harmful emission. A state alternative fuel tax initiative would provide a significant opportunity for our state to compliment federal policy and further grow the propane autogas market in Ohio.

House Bill 176 would establish tax incentives for the purchase or conversation of a vehicle to an alternative fuel capability based upon weight. The eligible weights for the incentives are light, medium and heavy. The legislation provides a 50% tax incentive to convert an existing vehicle to an alternative fuel vehicle or a 50% tax incentive for the incremental cost of purchasing a new alternative fuel vehicle versus purchasing the same model but less expensive because it is fueled by diesel or gasoline. The incentives are capped for a light-weight vehicle at \$5,000.00, \$10,000.00 for a medium vehicle and \$25,000.00 for a heavy vehicle.

This legislation also provides for a \$16,000,000.00 per year grant under the gaseous fuel vehicle conversion fund administered by the Ohio EPA for non profit corporations, public transportation systems, school districts and public fleets that are unable to benefit from tax incentives to convert their vehicles.

The legislation establishes a ten-year phase in for the CNG, LNG, and propane motor fuel tax. For years one through five there will be a zero cents per gallon tax, then starting at the beginning of year eight and going through the end of year eight there will be a seven cent tax. After year eight the motor fuel tax will be 14 cents per gallon.

After five years the incentives and the grant program are eliminated. Only the motor fuel tax survives this five-year period.

Propane autogas reduces dependence on foreign oil. It is produced in Ohio and keeps jobs here. With more than 70 percent of propane production coming from domestic natural gas, the U.S. produces enough of its own propane to exceed customer demand.

And propane autogas is an economical way to substantially lower harmful emissions. Propane-autogas-powered vehicles emit 25 percent fewer greenhouse gas emissions than vehicles running on gasoline, and 80 percent fewer smog-producing hydrocarbon emissions than vehicles running on diesel.

The increasing use of propane-powered vehicles by Ohio schools and fleet owners has proven the value of propane autogas. Yet movement to this economical, environmentally friendly alternative has been hampered by the natural tendency to stick with the familiar. We believe that tax incentives will help to jump start conversions to propane as they have in other states.

States like Pennsylvania, West Virginia, Indiana, Kentucky, Florida, Mississippi, Alabama, Georgia, Louisiana, Utah and Oklahoma are all using some form of either tax incentives, loan programs, and grants, or a combination of all, to promote this energy.

Encouraging the development of propane autogas will save money for Ohio residents and businesses, contribute to energy independence, reduce carbon emissions and green house gases and create jobs for those who participate in the conversion process.

Thank you for allowing me to encourage your approval of HB 176. I would be happy to respond to any questions you may have.