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Committees:

Small Business & Economic Opportunity Committee
(Chairman)
Primary & Secondary Education Committee
Transportation Committee
Workforce & Higher Education Committee

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33rd Senate District

SENATE BILL 307 - Substitute Bill
Senator Michael A. Rulli
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Chairman McColley, and members of the committee, I'd like to take this opportunity to discuss with the committee the provisions included in Senate Bill 307 and the relevant changes made in the substitute bill I have had drafted. Clean Fuels Ohio presented testimony last week on many of the provisions included in this bill, but as this has been a true working piece of legislation I would like to use this opportunity to ask for the committee's input prior to the acceptance of the sub bill and a potential vote.

I would like to present a few key points:

There have been over 54 Proponent witnesses, 6 interested parties, and most importantly, **no opponents** to SB 307.

Since I first began working on this issue 18 months ago, there have been numerous announcements by every major auto manufacturer relative to the advanced timing for rolling out their Electric Vehicle line-up. Ohio alone has seen major announcements relative to the GM/LG Energy Battery Plant in Lordstown, Ford's announcement re: building EV's at their Lorain County plant, and the recent Honda/LG Energy plant in Fayette County. There will be more announcements in the future as the OEM's pivot to EV's advances.

Questions have been raised as to whether this bill is needed, in as much as we have JobsOhio working with businesses on major projects. The purpose of this bill is to be complementary of what JobsOhio is doing by providing much needed retooling & retraining monies to help not just major OEM's ready themselves for this pivot to EV's, but also the countless businesses that feed the major OEM's, along with the dealerships who will need to service these vehicles.

Finally, SB 307 is just the first of what will necessarily be other changes our state will need to make to address this transformational shift in our modes of transportation. Much more will need to be done, but make no mistake, Ohio will need to continue to be nimble on helping our businesses and workforce to compete with other states, especially Michigan, Indiana, & Illinois, all who will be competing to be selected as OEM's choose where they want to manufacture their Electric Vehicles.

I will not be redundant in discussing the amendments that were drafted and presented to the committee last week, however they are included in this testimony for the sake of discussion and convenience. Thanks again for allowing me to present in front of the committee. At this time I would love to take any questions and suggestions.

Six amendments produced through conversations with Interested Parties:

1. Requested by Ohio Auto Dealers Assn & Ohio Energy & Convenience Store Association:

- 1) Removes the requirement that an individual who enrolls as a student or apprentice or participates as an employee in a training program be an Ohio resident for a training provider to be eligible to receive a reimbursement for the costs of providing a grant to the individual;
- 2) Absolves a vendor from liability for improperly exempted sales tax under the bill's electric vehicle exemption, instead imposing sole liability on the consumer; and
- 3) Revises the membership of the Accelerating Ohio's Automotive Industry Task Force to: (1) replace the member representing motor vehicle dealers with a member representing the Ohio Automobile Dealers Association and (2) add a member representing the Ohio Energy and Convenience Association.

2. Requested by the Motorcycle Industry Council:

- 1) Includes in the bill's definitions of "battery electric motor vehicle" autocycles and motorcycles that are powered wholly by a battery cell energy system that can be recharged via an external source of electricity and applies this definition to the Electric Vehicle Incentive Program, Electric Vehicle Retooling and New Equipment Acquisition Program, Accelerating Ohio's Automotive Industry Task Force, and Electric Vehicle Training and Modernization Program. Limits the sales tax exemption available under the bill's Electric Vehicle Incentive Program for electric autocycles and motorcycles in the same manner as other battery electric motor vehicles, except by subjecting them to an MSRP limitation of \$40,000 for a nonbusiness purchase to qualify. (Different MSRP thresholds apply to other types of electric vehicles.) Includes autocycles and motorcycles in the definition of "electric vehicle" that applies to electric distribution utilities' transportation electrification programs approved by the Public Utilities Commission.

3. Requested by the Ohio Chamber of Commerce:

- 1) Defines a "fuel cell electric motor vehicle" as "a motor vehicle powered wholly by a fuel cell that uses the chemical reaction of hydrogen combined with oxygen to generate electricity." Includes fuel cell electric motor vehicles (in addition to battery electric motor vehicles and plug-in hybrid electric motor vehicles) in the Electric Vehicle Incentive Program, Electric Vehicle Retooling and New Equipment Acquisition Program, and Electric Vehicle Training and Modernization Program, all established by the bill.
- 2) Includes fuel cell electric motor vehicles in the definition of "electric vehicle product" and thus includes them within the scope of the Accelerating Ohio's Automotive Industry Task Force's duties to monitor the electric vehicle product market in Ohio. Allows a state sales tax exemption up to \$2,000 for the retail sale or lease of a new fuel cell electric motor vehicle.

4. Clarifying Amendment: Corrects an ambiguity by specifying only new and not used plug-in hybrid electric motor vehicles are eligible for the bill's new state sales tax exemption.

5. Clarifying Amendment:

1) Replaces the bill's current definition of "battery electric motor vehicle" with the broader definition of "electric vehicle" for the Transportation Electrification Program and applies that definition to the Accelerating Ohio's Automotive Industry Task Force's Electric Vehicle Retooling and New Equipment Acquisition Program, Electric Vehicle Training and Modernization Program, Electric Vehicle Incentive Program, and the bill's sales tax exemption. Defines "electric vehicle" to mean a vehicle powered wholly by a system that can be recharged via an external source of electricity, including a vehicle for public or private use that is a passenger car, commercial car or truck, public transit vehicle, fleet vehicle, construction vehicle, or vehicle used in industrial or warehouse work.

6. Utility Rider Compromise Language:

1) Removes from the state policy for competitive retail electric service, the bill's provision to encourage electric distribution utilities (EDUs) to deploy electric grid infrastructure through competitively neutral programs related to the development of, and costs for, electric vehicle (EV) charging infrastructure.

2) Removes the provision permitting an EDU, as part of its electric security plan, to develop, and apply for Public Utilities Commission (PUCO) approval for, programs within its certified territory for transportation electrification (the use of electric vehicles and the deployment of systems and infrastructure for EV charging).

3) Establishes the 15-member Transportation Electrification Study Committee consisting of 12 legislators; the chairperson of PUCO, or the chairperson's designee; and the directors of the Departments of Development and Transportation, or the directors' designees.

4) Requires the Committee to (1) study the impact of EV production and adoption on Ohio's economy and (2) submit a report to the House of Representatives and Senate, taking into account projections through 2050 for Ohio's EV infrastructure production, EV infrastructure deployment, EV production, and EV adoption.

5) Requires the Committee's report to include recommendations for changes in the competitive retail electric service law to prepare Ohio for the advent of EVs based on several factors such as, for example, the investments and incentives from EDUs for EV charging infrastructure, trends for EV adoption and production, and options for developing a competitive market for electric vehicle charging. Specifies that the Committee ceases to exist upon submission of its report.