



OEC [Action Fund]

Interested Party Testimony - Ohio House Bill 74 (Oelslager)

Sarah Spence, Director of Climate Programs

March 3, 2021

Chair Kunze, Vice Chair Reineke, Ranking Member Antonio and members of the Senate Transportation Committee, my name is Sarah Spence and I am the Director of Climate Policy for the Ohio Environmental Council (OEC) Action Fund. Our organization works to secure healthy air, land and water for all who call Ohio home. Thank you for the opportunity to provide written interested party testimony for Ohio House Bill 74.

Because Ohio's transportation infrastructure is heavily funded through the gas tax, an annual registration fee was passed as part of the 2019 transportation budget to ensure that electric vehicle (EV), plug-in hybrid vehicle (PHEV), and hybrid electric vehicle (HEV) owners pay their fair share for upkeep of our transportation infrastructure. The OEC Action Fund agrees with this premise, and is not advocating to completely remove the fee, but to reduce the fee to better reflect driving habits and be more in line with surrounding states.

EV owners want to pay their fair share. However, the current EV fee is disproportionate and beyond what owners would have paid in 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 to low-income consumers especially hard.

The current \$200 annual fee on EVs and plug-in hybrid vehicles, and \$100 annual fee on all hybrid vehicles also send the wrong signals to the auto industry and consumers. Instead, we should use the opportunity in this transportation budget to preserve Ohio's auto industry, encourage electric vehicle adoption, and encourage innovation and Ohio's competitiveness and ensure Ohio moves quickly to become a leader in the electric vehicle transportation economy.

The OEC Action Fund requests this committee to reduce existing fees to \$100 for battery electric vehicles, \$50 for plug-in hybrid vehicles, and \$0 for hybrid vehicles.

As with any industry or business, automakers pay close attention to 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, and reducing these registration fees would send a signal to automakers that Ohio wants to continue to be a good partner 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.¹

Hybrid vehicles are never “plugged-in” and run solely 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, many gas-powered vehicles have made significant advancements over the past several years and are seeing higher - and sometimes equal - gas mileage achieved when compared to their hybrid counterparts.

The OEC Action Fund also recommends that any annual fee on EVs dedicate a portion of that fee for EV charging infrastructure build-out across the state. EV owners face challenges in traveling across Ohio because electric charging infrastructure is not located in all parts of the state, especially in more rural areas. If we are going to require EV owners to pay into a fund for road infrastructure and maintenance, they should also be able to drive anywhere in the state they wish without worrying about whether they’ll be able to charge their vehicle and make it home.

The OEC Action Fund believes we should all pay our fair share for Ohio’s road infrastructure, and these suggested changes to HB 74 would ensure EV and hybrid owners aren’t paying an artificially and unfairly high amount while still contributing to Ohio’s infrastructure. We look forward to working with the committee on these recommendations.

¹ 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\).](https://www.eenews.net/stories/1060126901#:~:text=A%20University%20of%20California%2C%20Davis,7).)