



SIERRA CLUB

VERMONT CHAPTER

Written Testimony to the Vermont Senate Committee on Transportation.

Submitted by: Robb Kidd, Vermont Sierra Club

Date: March 15, 2023

Topic: EV Mileage Tax

Dear Senate Transportation Committee Members,

As the Conservation Program Manager for the Vermont Sierra Club, I am submitting concerns regarding the proposal to implement regressive fees on electric vehicle drivers, which, if not properly structured, could significantly impede one of Vermont's tools to help achieve the state's carbon reduction requirements.

The Sierra Club is a leading grassroots environmental organization dedicated to ensuring a swift and equitable transition to a clean energy economy. A key component of this work focuses on reducing climate pollution in the transportation sector, which accounts for the largest share of greenhouse gas emissions in Vermont. Vermont Sierra Club has worked for many years to support statewide policies that help reduce vehicle miles traveled, improve access to public transit, and encourage the transition to electric vehicles. In Vermont, we have engaged thousands of Vermonters on the climate, public health, and cost savings benefits of electric vehicles. We have led Drive Electric Week and community electric vehicle (EV) events, virtual discussions, mystery shopper visits to dealers, and generated hundreds of public comments at the Public Utilities Commission and the recent Advanced Clean Cars II and Clean Truck rulemaking proceedings to advance these policies. It is our opinion we are not yet at a point where EVs make up a substantial portion of the miles driven on our roads, nor would taxing EV drivers at this point make a meaningful impact on state road usage fees, currently provided for in a gas tax.

We appreciate the Vermont General Assembly's work and the efforts of two successive Gubernatorial Administrations in forging ahead with the transition to electric vehicles. However, we have many concerns with predetermined solutions to a problem without taking into account a holistic view of how Vermont finances its current transportation needs, let alone its future needs.

WHY ARE STATES IMPLEMENTING FEES ON EVS?

Electric vehicles hurt the pockets of big oil & gas since EVs require no oil & gas consumption. Climate Deniers and pro-Fossil Fuel legislators across the US have enacted EV fees in their states to impede the adoption of EVs. They have also proposed model legislation to end all incentives and rebates for consumers. In true political gamesmanship legislators in Montana have gone out of the way to even propose banning electric vehicles. In Vermont, we are fortunate to have a Legislature committed to good faith debate on important policy matters, and we understand that states also need to raise revenue for infrastructure projects, such as roads, bridges, and transit. Historically, the gas tax has been a source of revenue for states to pay for their infrastructure and roads. However, the gas tax has not been indexed to inflation and the last time it was increased federally was in 1993. Internal combustion engine vehicles over time have also become more fuel efficient, allowing consumers to pay less at the pumps. Overall, this has led to a decline in revenue that the gas tax collects, leading to funding shortfalls to pay for vital infrastructure projects.

WHY IS AN EV MILEAGE TAX THE WRONG SOLUTION FOR VERMONT TODAY?

- Vermont should perform a comprehensive review of how it pays **for all of its transportation needs**. Vermont has benefited from the influx of federal funds, but in a few years, Vermont will be faced with a fiscal crisis when those funds are depleted.
- Vermont transportation needs are obtained from a combination of sources, such as the purchase and use tax. If policy leaders are concerned about paying the “fair share,” the first thought should be to consider how fossil fuels should pay their “fair share” of the damage to public health in air pollution and causing the climate crisis.
- Vermont has made great strides in incentivizing and encouraging the transition to electric vehicles, however, as many of the policy levers have just been enacted and there are supply delays, the EV fees should not be prematurely adopted.
- EV fees in other states have been pushed by fossil fuel interests who are looking to line their pockets with billions of dollars by ensuring that Americans continue to stay dependent on oil.
- As a result EV fees in many states have been shown to be punitive.
- Vermont should explore alternative solutions such as a vehicle efficiency price adjustment program (feebates) to incentivize new higher efficiency vehicles and disincentivize new inefficient vehicles.
- Fees also need to more accurately reflect the road wear caused by heavier SUVs.
- Rural and low-income Vermonters on average have to travel further for their employment needs, and mileage fees may thus prove burdensome for those who are dependent on their vehicles to get to work.
- VTrans Task Force did not include any climate advocates and was only consulted after they determined the solution. Drive Electric Vermont was included in the process, however, as a contracted entity of the state of Vermont they are restricted from lobbying for specific policies.

- The Task Force failed to offer any solutions to capturing fees to pay for our roads by out-of-state vehicles, although approximately 25% of current gas tax revenues are attributable to out-of-state drivers. When alternative solutions were proposed they were not fully explored.
- At the present time, Vermont is currently at only a 4% battery electric vehicle sales rate, still far short of the 15% market share suggested by previous VTrans reports and the Public Utilities Commission. VTrans's inclusion of plug-in hybrid electric vehicles is flawed as the plug-in hybrids are still dependent on dirty fossil fuels.

The VT Sierra Club understands that VTrans is proposing that they would use this time to develop the plan and report back next year for authorization to implement. At this time, the VT Sierra Club would prefer to see the agency use the next year to work on a comprehensive plan on how the State of Vermont proposes to pay for all of Vermont's transportation needs. Continuing regressive taxation policies are not sustainable, nor is the taxing of one of the state's needed climate solutions. Further, we hope to see that VTrans does extensive public outreach to develop these comprehensive solutions. With the growing calls for Transparency, this process needs to be open and accessible to all Vermonters, not just VTrans' handpicked task forces and contractors.

We appreciate the Committee's time in reviewing our concerns, and once again are grateful for the work of this committee and the administration to promote vehicle electrification and adopt policies to make the transition accessible to all Vermonters.