



February 24, 2021

The Honorable Scott Oelslager
Chair, House Finance Committee
1 Capitol Square
Columbus, Ohio 43215

HB 74: Electric Vehicle Registration Fee Amendment

Position: Support

Dear Chair Oelslager:

The Alliance for Automotive Innovation¹ (Auto Innovators) is writing in **support of an amendment to HB 74** which reduces registration fees for electric vehicles. Automakers have made enormous investments to promote electric vehicle (EV) technologies, spending tens of billions of dollars on research and development, assembly plant modifications, production and promotion of plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs), and fuel cell electric vehicles (FCEVs).

Electric Vehicles Should Be Supported

Like many states, Ohio must confront the fiscal challenges of adequately funding an aging transportation system in the face of falling gas tax receipts. Environmental and energy security concerns have led to the enactment of state and federal policies to encourage energy source diversification and to stretch any petroleum ultimately used. Less fuel consumption – be it through improving efficiency of internal combustion engines or the increased use of alternate fuel sources – results in decreased revenue from the fuel tax.

The current fees on EVs in Ohio are among the highest in the country and are not aligned with what drivers of gas-powered vehicles pay in annual gas tax. Additionally, even though PHEV owners already pay the gas tax every time they fuel their vehicle, Ohio's current fees on these vehicles amount to double taxation. Taxing owners of PHEVs twice can only be seen as a

¹ Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. The organization, a combination of the Association of Global Automakers and the Alliance of Automobile Manufacturers, is directly involved in regulatory and policy matters impacting the light-duty vehicle market across the country. Members include motor vehicle manufacturers, original equipment suppliers, technology and other automotive-related companies and trade associations. The Alliance for Automotive Innovation is headquartered in Washington, DC, with offices in Detroit, MI and Sacramento, CA. For more information, visit our website <http://www.autosinnovate.org>.

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disincentive to adoption of the technology. Given that the average purchase price of an EV can be around \$15,000 more than a gas-powered vehicle, purchasers of EVs are also making significant contributing through the sales tax.

In 2020, new EV sales accounted for less than 1% of all new vehicle sales in Ohio. Federal, state, and private studies consistently conclude that consumer acceptance of this technology is critically important, cite price as a barrier to adoption of the technology, and note the need for additional incentives. Some of those studies also highlight that market demand can be greatly influenced by the experience and opinions of the early adopters of this technology.

Given the pace of electric vehicle adoption in Ohio, the current high registration fees will not raise significant revenue and only serve to discourage electric vehicle adoption. Although we understand the state's need to increase funding, the funds raised by the imposition of these fees on vehicle registrations will be minimal in meeting that end.

We request the adoption of the amendment to reduce the current EV registration fees and thank you for your consideration of Auto Innovators' position. Please do not hesitate to contact me at jfisher@autosinnovate.org or 202-326-5562, should I be able to provide any additional information.

Sincerely,



Josh Fisher
Director, State Affairs
Alliance for Automotive Innovation