

April 28, 2023

Commonwealth of Pennsylvania
House Transportation Committee
127 Irvis Office Building
Harrisburg, PA 17120

ATTN: House Transportation Committee, House Majority Chairman Ed Neilson
Ref: May 1, 2023 House Transportation Cmte hearing on electric vehicle fees

House Transportation Committee;

I write you today on behalf of Mobilify Southwestern Pennsylvania to submit our testimony regarding electric vehicle fees in Pennsylvania.

Mobilify brings holistic thinking to the mobility/community connection. We seek to democratize transportation by lifting up more accessible, cleaner, less auto-dependent modes that allow diverse communities to thrive. While we normally do not focus much effort on single-occupancy private vehicles, our concern for the climate – and climate justice – mandates that we weigh in. Equitable decarbonization and transportation funding are important aspects of our work and, as such, we have a vested interest in the fairness of electric vehicle fees.

We recognize that, in most cases, electric automobiles are one segment of the motoring public that does not pay for the use of the Commonwealth's transportation network. Many owners may not even be aware of this fact or how to pay the taxes that are due to the Commonwealth. This is a small, but rapidly growing problem for Pennsylvania, which is inordinately reliant upon motive power energy consumption to maintain and operate our surface transportation network. Additionally, Pennsylvania and the nation have a limited window in which to get EV user fees right – as the market grows, this discussion becomes increasingly politically fraught. However, getting this right also requires that we do not impede Pennsylvanians' access to these vehicles simply because of energy price structures.

Mobilify is a member of the Department of Environmental Protection's Drive Electric PA Coalition. In 2021, facilitated a task force of DEPA members consisting of automakers, advocates, public officials, and utilities. A set of principles was developed, which we submit as part of this testimony:

- Fees must not be punitive. By this, we mean, applied in a manner that discourages EV adoption of electric vehicles and continue environmental damage. This includes forcing EV users to pay more than their fair share for roadway usage (via a VMT/person average or other method), assessing the fee at a frequency rate that creates a high cost burden, trying to recover the federal share of the gas tax (see below), and other methods that put EVs at a competitive disadvantage vis-à-vis internal combustion vehicles.
- Only recover Pennsylvania's portion of lost fuel taxes. Electric vehicle usage has no impact on PA's federal highway funding because it is apportioned by formula, not how many miles driven within the state. Hence, Pennsylvania could run into a double-tax problem since the federal

portion is essentially collected twice. Further, the Commonwealth should not benefit from a windfall simply because a consumer chose an electric vehicle over a gas one.

- Fees must be collected in a way that is as painless as currently paying for the Liquid Fuels Tax. Creating a new fee that must be paid annually, for example – or even quarterly – is a one-time hurdle of up to \$300. While not inordinate in itself, this one-time collection can be a barrier to EV adoption. The most effective fees must be easy to administer and low cost to collect.
- Assess the feasibility of various ways to enforce and collect PA's current EV alternative fuel tax. Submetering technology, which is what is required to accurately collect the current EV tax, has changed since the tax was created. Before introducing an entirely new collection system, I urge officials to explore the feasibility of deploying this technology throughout the Commonwealth.
- If a flat per-vehicle fee must be used, fee structure weight thresholds must be fairer than proposed in last session's HB1358 and SB813. Requiring every vehicle weighing less than 26,000 lbs. to pay the same fee is unfair and inequitable. Vehicles over 10,000 lbs. GVW are predominantly commercial vehicles, which drive much farther per year than private vehicles. We recommend a more tiered structure for example, 2,000-9,999 lbs.; 10,000-25,999 lbs.; 26,000 and over; or following federal weight class designations.
- Double-taxing hybrid and plug-in hybrid vehicles is not beneficial to anyone. It is important to ensure that all drivers are treated fairly, regardless of their vehicle type. Any electric vehicle fees must account for hybrid vehicles, so that they are not double-taxed through liquid fuels taxes and EV fees.
- PennDOT and other relevant departments must have the technology and capabilities to accurately and fairly collect whatever tax structure is imposed. PennDOT only recently updated its VIN database capabilities, for example, to accurately account for EVs, plug-in hybrids, and traditional hybrids. There may be other technology changes necessary to ensure accurate collection.

Finally, it is important to not lose sight of the bigger issue of transportation funding within the Commonwealth and the political energy that will require fixing. EV fees, in no way, will fix PennDOT's stated funding shortfalls. We have a structurally deficient system that is also inequitable in many ways, from rural drivers paying more than their fair share to systematic starving of transit, walking and biking. EV fees only perpetuate that system, they do not fix it. When talking about transportation funding, we feel that this is where energies belong.

In conclusion, I urge officials to consider the impact of electric vehicle fees carefully and think of the bigger picture. These fees should be designed to encourage the adoption of electric vehicles, not punish those who choose them. They should be collected in a way that is fair and accurate, with submetering used as much as possible.

Thank you for your time.

Sincerely,



Chris Sandvig
Executive Director