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HOUSE COMMITTEE ON
TRANSPORTATION

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February 27, 2019

Representative Kitty Toll
Chair, House Committee on Appropriations

Dear Rep. Toll:

This letter will serve as the House Committee on Transportation's response to your February 8, 2019 memorandum regarding certain provisions in the Governor's Recommended FY 2020 State Budget ("Recommended Budget").

Sec. C.108

The House Committee on Transportation supports the Electric Vehicle Purchase and Lease Incentive Program as proposed by the Agency of Transportation for inclusion in the Transportation Bill. As the Agency of Transportation's proposed legislative findings, as submitted to our committee, indicate:

1. In its final report, the Vermont Climate Action Commission recommended building an electric vehicle (EV) point-of-sale customer incentive for new and used EVs.
2. Transportation energy burdens are particularly high for rural Vermonters with low income. A vigorous incentive for both new and used EVs, combined with the lower fueling and maintenance costs of EVs, could significantly lessen transportation cost burdens for Vermonters.
3. State policy, including Vermont's Comprehensive Energy Plan (CEP), recognizes vehicle electrification as an essential strategy for meeting the State's climate and energy goals. The CEP calls for 50,000 EVs, or 10 percent of the fleet in Vermont by 2025 advancing to EVs composing 25 percent for the fleet by 2030. Vermont has approximately 2,600 EVs on the road today, and EVs in Vermont are just 3.5 percent of new passenger vehicle registrations. Projections show Vermont is not yet on track to meet its transportation-electrification targets.
4. Meeting Vermont's transportation-electrification targets will help make Vermont attractive to employers, workers, and tourists and help grow Vermont's economy by keeping transportation energy expenditures in State.
5. In 2015, approximately \$830 million was spent on gasoline sales in Vermont. If this travel had all been powered by electricity, the cost would have been significantly less, saving drivers more than \$500 million.
6. Vehicle electrification faces several barriers, including EV model availability, publicly available charging stations, and lack of public awareness about the benefits of EVs. While State government is working hard to address these issues, surveys consistently

confirm that the upfront cost of EVs is among the top barriers and that consumer incentives are effective in increasing EV sales.

7. A robust consumer purchase and lease incentive would accelerate EV sales and help bring EV technology up to scale. Moreover, a consumer purchase and lease incentive would help consumers overcome the fear of change that can come with entering the EV market and the fear of obsolescence that can accompany the rapid growth of EV technology.

According to the Governor's Vermont Climate Action Commission, in order for the electric vehicle market to grow, unassisted, it needs to reach a 15 percent market penetration. In order to achieve this goal the State needs to incentivize the purchase and lease of electric vehicles in order to foster this emerging technology. As such, we propose the following (bolded) revisions to Sec. C.108 of the Recommend Budget:

(a) Up to ~~\$1,500,000~~ **\$4,500,000** of any amount remaining in the AG-Fees & Reimbursements-Court Order fund number 21638 after satisfying the transfer of \$2,000,000 to the General Fund pursuant to 2018 Acts and Resolves No. 11 (Special Session), Sec. D.101(b)(2), and attributable to the Volkswagen settlement and any other consumer protection settlements regarding allegations of motor vehicle air emission law violations including the Fiat Chrysler and Bosch settlement, may be used to implement an electric vehicle purchase and lease incentive for Vermont residents to be administered by the Agency of Transportation.

(1) Commensurate with any amount of funds pursuant to subsection (a), a one-time appropriation shall be created for the Agency of Transportation.

Sec. D.101(5)

We support Sec. D.101(5) as proposed in the Recommended Budget.

Sec. D.101(6)

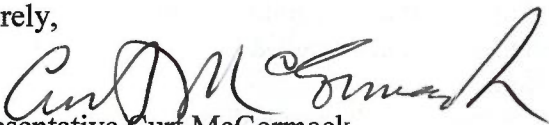
We support Sec. D.101(6) as proposed in the Recommended Budget.

Sec. E.915

We do not support Sec. E.915 as proposed in the Recommended Budget because the Agency of Transportation has historically looked to notwithstanding 19 V.S.A. § 306(a), which is the statutory formula for the calculation of how much money is appropriated to class 1, 2, and 3 town highways. We are in the process of taking testimony on this proposed decreased appropriation and a similar proposed deviation from another formula dictated by statute. We intend to evaluate these two issues together as they are closely tied to the Agency of Transportation's budget as included in the Fiscal Year 2020 Transportation Program as recommended.

We appreciate being asked to weigh in on these sections of the Recommended Budget. Please feel free to reach out with any questions.

Sincerely,



Representative Curt McCormack
Chair, House Committee on Transportation