



AMERICAN PETROLEUM INSTITUTE  
**Ohio**

Ohio Senate Ways and Means Committee  
**The Honorable Kristina Roegner, Chair**

Written testimony in opposition of Senate Bill 257

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June 9, 2020

Chair Roegner, Vice Chair Blessing, Ranking Member Williams, and members of the Senate Ways and Means Committee, thank you for allowing API Ohio to submit written testimony in opposition to Senate Bill (SB) 257, legislation which would incentivize the purchase of electric vehicles (EVs) and charging stations in Ohio.

The American Petroleum Institute-Ohio (API Ohio) is a state affiliate office of the American Petroleum Institute (API). API represents all segments of America's oil and natural gas industry. Its more than 600 members produce, process, and distribute most of the nation's energy. The industry supports 10.9 million U.S. jobs. API was formed in 1919 as a standards-setting organization. In its first 100 years, API has developed more than 700 standards to enhance operational and environmental safety, efficiency, and sustainability.

Our opposition to SB 257 is set by API's guiding principles on tax policy. Although not an exhaustive list, the API supports stable, non-discriminatory tax rules that provide a level playing field—key factors for long-term economic growth. The association believes that our tax system should provide consistent treatment for all industries; and that there should be no targeted taxes on any specific industry.

Within the energy sector, we believe the tax system should provide consistent treatment for all forms of energy. Competitive market forces will most effectively enable companies to invest in new technologies and produce the many sources of energy required to provide reliable and affordable energy.

API supports policies that foster innovation in the transportation sector and allow for continued advancement in clean fuel and vehicle technologies. Government incentives should not be directed towards competitive technologies that have reached commercial scale.

EVs are no longer a nascent technology in need of government incentives. Automobile manufacturers have demonstrated that further tax incentives are neither needed nor warranted. With a more than eleven-fold increase in EV sales since 2011, this once nascent technology is now

a commercial-scale, multibillion-dollar industry more than capable of achieving self-sustaining growth. Manufacturers are growing the number of overall EV models from 18 in 2019 to 40 in 2021. In fact, Tesla told investors<sup>1</sup> in September 2019 that the company did not expect the phase out of the EV tax credit to have “a meaningful impact to our sales in the U.S., as we believe that each of our vehicle models offers a compelling proposition even without incentives.” Further, a recent study found that 70% of EV owners would have purchased their vehicle without receiving a tax credit.<sup>2</sup>

The federal government has a \$7,500 tax credit available for the purchase of a plug-in electric vehicle—this credit is no longer available for purchase of Tesla and GM models. The nonpartisan Congressional Research Service found<sup>3</sup> that federal “EV tax credits are disproportionately claimed by higher-income taxpayers,” noting that 78 percent of filers claiming the credit have adjusted gross incomes (AGI) of \$100,000 or more. Researchers at the University of California at Berkeley echoed these findings<sup>4</sup>, concluding in a 2015 study “that the top income quintile has received about 90 percent of all [federal EV] credits.”

Tax credits for electric vehicles predominantly favor the well-off consumer as the EVs are priced out-of-reach for many low-income families. An average EV costs about \$55,600<sup>5</sup> while the median household income of an Ohio resident is \$54,533<sup>6</sup> and the average cost of a non-electric vehicle is \$38,259.<sup>7</sup>

Government mandates, tax incentives and subsidies can harm businesses and consumers by unfairly disrupting market decisions. Unfortunately, SB 257 falls short of supporting market decisions by providing a sales tax credit for the purchase or lease of a plug-in electric motor vehicle as well as a nonrefundable income tax and commercial activity tax credit for the purchase and installation of an EV charging station, instead of letting the free-market guide purchase and sale decisions.

Over the last several months, the U.S. natural gas and oil industry has been ravaged by a dramatic shift in global energy markets, that has had significant impacts on the broader U.S. economy. In the downstream sector of the industry, refiners have been reeling from COVID-19 pandemic-driven demand shock and a growing surplus of refined product.

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<sup>1</sup> [https://www.sec.gov/ix?doc=/Archives/edgar/data/1318605/000156459019038256/tsla-10q\\_20190930.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/1318605/000156459019038256/tsla-10q_20190930.htm)

<sup>2</sup> Xing, Jianwei; Leard, Benjamin; Li, Shanjun, “What Does an Electric Vehicle Replace?,” February 2019, Resources for the Future, [https://media.rff.org/documents/WP\\_19-05\\_Leard.pdf](https://media.rff.org/documents/WP_19-05_Leard.pdf)

<sup>3</sup> <https://fas.org/sgp/crs/misc/IF11017.pdf>

<sup>4</sup> Borenstein, Severin; Davis, Lucas W., “The Distributional Effects of U.S. Clean Energy Tax Credits,” University of California Berkeley, October 2015, <http://conference.nber.org/confer/2015/TPE15/davis.pdf>

<sup>5</sup> <https://www.autofinancenews.net/editorial/carousel/new-car-prices-inch-up-ev-prices-tumble-in-june/>

<sup>6</sup> <https://www.census.gov/quickfacts/fact/table/OH,US/INC110218>

<sup>7</sup> <https://mediaroom.kbb.com/2019-11-01-Average-New-Vehicle-Prices-Up-Nearly-3-Year-Over-Year-According-to-Kelley-Blue-Book>

Yet, even in the face of the historic negative impacts of the pandemic on domestic fuel supply networks, U.S. refiners have been responding to the sudden demand declines in transportation fuel and the ever-changing global market conditions. What is not helpful is more government intervention to prop-up one transportation sector at the expense of another.

API supports an all-of-the-above approach to energy policy, believing that the United States needs all sources of commercially viable energy, including renewable resources. And, our organization stands by a free-market approach for adopting energy policies, promoting a level-playing field across the energy value chain. We do not support tipping the scale in favor of one energy source over another, including ourselves. Therefore, we are opposed to the fundamental principle of tax credits favoring the purchase or lease of a plug-in electric motor vehicle as well the purchase and installation of EV charging stations. Instead, we support letting the free-market guide purchase and sale decisions.

Thank you for the opportunity for API Ohio to present written testimony in opposition to Senate Bill 257 and for the committee's consideration of our position on this legislation.