SIERRA CLUB
VERMONT CHAPTER

Written Testimony:

Robb Kidd, Vermont Sierra Club Conservation Program Manager
April 12, 2021

Subject: Electric Vehicles and Transportation Funding.

Dear Senate Transportation Committee,

On behalf of the Sierra Club, I am writing to express my concerns regarding discussions on imposing premature fees on electric vehicle drivers. In place of formal testimony, I am including some national information regarding the implementation of EV fees for your consideration.

For decades, internal combusting engine vehicles have caused enormous damage to our environment and are a lead cause of global climate change and need to be replaced sooner than later. As transportation, is the largest Vermont source of climate-impacting emissions every effort from Vermont policy leaders should be to encourage the transition to vehicle electrification. In order for Vermont to reach the requirements of the Global Warming Solutions Act Vermont will need to switch over to 90,000 electric vehicles(just another 86,000 to go) by 2025.

In our opinion Imposing punitive measures on a climate priority is antithetical to the state's climate requirements. Successive Vermont administrations have committed Vermont to electrifying transportation, and according to numerous reports of the Public Utilities Commission and the Agency of Transportation fees or taxes **should not be established until electric vehicles reach 15% of the market share on the road.**

While we can all agree that Vermont doesneed to establish a new financing structure for transportation, we believe that electric vehicles should not be targeted for the funding shortfalls. Vermont needs to comprehensivly review transportation funding as a whole to ensure that it is equitable and compatible with our long-term sustainability needs.

At this time we hope to see the Senate further invest in electric vehicle incentives, and expand the Vermont charging network to multi-family dwellings, to the workplace, and downtowns. The benefits of going all-electric can become an economic generator while also achieving our climate requirements.

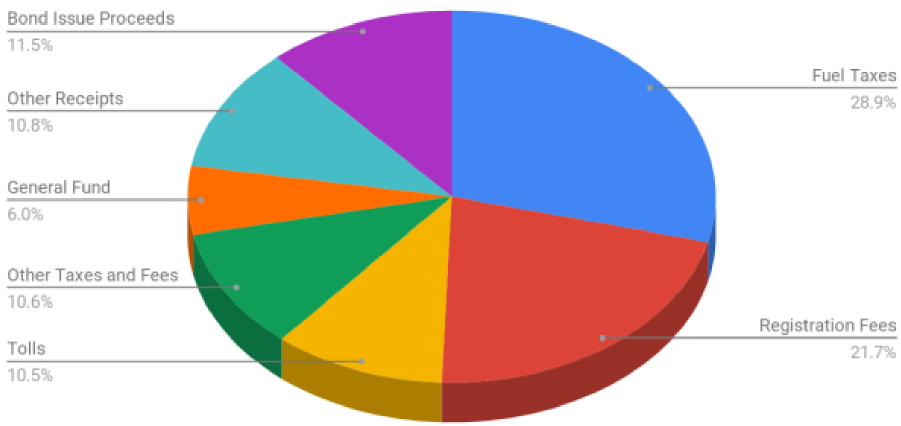
WHY ARE STATES IMPLEMENTING FEES ON EVS?
Electric vehicles hurt the pockets of big oil & gas, since EVs require no oil & gas consumption. The American Legislative Exchange Council (ALEC), has proposed model legislation for their legislators to enact ev registration fees in their states to impede the adoption of EVs. They have also proposed model legislation to end all incentives and rebates for consumers.

States also need to raise revenue for infrastructure projects, such as roads, bridges, and transit. 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, leading 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 ANNUAL EV DRIVER FEE THE WRONG SOLUTION TODAY?

- EV fees are being 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.
- Many of the states where EV fees are enacted have shown to be punitive. EV drivers are being forced to pay double, triple, and quadruple the rates of what drivers of gas vehicles pay in gas taxes. For instance, in Illinois, the state senate proposed an annual EV fee of over $1000. By contrast, a driver with a vehicle getting 30 miles per gallon would only pay $127.43 in state gas taxes annually.
- EV registration fees in this current market do little to solve our transportation funding shortfalls. These fees prevent further adoption of EVs -- especially for low-income and underserved communities. As demand for electric vehicles grows, we should be incentivizing the switch over to cleaner vehicles to combat climate change rather than preventing that switch.
- A recent analysis by Consumer Reports shows that EV fees will not make a dent in declining revenues, generating only an average of 0.04 percent of current state highway funding, which will only increase to 0.3 percent of state highway funding by 2025.
- All drivers should be contributing equally to infrastructure projects and road usage. In fact, EV drivers already do pay. The gas tax is only a portion of revenues collected by a

state for building and maintaining roads. EV drivers already contribute to these purposes through other funding streams. Other sources of funding for road maintenance and construction include registration fees, tolls, and many other sources of tax revenue earmarked for highway funding, which are also paid by EV drivers. In addition, in most states, EV drivers are already paying a variety of taxes that fund infrastructure and road maintenance on the additional electricity they use to charge their vehicles.



WHAT SHOULD STATES DO TO MAKE UP FOR LOSSES IN GAS TAX REVENUE?

- States should seek to index the gas tax to inflation to cover rising costs for infrastructure and road repair.
- Hold off instituting EV fees until they make up a larger portion of cars on the road. In Vermont, both the Agency of Transportation and Public Utilities Commissions have stated that fees to charge EV drivers to support infrastructure should not be implemented until EVs make up at least 15% of the market share.

In this time of federal stimulus and possible infrastructure dollars coming to Vermont, we further believe that this is not the time to proceed with punitive measures. We believe that we can incentivize vehicle electrification and do our part to demonstrate that rural Vermont can successfully modernize our transportation infrastructure. Thank you for considering my thoughts.