

Interested Party Testimony of Tyler Fehrman
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Ohio House Finance Committee
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Chairman Oelslager, Vice-Chair Plummer, Ranking Member Crawley, and members of the House Finance Committee— thank you for allowing me the opportunity to testify before you today. My name is Tyler Fehrman, and I am the Director of Policy and Government Relations for Clean Fuels Ohio – a nonprofit organization based here in Columbus that serves as Ohio’s clean transportation advocate. Clean Fuels Ohio believes in working to identify and advocate for the use of alternative fuels and energy sources for cleaner transportation – something we believe requires a market-based approach. We currently have over ninety members, including auto manufacturers, component part manufacturers, auto dealerships, electric vehicle infrastructure developers, individuals, and many more.

We are here to speak with you today about the opportunity you have to preserve Ohio’s auto industry, encourage electric vehicle adoption, and encourage innovation and Ohio’s competitiveness. We believe this can be accomplished by reexamining Ohio’s electric vehicle (EV), plug-in hybrid vehicle (PHEV), and hybrid electric vehicle (HEV) registration fees, which were set in the last biennium’s transportation budget (H.B. 62) at \$200 for EV and PHEV, and \$100 for HEV registrations. We are here not to advocate for the elimination of the EV registration fee, but rather to reduce them to be in alignment with driving behaviors, surrounding states, and to signal that Ohio welcomes EV investment and technology.

The electric vehicle industry has changed rapidly since the fee was initiated. Automakers have committed more than \$300 billion worth of investment toward electric vehicles, including Ford’s \$29 billion in EVs and autonomous vehicles. Ford has stated that the majority of its vehicles will be electric in the near future. [1] General Motors has announced plans to end the sale of their gasoline and diesel-powered vehicles by 2035. [2] It is clear that the auto manufacturing sector is electrifying.

You all know the story of one of our members - Lordstown Motors Corporation. Not long ago, a struggling economy and market forced the closure of the GM plant located in Lordstown, Ohio – just a few miles beyond Youngstown, which has been ranked among one of the poorest cities in the United States. [3] The plant’s closure caused lost jobs, wages, and the closure took a toll on the region. However, with the exciting advent of Lordstown Motors Corporation, the area is set to see those jobs come home with the roll-out of the world’s *first-ever* all-electric commercial pickup truck later this year. [4]

Ohio can continue to be a leader in auto manufacturing, as we have a strong history of auto manufacturing. According to JobsOhio, over 108,000 Ohioans are currently employed in this industry. [5] In 2020, motor vehicles and motor vehicle parts were one of Ohio’s top exports, according to the U.S. Census Bureau. [6] However, Ohio’s current EV fee signals the state’s unfriendliness toward the sector. Automakers pay close attention to these policy signals when making decisions about their facilities and jobs. Manufacturers want to bring their production operations where there is a local market and positive signals to the industry.

Decisions about where to locate battery and electric vehicle manufacturing are being made this very moment – and, with every minute that we wait to make Ohio’s market-friendly to this incredible

innovation, we lose out on massive opportunities. We need to prove, right now, that we want to continue to be good partners to automakers.

In addition to the negative impact on innovation and jobs, one study found that EV registration fees that are greater than \$100 per vehicle have been shown to slow EV adoption by as much as 20% in the first few years after being implemented. [7] EV owners want to pay their fair share. However, the current EV fee is disproportionate and beyond what owners will pay with a gas tax. Ohio gas taxes are based on the amount of fuel consumed times the tax per gallon. Comparable gas-powered vehicles pay between \$100 and \$150 per year. Compared with the pay-as-you-drive gas tax, these up-front fees are regressive and hit seniors and moderate-income consumers especially hard.

One final point is simply that mature markets can handle more government intervention than nascent ones. The electric vehicle market is too young – and too underdeveloped - to provide much revenue. Developing the market in Ohio is such a valuable investment for our future, and the future of generations of Ohioans to come along after us. Further, our calculations estimate that revenue from EV fees represents 0.33% of the Ohio road fund revenue, which is not much when you consider the negative impact. [8]

We request the existing fee to be reduced to \$100 for battery electric vehicles, \$50 for plug-in hybrid vehicles, and \$0 for hybrid vehicles. Quickly, let me explain our request for ending the fee associated with hybrid vehicles. You and I know these vehicles best as a Toyota Prius or a Ford EcoSport – cars that are never “plugged in,” and only operate off of gasoline. These vehicles use fuel efficiency technology to achieve high gas mileage. When this fee was introduced, it was argued that these drivers were obtaining such high miles-per-gallon that they would end up paying less in gas taxes. However, gas-powered vehicles have made significant advancements over the past several years. Many traditional gasoline vehicles are seeing higher – and sometimes equal – gas mileage achieved when compared to their hybrid counterparts. The hybrid fee is antiquated, and for this reason, we believe that hybrid vehicles should not be charged an additional registration fee.

In closing, by reducing the EV registration fee in Ohio, we believe that we will open our state to innovation, bring incredible job opportunities to communities who desperately need them, see a nascent market continue to grow, and push Ohio into a bright – and clean – market-based transportation future.

At the end of the day, we build cars in Ohio. The cars that will be built in the very near future will be electric – and if we want to **keep** building cars in Ohio, we **must** position ourselves to build electric cars.

[1] Ford Media, “Ford Raises Planned Investment in EV, AV Leadership to \$29 Billion”;

<https://media.ford.com/content/dam/fordmedia/North%20America/US/2021/02/03/fin-4q20-ford.pdf>

[2] Reuters, “GM Aims to End Sale of Gasoline, Diesel-Powered Cars”; <https://www.reuters.com/article/us-gm-emissions/gm-aims-to-end-sale-of-gasoline-diesel-powered-cars-suvs-light-trucks-by-2035-idUSKBN29X2AY>

[3] Cleveland.com, “Ranking U.S. Cities For Poverty”; <https://www.cleveland.com/datacentral/2020/09/ranking-us-cities-for-poverty-cleveland-12th-overall-but-no-1-among-places-of-at-least-200000-census-estimates.html#:~:text=1%20overall%20among%20these%20cities,is%20Canton%2C%20at%2031.9%25>.

[4] Lordstown Motors, “Lordstown Motors Releases Business Updates; Prepares Ohio Factory to Begin Building Betas Next Month”;

<https://lordstownmotors.com/blogs/news/lordstown-motors-releases-business-updates-prepares-ohio-factory-to-begin-building-betas-next-month>

[5] JobsOhio, “Ohio: An Automotive Powerhouse”; https://www.jobsOhio.com/wp-content/uploads/2018/11/JobsOhio_Automotive_Brochure_FA_07.pdf

[6] United States Census Bureau, “State Exports from Ohio”; <https://www.census.gov/foreign-trade/statistics/state/data/oh.html>

[7] E&E News, “Some Fear Wave of EV Fees Might Swamp Emission Goals”;

<https://www.eenews.net/stories/1060126901#:~:text=A%20University%20of%20California%2C%20Davis,7>.

[8] Consumer Reports, "Rising Trend of Punitive Fees on Electric Vehicles Won't Dent State Highway Funding Shortfalls but Will Hurt Consumers"; <https://advocacy.consumerreports.org/wp-content/uploads/2019/09/Consumer-Reports-EV-Fee-analysis.pdf>