

Date: April 5, 2023

To: Chairman Canales and the Members of the House Committee on Transportation

CC: Rep. John Raney, Rep. Trent Ashby, Rep. Yvonne Davis, Rep. Erin Elizabeth Gamez, Rep. Caroline Harris, Rep. Brooks Landgraf, Rep. J. M. Lozano, Rep. John Lujan, Rep. Claudia Ordaz, Rep. Jared Patterson, Rep. Mary Ann Perez, Rep. Ramon Romero

Via hand delivery and by email.

From: Adrian Shelley, Public Citizen, ashelley@citizen.org, 512-477-1155

Re: HB 820, HB 2028, HB 2199 – Public Citizen testimony against

Dear Chairman Canales and Members of the Committee:

Public Citizen appreciates the opportunity to testify before this committee. We are testifying against each of the following bills that impose the following annual EV fees:

- HB 820 by Ken Kin - \$200 EV fee, \$100 hybrid fee
- HB 2028 by Dean – at least \$300 EV fee
- HB 2199 by Canales - \$200 EV fee

For reasons explained below, we believe lower fees are appropriate for most EVs.

According to TxDOT, a fair tax is \$100 per year for electric vehicles and less for hybrid vehicles.

In December 2020, the Texas Department of Transportation issued its “Study on Imposing Fees on Alternately Fueled Vehicles” which was completed pursuant to SB 604 (86R). The result of the study is straightforward:

If the objective is to replace the average amount of state motor fuel tax that an equivalent conventional vehicle pays, the amount is estimated to be about \$100 a year for an electric vehicle and a somewhat lower amount for a hybrid.¹

In Texas, the motor fuel tax is a flat amount of 20 cents per gallon.² This means that the same amount of taxes is collected regardless of the price of gasoline. This means that the amount that EVs should contribute in order to pay their fair share of taxes is not dependent on the price of gasoline. This point is important because it has been pointed out that

¹ “Study on Imposing Fees on Alternately Fueled Vehicles” Texas Department of Motor Vehicles (1 Dec 2020) at p. 2 available at https://www.txdmv.gov/sites/default/files/report-files/SB_604_AFV-Report_120120.pdf.

² Notably, that flat tax has not changed since 1986. Perhaps increasing the gas tax is also in order. See <https://comptroller.texas.gov/economy/fiscal-notes/2016/february/fuels.php>.

the price of gasoline in Texas was \$1.816/gal when the TxDOT study was issued and is \$3.113/gal today.³

For another perspective, Consumer Reports believes that \$71 is “the maximum justifiable fee for EV drivers in Texas.”⁴

We suggest a fee in the amount of \$70-100 for smaller, cheaper electric vehicles.

The intent of the gas tax is to pay for road maintenance. Smaller cars do less damage to roads and should therefore be less responsible for road maintenance. One approach that has been suggested is a lesser fee for cheaper vehicles, say a \$70-100 fee for cars that cost less than \$50,000.

This logic even applies among electric vehicles. A 2023 Nissan Leaf, for example, weighs 3,509 pounds with a MSRP of \$28,040.⁵ A 2023 GMC Hummer EV weighs 9,640 pounds and costs at least \$87,000.⁶ If the purpose of the tax is to pay for road maintenance, then it makes sense to charge larger cars more. Price is a decent proxy for weight among electric vehicles. A tax of 40 makes sense for smaller EVs. A tax of as much as \$200 makes sense for larger EVs.

Any tax larger than these amounts certainly looks punitive against EV purchasers and not an actual attempt to replace the gas tax. We support EV owners paying their share, but only their fair share. We recommend following the TxDOT study in determining what is fair.

³ See

https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPMRU_PTE_STX_DP_G&f=W.

⁴ See <https://advocacy.consumerreports.org/research/fact-sheet-texas-proposed-fees-for-evs-will-punish-drivers-wont-solve-road-fund-problems/>.

⁵ See <https://www.nissanusa.com/vehicles/electric-cars/leaf/specs/compare-specs.html#modelName=SJ40%20kWh%20lithium-ion%20battery>.

⁶ See <https://www.caranddriver.com/gmc/hummer-ev>.