

Testimony on HB 2455: Creating Electricity Highway Fee

House Energy & Utilities Committee

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Rep. Tom Sloan

Mr. Chairman, Committee Members: The President, automobile manufacturers, and many Americans believe that electric cars and trucks – either fully electric or plug-in hybrids – will become a significant percentage of the vehicles on our highways in the next 10 years.

One of the issues that should concern our state is that the vast majority of funding for our highway system is paid through the motor fuel tax. Electric vehicles do not use traditional motor fuels; plug-in hybrids use less motor fuel than current vehicles. However, no one suggests that electric and plug-in hybrid vehicles will drive fewer miles over our local streets and state highways. By not paying the motor fuel tax or its equivalent, such vehicles and their owners do not contribute a responsible amount to maintain our highways, bridges, and city and county streets. HB 2455 addresses this funding equity issue.

HB 2455 requires that dedicated electric vehicle recharge stations at public and private locations be separately metered and the price of electricity shall include an amount equivalent to the motor fuel tax. Public recharge station operators (e.g., hotels, parking lots), shall not be considered public utilities.

The bill does not define the type of meter that the KCC should require. Through Rules & Regulations they could require “traditional” meters, meters that would roll-back (net-metering concept) when the vehicle battery provides energy to the grid, meters similar to parking or air sales meters where a fixed amount of charge would be available for 25 cents or \$1, or some other type of meter.

The KCC and Dept. of Transportation shall determine the appropriate electricity highway fee, but shall not regulate the price charged at the vehicle recharge stations not operated by public utilities (e.g., hotels, parking lots). Public utilities operating public recharge station services shall continue to be regulated by the Commission to the same extent as other services.

Opponents may say that this is double taxation, because drivers of most plug-in hybrid vehicles will also purchase gasoline or diesel fuel and thus pay the motor fuel tax. The reality is that when such vehicles drive using gasoline/diesel, the taxes on those fuels pay for the roads and bridges being used. But, such vehicles would be using the roads and bridges for free when they use the electric motor. The proposed electricity highway fee simply makes vehicle owners pay for the full use of the state and local highway systems, just as the owners of gasoline/diesel vehicles do today.

Opponents may also try to persuade you that this is an anti-General Motors bill, in that G.M. has a production plant in Kansas and the Nissan Leaf (the only true electric car today) and Chevy Volt (a plug-in hybrid) are the only vehicles that would be impacted by this bill. You may have noted that Ford (which has a plant in Claycomo, MO), Chrysler, and other manufacturers have announced production schedules for their plug-in hybrids. HB 2455 does not impact automobile manufacturers, it requires owners of all motor vehicles to equally share in maintaining the state's highways.

I have also heard that owners of plug-in hybrids visiting from other states will not pay this fee and thus this unfairly discriminates against Kansans. There is no validity to that argument. Today, if a Missouri resident drives across State Line road they do not pay to use the roads and highways unless they purchase gasoline/diesel fuel in Kansas. The same will be true of electric vehicles. When those vehicle owners drive across Kansas to ski in Colorado or visit one of our lakes, they probably refuel today somewhere in Kansas and pay the motor fuel tax. The same is true for the electric vehicles, if their owners purchase gasoline/diesel fuel or recharge their batteries, they will be paying to support the highway infrastructure of Kansas.

Opponents may also say that requiring plug-in vehicle owners to pay the equivalent of the motor fuel tax will hurt sales of such vehicles. I ask you to consider two things: a) are sales of motor vehicles today negatively impacted by the motor fuel tax (I suggest that sales may be impacted more by the fluctuating price of gasoline/diesel, not the taxes), and b) what is it about electric vehicles that should let their owners not pay their fair share of maintaining our state and local highway systems? Purchasers of electric vehicles today do so because of the desire to reduce their carbon footprint, not to avoid paying the motor fuel tax. Requiring such vehicle owners to pay to maintain the roads and streets on which they drive will not deter them from purchasing electric vehicles.

While there are relatively few electric plug-in vehicles on Kansas roads today, it is, and will continue to be, an increasing number. HB 2455 is an opportunity for the state to get ahead of the projected highway fund revenue decline. Ask yourself which is easier, enacting the highway protection fee on electric and plug-in hybrid electric vehicles when the number of such vehicles is small, or waiting until the number is a significant share of the vehicles on our highways and local streets.

Finally, I ask you to consider corporate responsibility. While corporations exist to produce products and services for public consumption, with the expectation that such products and services will generate profits to pay workers, suppliers, shareholders, and taxes; historically responsible corporations have also recognized that the good of society as a whole matters. If motor fuel taxes are not collected, highways are not constructed and maintained. President Eisenhower developed the Interstate Highway System after leading a convoy of Army vehicles across the nation's muddy roads and through (not over) rivers. Just as we expect our local businesses to support local charities, we should expect our larger corporate citizens to support the infrastructure that makes the sale of their products possible.

HB 2455 seeks to equitably have plug-in electric vehicle owners contribute on an equal basis with fossil-fueled vehicle owners to maintain our public highway system. Thank you for your thoughtful consideration and I look forward to your questions.