

FISCAL NOTE
Requested by Legislative Council
02/04/2019

Amendment to: Engrossed HB 1238

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$26,832		\$21,252
Expenditures				\$15,000		
Appropriations				\$15,000		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties		\$4,145	\$7,445
Cities		\$2,355	\$4,230
School Districts			
Townships		\$509	\$914

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB1238 as amended proposes to increase revenue by charging an annual fee for each electric vehicle.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

HB1238 proposes to increase revenue by charging an annual fee for each electric vehicle. The initial registration fee is \$120. This bill would also result in a onetime computer programming cost of \$15,000.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

There are approximately 141 currently registered electric vehicles. Under the provisions of this bill, the Highway Tax Distribution fund will gain approximately \$18,841 in revenue the first biennium (\$33,840 less one time Motor Vehicle programming costs of \$15,000) and \$33,840 for each subsequent biennium. The revenue is allocated through the Highway Tax Distribution Fund to NDDOT (61.3%, counties (22%), cities (12.5%), townships (2.7%), and transit (goes to NDDOT) (1.5%). Costs incurred by Motor Vehicle Division are deducted off the gross proceeds before distribution through the highway tax distribution fund.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

NDDOT Motor Vehicle Division will incur a onetime cost of approximately \$15,000 for computer programming costs.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

NDDOT Motor Vehicle Division will incur additional one-time costs of approximately \$15,000 for computer programming. These additional costs were not included in NDDOT's appropriation request for the 2019-2021 biennium.

Name: Lindi Michlitsch

Agency: NDDOT

Telephone: 328-2734

Date Prepared: 02/04/2019

FISCAL NOTE
Requested by Legislative Council
01/07/2019

Bill/Resolution No.: HB 1238

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$39,317		\$31,877
Expenditures				\$20,000		
Appropriations				\$20,000		

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties		\$6,767	\$11,167
Cities		\$3,845	\$6,345
School Districts			
Townships		\$831	\$1,371

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB1238 proposes to increase revenue by charging an annual fee for each electric vehicle.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

HB1238 proposes to increase revenue by charging an annual fee for each electric vehicle. The initial registration fee is \$180. Upon annual renewal of registration, the owner has the option to pay \$180 electric vehicle fee or provide an odometer reading showing the last 12 months mileage and pay a fee of 1.5% per mile. This bill would also require a onetime programming fee of \$20,000.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

There are approximately 141 currently registered electric vehicles. Under the provisions of this bill, the Highway Tax Distribution fund will gain approximately \$30,760 in revenue the first biennium (\$50,760 less one time Motor Vehicle programming costs of \$20,000) and \$50,760 for each subsequent biennium. The revenue is allocated through the Highway Tax Distribution Fund to NDDOT (61.3%, counties (22%), cities (12.5%), townships (2.7%), and transit (goes to NDDOT) (1.5%). Costs incurred by Motor Vehicle Division are deducted off the gross proceeds before distribution through the highway tax distribution fund.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

NDDOT Motor Vehicle Division will incur a onetime cost of approximately \$20,000 for computer programming costs.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

NDDOT Motor Vehicle Division will incur additional one-time costs of approximately \$20,000 for computer programming. These additional costs were not included in NDDOT's appropriation request for the 2019-2021 biennium.

Name: Lindi Michlitsch

Agency: NDDOT

Telephone: 328-2734

Date Prepared: 01/14/2019

2017 HOUSE TRANSPORTATION

HB 1238

2019 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee Fort Totten Room, State Capitol

HB 1238
1/31/2019
#31914

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Jeanette Cook

Explanation or reason for introduction of bill/resolution:

A BILL relating to a fee for electric vehicles.

Minutes:

Attachments 1-6

Chairman Ruby opened the hearing on HB 1238.

Representative Owens introduced HB 1238. This bill establishes the rules for electric cars. We need to provide some guidance for electric vehicles before they become more prevalent and are using our highways. In the present they provide no support for our Highway Trust Fund or the roads they use. It establishes for future electric car owners, what they can expect in costs. We need to establish the rules now.

The bill was explained.

Representative Hanson: If a person with a fully gas vehicle averaged 12,000 miles a year, would the amount that they pay in for gas tax be equivalent to \$180?

Representative Owens: The \$180 covers an additional fee for paying it annually, and not having to track the miles driven in the vehicle.

Vice Chairman Rick C. Becker: According to my calculations, the 1.5 cents per mile, would be the same as a gas vehicle which gets 15 mpg. However, if you have a vehicle that gets better gas mileage, at 25 mpg, you are paying only \$0.09 per mile. Another inequity that I see here is that electric vehicles are lighter, so have less road tear. So, the amount they are being charged becomes even greater compared to a gas vehicle that gets good mileage. To be fair wouldn't you want to incorporate a \$90 fee on all good mileage gas vehicles, if we are looking for equity?

Representative Owens: That is actually the discussion we have had before to incentivize high mileage vehicles. That has yet to come to fruition in the vehicle mile tax world. I cannot comment on the weight of electric vehicles. It is true that as you get higher miles you will pay less. Not much different than gas vehicles now.

Vice Chairman Rick C. Becker: The discussion of the price of gas has an effect on what percentage of overall cost is taxed. It has no relevance to how much per mile for electric versus gas.

Representative Owens: Yes, I left out one part of the formula. The formula was based on 20 miles per gallon and 12,000 miles with gas at \$2.00 or \$2.50 per gallon. I can't remember.

Chairman Ruby: Is this in addition to the normal registration?

Representative Owens: Yes, the fee is paid at the time of registration if you go with the flat fee.

Representative Kading: A hydrogen fuel cell vehicle would fall outside the scope of this bill, wouldn't it? You would not be taxed on that, would you?

Representative Owens: This would not include them.

Mike Gerhardt, North Dakota Motor Carriers Association, spoke to support HB 1238. We support the concept. I don't have any comment on the fees, but it is really about a user fee for our roads. As more of these vehicles come online, we want to make sure that our roads are being taken care of.

Chairman Ruby: Have you seen any electric semis in our state? They would get a huge break without having to pay a road use tax.

Mike Gerhardt: There are electric semis and fully automated semi's that are being tested today. This bill will just prepare us for the future in North Dakota.

Representative Paur: It appears this bill would also apply to semis.

Mike Gerhardt: Yes, it would.

There was no further support for HB 1238.

Brian Kopp, Dickinson, North Dakota, owner of an Electric Vehicle, spoke to oppose HB 1238 and provided written testimony for himself and **Destiny Wolf,** from Dickinson, North Dakota. See attachment 1-2. He is not opposed to the idea, but would like a correction of the numbers. He stated that EV (Electric Vehicles) drivers want to pay their fair share for driving on the road.

The numbers in the bill are not realistic for EV driving in North Dakota. I have owned a EV for the last 5 years and driven over 100,000 miles. I can give information on them.

An electric car the size of as a gas vehicle is going to be slightly heavier. On the same note if we are talking about road use and actual studies based on weight, we all know that we subsidize over-the-road trucking very heavily.

The first attachment that Brian distributed was definitions for EVs. See attachment #1.

If we take the average right now of 25 mpg, (Which is unrealistic because my car is rated for 80 mpg, and my parent's vehicle is rated for 118 mpg.) according to the Highway Federal Administration the average North Dakota vehicle travels 10, 400 miles per year. That would equal 416 gallons of fuel per year. If we multiply that times by North Dakota's \$0.23 per gallon road tax, we arrive at \$95.68. If we divide that out, we come out to just under \$0.01 per mile. The bill is requesting \$0.015, and the math says \$0.0092, or 63% more than the statistics would show. I don't find that to be equitable for the EV vehicles, but as an EV driver I would like to pay my fair share of road tax.

Attachment #2 is provided testimony written by **Destiny Wolf, Dickinson, North Dakota**. She has the same opinion, that EV drivers want to pay their share, however, but it has to be a fair calculation.

My recommendation for the flat fee to be fair would be to drop it to \$120 a year.

20:00

Information about the use of an Electric Vehicle in North Dakota in the present.

Representative Owens: I appreciate your information. Just for a correction, in North Dakota we have to pay \$0.414 because we still have to pay the federal portion.

Brian Kopp: The state can't collect a federal tax though. A gas station may have to submit the federal tax that they collect themselves.

Representative Owens: The flat fee was proposed at \$120 two years ago.

Representative Hager: Do you drive out-of-state more because there are no charging stations in North Dakota?

Brian Kopp: Yes, North Dakota has no infrastructure. South Dakota has designated charging. The Tesla company has set up charging all around the US. North Dakota is the last state to get our chargers because there are so few cars here. It appears that they are going in this summer. VW will be helping fund these as well.

Representative Westlind: When you go to South Dakota and stop at a charging unit, what does it cost and how many miles do you go on that?

Brian Kopp: 80% is full in my car, I don't have to pay anything, Tesla pays it all. My parent's vehicle is rated to be fully autonomous and has driven me to Bismarck and back with me just watching. If they were taking trips out-of-state, an 80% charge in SD would be about \$8.00.

Representative Westlind: Is there any tax on the fees you pay to charge, and is any of it Federal Road Tax?

Brian Kopp: It depends on what state you are in. Every state sets their own fee.

Representative Westlind: What is the cost per mile for electricity?

Brian Kopp: It depends on the vehicle. The more efficient ones like a Model 3 would be around to 2 to 3 cents per mile in North Dakota. In winter it may be about three times the car's rated energy use per mile. In summer I am around 3 ½ to 4 cents per mile, and in the winter I can see up to 12-15 cents per mile.

Jason Wetzel, Regional Director for Government Relations for General Motors, spoke in opposition to HB 1238. See attachments 3-4.

There was no further opposition to HB 1238.

35:00

Andrew Alexis Varvel, Bismarck, North Dakota, spoke in a neutral capacity on HB 1238. Written testimony was provided. See attachment #5. He was mainly concerned about an equivalent tax.

38:56

Linda Sitz, North Dakota Department of Transportation, Strategic Innovation Manager, spoke in a neutral capacity on HB 1238. Written testimony was provided. See attachment #6.

Representative Paur: You stated that we have 141 electric vehicles in North Dakota. I think that if we implement this bill, it would apply to all vehicles: semis, UPS vans, etc. They would all have to pay the fee. We could then use that for an instrument to track if the industry is migrating to electric. If we have 141 vehicles, can we already track that? If UPS had an electric van could you provide those numbers, or would this bill provide those numbers?

Linda Sitz: Currently, the Motor Vehicle System does not track the difference between the types of vehicles. That is why there is a note in the fiscal note that there is a provision that they need to change the Motor Vehicle System, so that it can separate the types of vehicles and track them.

Representative Paur: You stated that there are 141 electric vehicles.

Linda Sitz: We used an outside source to get that information.

Chairman Ruby: In the fiscal note, to have the different kind of vehicles tracked, it would be \$20,000?

Linda Sitz: According to this we would just change our system. This would be the cost of programming the system, and then we would be able to do that information directly at our own offices.

The hearing was closed on HB 1238.

2019 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee Fort Totten Room, State Capitol

HB 1238-2
1/31/2019
#31943

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Jeanette Cook

Explanation or reason for introduction of bill/resolution:

A BILL relating to a fee for electric vehicles.

Minutes:

Attachment 1

Chairman Ruby brought HB 1238 back before the committee and provided an amendment.

Chairman Ruby: The Senate has a bill that does a lot of the same things as this one does. It doesn't have the odometer portion, which the Department of Transportation is concerned about. They think it may be an area that is inaccurate. We heard from one of the presenters about verifying which state you have been driving in when reporting mileage. The Senate bill has a study. That was added to the amendment for this bill, HB 1238. See attachment #1.

I like the idea of the industry setting up the charging stations.

Representative Paur moved the amendment .02001.

Representative Hanson seconded the motion.

A voice vote was taken.

The motion carried.

Representative Hanson: I would like to discuss an amendment on the amount of the fee from \$180 to a different amount. The average of the states that have these fees is \$109.70. Brian Kopp, who testified, suggested \$120. I wonder if we could make a motion to amend it to \$120.

Representative Weisz: In addition to that I would eliminate the cents per mile.

Representative Hanson moved to change the fee to \$120 and eliminate the cents per mile.

Representative Weisz seconded the motion.

Representative Owens: I would remind you that the \$120 was based on the wrong amount of tax. When you consider the actual gas tax to make it equable for what they are doing, it is actually a little over \$200. So, \$180 is still a deal for them. The reason VMT was added was because we did have e-mails from people that complained, "What if I only drive 3,000 miles? Why do I have to pay for 12,000 miles?" The BMT was put in from the very start to provide the equity for some that may not drive as much as some of the others.

Representative Hanson: I think that we have the opportunity to adjust the amount in future legislative sessions. One thing we need to consider now, since this is such a new technology, is that we don't want to make it hard to get into this area.

Vice Chairman Rick C. Becker: I would respectfully disagree with Representative Owens. I think we did straight forward calculations that were correct.

**A voice vote was taken on the amendment.
The motion carried.**

Representative Owens read the bill as it would be with the amendments.

**Representative Owens moved DO PASS on HB 1238 as amended.
Representative Grueneich seconded the motion.**

Vice Chairman Rick C. Becker: I am going to resist the motion. I understand the intent of the bill. It drives at how we pay for our roads. As we just exhibited, the better your gas mileage, the less you are contributing. Full gas vehicles are currently not going to be paying an equal share, even compared to electric vehicles. We talked about electric semis and this wouldn't even touch what they contribute to road wear. We are going to have to go to some kind of consumptive model. I am suggesting that this bill is such a meaningless thing, that this is not even close to right. The revenues that we have from this will be minus \$700. We will lose money to try to implement something to try to tax 144 people. I think this needs to come in two to four years. Everyone knows we need to fund our roads in a different manner.

Representative Westlind: I will resist the motion. I think that \$180 is not too much to pay for someone driving a \$70,000 or \$80,000 car. I don't think that having another study is going to solve anything.

Representative Owens: Semis already pay BMT. That is the way they pay their current gas tax. I believe when they start using electric vehicles, they are not going to pay their taxes differently. This isn't an issue about the trucks. We are just trying to start a baseline to begin with for EVs.

Chairman Ruby: I think the gentleman that spoke in a neutral capacity was on to something. He was looking at energy usage, and he made some good points. It would be hard to figure out how to apply that.

Vice Chairman Rick C. Becker: I am relieved we brought it down to \$120 because now we are only the 7th highest in the nation for EV fee.

A roll call vote was taken on a DO PASS as amended on HB 1238.

Aye 6 Nay 8 Absent 0. The motion failed.

Vice Chairman Rick C. Becker moved a DO NOT PASS as amended on HB 1238.

Representative Kading seconded the motion.

A roll call vote was taken: Aye 7 Nay: 7 Absent 0

Chairman Ruby: I don't like to take a bill out of committee without a recommendation. We will hold on to the bill.

2019 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

HB 1238
2/1/2019
#32006

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Jeanette Cook

Explanation or reason for introduction of bill/resolution:

A BILL relating to a fee for electric vehicles.

Minutes:

Attachment 1

Chairman Ruby brought HB 1238 back before the committee. He provided a copy of the amendment that we voted on yesterday, so we could see it completed. See attachment #1.

Representative Weisz moved an amendment to remove the study from the bill.

Representative Kading seconded the motion.

A roll call vote was taken. The motion passed.

Representative Owens moved a DO PASS as amended on HB 1238.

Representative Weisz seconded the motion.

A roll call vote was taken: Aye 7 Nay 6 Absent 1

The motion carried.

Representative Nelson will carry HB 1238.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1238

Page 1, line 2, after "vehicles" insert "; and to provide for a legislative management study"

Page 1, after line 12, insert:

"SECTION 2. LEGISLATIVE MANAGEMENT STUDY - ELECTRIC VEHICLE INFRASTRUCTURE NETWORK. During the 2019-20 interim, the legislative management shall consider studying current methods, using the electric vehicle infrastructure coalition, led by the department of transportation, to collaborate with the North Dakota utility industry, and North Dakota electric vehicle stakeholder groups, to design a jointly owned public and private network of electric vehicle infrastructure to support both commercial and noncommercial vehicles and make recommendations regarding electric vehicle charging infrastructure. The study must include the evaluation of the relative costs and benefits associated with various options for electric vehicle infrastructure support and estimate the future annual economic impact. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-seventh legislative assembly."

Renumber accordingly

February 1, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1238

Page 1, line 8, replace "eighty" with "twenty"

Page 1, line 8, remove "In lieu of the"

Page 1, remove lines 9 and 10

Page 1, line 11, remove "department and pay a fee of one and one-half cent per mile."

Renumber accordingly

Date: 1-31-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1238

House Transportation Committee

☐ Subcommittee

Amendment LC# or Description: 19.0558.02001

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐

Motion Made By Paur Seconded By Hanson

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN RUBY			REP LAURIEBETH HAGER		
VICE CHAIR BECKER			REP KARLA ROSE HANSON		
REP JIM GRUENEICH			REP MARVIN NELSON		
REP TERRY JONES					
REP TOM KADING					
REP EMILY O'BRIEN					
REP MARK OWENS					
REP BOB PAULSON					
REP GARY PAUR					
REP ROBIN WEISZ					
REP GREG WESTLIND					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 1-31-19
Roll Call Vote #: 219

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1238

House Transportation Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Hanson Seconded By Weisz

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN RUBY			REP LAURIEBETH HAGER		
VICE CHAIR BECKER			REP KARLA ROSE HANSON		
REP JIM GRUENEICH			REP MARVIN NELSON		
REP TERRY JONES					
REP TOM KADING					
REP EMILY O'BRIEN					
REP MARK OWENS					
REP BOB PAULSON					
REP GARY PAUR					
REP ROBIN WEISZ					
REP GREG WESTLIND					

Voice Vote
Carried

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Line 8 Amend fee to \$120 and
line 11 eliminate \$ per mile
eliminate line 11 to "cents per mile."

Date: 1-31-19
Roll Call Vote #: 3

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1238

House Transportation Committee

☐ Subcommittee

Amendment LC# or Description: 19.0558.02002

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐

Motion Made By Owens Seconded By Gruneich

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN RUBY	X		REP LAURIEBETH HAGER		X
VICE CHAIR BECKER		X	REP KARLA ROSE HANSON	X	
REP JIM GRUENEICH	X		REP MARVIN NELSON		X
REP TERRY JONES		X			
REP TOM KADING		X			
REP EMILY O'BRIEN	X				
REP MARK OWENS	X				
REP BOB PAULSON		X			
REP GARY PAUR		X			
REP ROBIN WEISZ	X				
REP GREG WESTLIND		X			

Total (Yes) 6 No 8

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 1-31-19
Roll Call Vote #: 4

2019 HOUSE STANDING COMMITTEE

ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1238

House Transportation

Committee

☐ Subcommittee

Amendment LC# or Description: 19.0558.02002

Recommendation:

☐ Adopt Amendment

☐ Do Pass

☒ Do Not Pass

☐ Without Committee Recommendation

☒ As Amended

☐ Rerefer to Appropriations

☐ Place on Consent Calendar

Other Actions:

☐ Reconsider

☐

Motion Made By Becker Seconded By Kading

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN RUBY		X	REP LAURIEBETH HAGER	X	
VICE CHAIR BECKER	X		REP KARLA ROSE HANSON		X
REP JIM GRUENEICH		X	REP MARVIN NELSON		X
REP TERRY JONES	X				
REP TOM KADING	X				
REP EMILY O'BRIEN		X			
REP MARK OWENS		X			
REP BOB PAULSON	X				
REP GARY PAUR	X				
REP ROBIN WEISZ		X			
REP GREG WESTLIND	X				

Total (Yes) 7 No 7

Absent 0

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Remained in committee.

Date: 2-1-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1238

House Transportation Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment

☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation

☐ As Amended ☐ Rerefer to Appropriations

☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐

Motion Made By Weisz Seconded By Kading

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN RUBY			REP LAURIEBETH HAGER		
VICE CHAIR BECKER			REP KARLA ROSE HANSON		
REP JIM GRUENEICH			REP MARVIN NELSON		
REP TERRY JONES					
REP TOM KADING					
REP EMILY O'BRIEN	A				
REP MARK OWENS					
REP BOB PAULSON					
REP GARY PAUR					
REP ROBIN WEISZ					
REP GREG WESTLIND					

	(Yes)	No
Total	1	1

Absent _____

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Eliminate the study.

Date: 2-1-19
Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1238

House Transportation Committee

☐ Subcommittee

Amendment LC# or Description: 19.0558.02003

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐

Motion Made By Owens Seconded By Weisz

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN RUBY	X		REP LAURIEBETH HAGER		X
VICE CHAIR BECKER		X	REP KARLA ROSE HANSON	X	
REP JIM GRUENEICH	X		REP MARVIN NELSON	X	
REP TERRY JONES		X			
REP TOM KADING		X			
REP EMILY O'BRIEN	A				
REP MARK OWENS	X				
REP BOB PAULSON	X				
REP GARY PAUR		X			
REP ROBIN WEISZ	X				
REP GREG WESTLIND		X			

Total (Yes) 7 No 6

Absent 1

Floor Assignment Nelson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1238: Transportation Committee (Rep. D. Ruby, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). HB 1238 was placed on the Sixth order on the calendar.

Page 1, line 8, replace "eighty" with "twenty"

Page 1, line 8, remove "In lieu of the"

Page 1, remove lines 9 and 10

Page 1, line 11, remove "department and pay a fee of one and one-half cent per mile."

Renumber accordingly

2019 SENATE TRANSPORTATION

HB 1238

2019 SENATE STANDING COMMITTEE MINUTES

Transportation Committee Lewis and Clark Room, State Capitol

HB 1238
3/7/2019
Job #33391

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Liz Stenehjerm and Alicia Larsgaard
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Explanation or reason for introduction of bill/resolution:

A bill relating to a fee for electric vehicles.

Minutes:

1 Attachment

Representative Owens, District 17, Grand Forks: I bring a bill that wishes to ensure that our highway infrastructure fee is designed for user fees. There is a segment of the population that does not pay a penny for using the highways. This bill talks about motor vehicles that are powered electrically. The reason I did that is because Hybrids do use some form of gas in many cases. There are two types of Hybrid vehicles. There is one that uses breaking power. It uses gas. So, that one is already paying gas tax. The other one is a plug in. Even though it is a Hybrid, it uses electricity off the grid. That in itself, would be an electric powered vehicle. This would also include electric motorcycles. We understand someone is coming out with that this summer. The point of the bill is that the longer we wait, the more difficult it is going to be to have this segment of the driving population pay their fair share. This bill is predicated on one cent per mile to cover the gas tax that would be lost based on the average number of miles. There are some people that say 15,000. For years, when you are determining the use, age, and trade in value of a car, it is 12,000 miles a year. That is what considered the average normal mileage. This is predicated on 12,000 miles a year. It is \$120 a year. The bill in the house, did have VMT in it. That is vehicle miles taxed. After the first year of the \$120, you could come in with an affidavit and say this is the number of miles you have actually driven, and then you could credit that or pay more. That way, you would only pay for your actual use. At the rate of how highway maintenance is going up, the rate of gas tax is not funding the highway distribution fund both federally and the state level, we will be going to VMT tax in the future. We have already seen the discussion of electronic driver's license. That is where the policeman pulls up next to your car and pushes a button. It asked to ping your vehicle and it reports back your driver's license. That is on the horizon. It will be very easy to ping that and see what your current odometer reading is. From the last odometer reading, to this reading, it would automatically charge you when you purchase gas, or when you charge up. That is the purpose of the bill; to share the cost of the roads with those who use them.

Chairman Rust: The Senate sent to the House a better bill. That is a bill on the same subject. I think it is SB 2061. That adds things in for electric and Hybrids. If I talked to Chairman Ruby

from that committee, he told me that you have something in there now for electric motorcycles.

Representative Owens: We amended the \$110 to \$120 to go along with the one cent per mile.

Chairman Rust: It sounds like we have a conference committee coming up.

Representative Owens: That is okay. We will correct you.

Chairman Rust: If one passes, we do not need the other. If that one is a good bill, then this one will probably fail.

Representative Owens: It matters not to me, which one passes. My goal is to not have my name on any bill. I just want us to get good law. Users on the highways need to pay for using the highway. I do not care which one we pass. We did change Hybrid to plug in Hybrid, so those Hybrids that use gas are not part of it. We did increase \$110 to \$120 because we are going to VMT eventually. The one cent per mile, based on \$2.50 a gallon, equals the current 41.1 cent gas tax. That was the reason for the one cent per mile.

Blake Crosby, North Dakota League of Cities: Testified in favor. Our position is what Representative Owens said. If you use the roadways, you should pick up part of the cost. Those roadways need repair, they need maintenance, we have snow removal, and safety designs. Our position is that if you use those roadways, you should have some skin in the game of some sort. Whichever bill comes out, amended or not amended, that is as long as there are some fees attached that help support the transportation infrastructure, we are in support.

Chairman Rust: Is there anymore testimony in favor? Any in opposition?

Shawn Nelson: Testified in favor. Please see **Attachment #1** for testimony.

Jason Wetzel, General Motors: I am not opposed to the bill. I just wanted to speak to one section and offer my support for that.

As you know, the committee passed SB 2061 earlier this session. We like the approach taken by the committee to amend SB 2061 to include a legislative management study of electric vehicle infrastructure in the state. We strongly support that study. Knowing that one of the two electric vehicles will ultimately be signed into law, we would respectfully ask that the committee add the same study language into HB 1238 if that is possible.

Chairman Rust: Closed hearing on HB 1238.

2019 SENATE STANDING COMMITTEE MINUTES

Transportation Committee Lewis and Clark Room, State Capitol

HB 1238
3/21/2019
Job #34075

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk: Liz Stenehjerm and Alicia Larsgaard
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Explanation or reason for introduction of bill/resolution:

A bill relating to a fee for electric vehicles.

Minutes:

No Attachments

Chairman Rust: This is a bill where the owner of an electric vehicle would pay \$120 and deposit the money in the highway distribution fund. You will recall that SB 2061 was passed. That set the fee for electric vehicles at \$110 and Hybrids at \$50. It also included a study. The Senate version of that bill is that they added plug in vehicles. They went on electric to \$120. They also added electric motor cycles at \$20. There is a slight difference that will have to either be ironed out in a conference committee between those two bills.

Therefore, we have 1238 here that is not needed. It is in 2061. I think we should kill it.

Senator Dwyer: I move a **Do Not Pass**

Senator Fors: I **Second** the motion

Roll Call Vote Taken:

6-0-0 Do Not Pass

Carrier: Senator Fors

**2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1238**

Senate Transportation Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Dwyer Seconded By Senator Fors

Senators	Yes	No	Senators	Yes	No
Senator Rust - Chairman	X		Senator Bakke	X	
Senator Clemens - Vice Chairman	X				
Senator Dwyer	X				
Senator Fors	X				
Senator Patten	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Fors

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1238, as engrossed: Transportation Committee (Sen. Rust, Chairman) recommends
DO NOT PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1238 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

HB 1238

HB 1238
1-31-19
#1

HB 1238 Definitions:

EV – Electric Vehicle (Battery Only)

PHEV – Plug-In Hybrid Electric Vehicle (Short range battery, typically a few miles up to about 35, most around 10-20)

Hybrid – A vehicle with a small battery and electric motor that recovers some energy when braking. The vehicle is completely dependent on gasoline/diesel for propulsion.

ICE – Internal combustion engine (reference to a vehicle having an internal combustion engine, the standard vehicle presently)

Contact Info:

Brian Kopp

Dickinson, ND

Phone/Text: 701-260-3487

Email: Brian.A.Kopp@gmail.com

HB1238
1-31-19
#2

Written testimony against HB1238

I am against HB1238 as it is currently written. I am an electric vehicle owner since September 2018. I do believe that we as electric vehicle owners should be paying into the road use fund; however, I also believe that the amount should be fair and equitable to what our gas vehicle owning counterparts are paying.

Based on publicly available data from the Federal Highway Administration, the average number of miles driven in ND per vehicle annually is 11,241. The EPA reports the average MPG of vehicles is 24. North Dakota's road use gas tax is 23 cents per gallon. From these numbers, the average ND resident is paying in \$107.73 annually (based on available 2014 data). This is a difference of \$72.27. The bill does not explain where this difference is coming from, which is concerning.

I urge you to take into consideration SB2061 which will soon be going to the house floor for a vote. SB2061 has been addended to a more reasonable fee for electric vehicle owners of \$110 annually.

In testifying for changes to be made to the initial version of SB2061, I did propose a mileage based fee system of 1 cent per mile, which would bring road use fees in line with the current amount of gas tax paid by the average ND driver (112.41 based on the average miles driven per vehicle annually). This would, in my opinion, not only be the most equitable way to pay our share, but also would help to ensure the health and longevity of the road use tax revenue stream. As *all* vehicles become more efficient, the road use tax system added to gasoline costs is shrinking – as evidenced by the recent discussion of a need to raise the current gas tax amount as well as a recent report in which the state's infrastructure was given an overall "C" rating. Add to this the lack of charging infrastructure across the state. We simply cannot drive our electric vehicles in the state the way I drive my gas vehicle.

I urge you to consider either lowering the flat fee to be more in line with what our gas counterparts are paying, or, to be proactive, to move to a mileage based system of 1 cent per mile for *all* vehicles, electric, gas or diesel, reported annually, for reasons outlined above.

I commend our legislators to be forward thinking in electric vehicle legislation such as this. I appreciate our roads here in North Dakota, and hope that they stay in good repair in the years to come.

Please do not hesitate to reach out to me if you have any further questions or concerns regarding this bill or electric vehicle ownership and infrastructure.

Respectfully,

Destiny Wolf

Dickinson, ND

E-mail: destinywolfrnbn@gmail.com

Mobile: 701-989-0793

HB 1238
1-31-19
#3

General Motors Testimony: HB 1238
North Dakota House Transportation Committee
January 31, 2019

Good afternoon Chair and members of the House Transportation Committee. My name is Jason Wetzel and I am Regional Director of Government Relations for General Motors.

I appreciate the opportunity to comment on House Bill 1238, relating to a fee for electric vehicles.

While we understand the general intent of the bill, we do not believe that a fee of \$180 for initial and renewal registrations of electric vehicles is appropriate. Instead, a range of \$95-\$140 as a fee would be comparable to the state fuel taxes a typical gasoline vehicle driver would pay over a year. To that end, \$180 assumes a much higher fuel tax than that in place today in North Dakota.

HB 1238 includes an option to pay 1.5 cents/mile if a consumer wants to report her actual mileage. We believe this proposal is also excessive and unreasonable. The correct figure (comparable to gas taxes) would be 0.9 cents/mile (or round up to 1 cent/mile if necessary).

In order to reach the suggested fee range we used conservative EPA numbers: 23 cents/gal (ND state gasoline tax) X 15,000 miles/yr ÷ 25.2 miles/gal (MY 2017 average fuel economy) = \$137/yr.

Mr. Chairman and members of the Committee. We respectfully request that you oppose HB 1238 because it would be overly burdensome for electric vehicle owners, and unfortunately could also stifle interest and ownership in these vehicles.

Thank you for the opportunity to testify.



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HB 1238
1-31-19
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January 31, 2019

Hon. Dan Ruby, Chair
House Committee on Transportation
State Capitol
Bismarck, ND 58505

Re: House Bill 1238 – **Oppose** Annual Fees and VMT for Hybrid and Electric Vehicles

Dear Chair Ruby,

On behalf of the Alliance of Automobile Manufacturers, thank you for the opportunity to express our concerns with House Bill 1238. The Alliance is a trade association representing twelve of the world's leading car and light truck manufacturers, including BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America, and Volvo Car USA. Together, Alliance members account for roughly 70% of the cars and light duty trucks sold throughout the United States each year.

North Dakota is not the only state to realize that our nation's infrastructure is crumbling before us. In fact, it is a problem in most states across the United States. The Alliance applauds your past efforts in taking on the large task of revising the funding mechanisms for transportation infrastructure in the State of North Dakota.

However, House Bill 1238 imposes a new fee of \$180 to be paid at the time of registration for electric vehicles annually. While this \$180 fee may be considered by some as an equitable fee, the imposition of a new fee is punitive on consumers. In fact, it would be one of the highest electric vehicle taxes in the United States. Consumer choice is key factor in driving competitiveness in the marketplace. It does not make sense to disproportionately punish North Dakotans who purchase one vehicle or another. These fees will only stifle North Dakota's already low electrified vehicle penetration, which averages significantly less than the majority of the country - ranking 49th.

Currently, the alternative fuel vehicle market in North Dakota is not large enough to help make this proposed road funding mechanism viable. According to the North Dakota Department of Transportation, it costs the state \$2.4 million per mile built for a four-lane (two lanes in each direction) interstate road. Based on 2017 vehicle registration data and the proposed fee structure, the approximately 124 battery-electric vehicles would raise \$22,320 in tax revenue - funding roughly 1% of a mile for a four-lane state highway, or 53 feet.

Furthermore, the Alliance does not agree with the alternative option of calculating vehicle miles traveled (VMT). By simply reading the odometer, a state agency cannot accurately determine the taxes owed. This is because if a vehicle is driven out of state for a portion of the year (vacation, work, etc) the state would be collecting fees for miles driven on another jurisdiction's roadways. To retrieve an accurate reading for VMT in North Dakota, an agency

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FCA

CHRYSLER

GM

JAGUAR

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MAZDA

Mercedes-Benz

mitsubishi
MITSUBISHI
MOTORS

PORSCHE

TOYOTA

VOLKSWAGEN

VOLVO

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#4 p.2

would need to require a GPS device for accuracy. This will raise privacy concerns from consumers as we have seen in other states.

Notably, this legislation also does not account for the decrease in battery output from electrified vehicles due to cold weather. Some Department of Energy reports have revealed that this decrease in output can range from 20 – 40 percent. It is no secret that temperatures in North Dakota can be frigid at times. The months spanning November through April regularly bring subzero temperatures with half of them averaging below-freezing highs and single-digit lows. This suggests battery electric vehicles are likely making less long trips due to range capabilities attributed to colder weather and the lack of a built-out charging network in the state.

The Alliance believes that HB 1238 in its current form puts an unnecessary burden on consumers and penalizes those adopting a technology that is still in the early stages of maturation. We respectfully ask that the bill receive a “do not pass” recommendation from this committee. We would be happy to discuss each in further detail as the committee considers this legislation.

Thank you for your time and consideration.

Sincerely,

Leighton Yates
Senior Manager, State Affairs

Cc: House Committee on Transportation

HB 1238
1-31-19
#5
Testimony to the House Transportation Committee

House Bill 1238
Andrew Alexis Varvel
January 31, 2019

Chairman Ruby and Members of the Committee:

My name is Andrew Alexis Varvel. I am here to present neutral testimony on HB 1238.

Three weeks ago, I testified on a similar bill, Senate Bill 2061, which has basically the same defects. House Bill 1238 uses an inappropriate funding formula to maintain our roads in the emerging era of the electric car.

I entirely agree with ensuring equal support for our road infrastructure among different kinds of motor vehicles, but this must be done right. Rather than levy a flat front loaded tax on electric vehicles or tax electric vehicles based on odometer mileage, we should tax motor vehicles equally according to their energy intake. Let's be fair toward everybody.

Just as we tax gasoline to maintain the roads, we should tax electricity to maintain the roads. The EPA's formula between gasoline and electricity is 33.705kWh/gallon of gasoline. Multiply this by 23 cents per gallon, the result would be about 7 cents per megawatt hour – rounding up. This reform would diversify the tax base for maintaining our roads, and our utility suppliers already have the requisite administration necessary to handle levying such a tax.

A per-megawatt-hour surcharge for the electric bill would ensure that not only would drivers of electric vehicles pay for our roads, but also people who don't drive but do accept deliveries from grocery stores and online retailers would pay for our roads. It is entirely appropriate to raise the electricity bill of people who accept deliveries from out-of-state corporations, including corporations that use electric vehicles on our roads – and who use drones. Given the increasing ubiquity of electronic commerce, a per-megawatt-hour surcharge would ensure that the electronic commerce sector of our economy would indirectly pay its fair share in taxes to maintain our roads.

I would be happy to answer any questions you may have on this proposal.

Andrew Alexis Varvel
2630 Commons Avenue
Bismarck, ND 58503
701-255-6639
mr.a.alexis.varvel@gmail.com

HOUSE TRANSPORTATION COMMITTEE

Date: January 31, 2019 at 9:45 a.m.

**North Dakota Department of Transportation
Linda Sitz, Strategic Innovation Manager**

House Bill 1238

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#6
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Good morning, Mr. Chairman and members of the committee. I'm Linda Sitz, the Strategic Innovation Manager at the North Dakota Department of Transportation. Thank you for giving me the opportunity to discuss this proposed bill and answer any questions.

House Bill 1238 proposes to establish fees for vehicles powered completely by electric power. There is a fee of \$180 proposed for renewal only or the owner may provide an odometer reading for the previous twelve months.

Currently there are 141 Electric vehicles (EV) and 3,849 Hybrid vehicles registered in the state. The registration fee for an EV or a Hybrid vehicle is currently the same as gas/diesel vehicles and EVs/Hybrids are documented the same as all vehicles in the Motor Vehicle computer system. An average registration fee for all types of registration, which include passenger and pickups is \$125 annually.

As we understand the bill the \$180 dollars would be added to the annual registration fee currently being charges as an attempt to collect a fee that would replicate what an average user would pay in gas taxes. So if one assumes that you drive an average of 12,000 miles per year and your vehicle averages 20 miles per gallon at the current \$0.23 for state gas tax and \$0.18 for federal gas tax then one is expected to pay \$138.00 dollars in state gas tax and \$108.00 in federal gas tax.

Additional information included on the backside of this testimony as to what other states are surcharging for Electric and Hybrid vehicles.

Thank you, Mr. Chairman, I would be happy to answer any questions.

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#6
p. 2

States Imposing Surcharges on Electric and Hybrid Vehicles (Annual unless otherwise noted)

Electric and Hybrid Vehicle Surcharges	Electric Vehicles	Hybrid Vehicles
California	\$ 100.00	\$ 0.00 A
Colorado	50.00	50.00
Georgia	200.00	0.00
Idaho	140.00	75.00
Indiana	150.00	50.00
Michigan	135.00	47.50
Minnesota	75.00	0.00
Mississippi	150.00	75.00
Missouri	75.00	37.50
Nebraska	75.00	0.00
North Carolina	100.00	0.00
Oklahoma	100.00	30.00
Oregon	110.00	0.00
South Carolina	60.00	30.00 B
Tennessee	100.00	0.00
Utah	60.00	10.00 C
Virginia	64.00	64.00
Washington	150.00	150.00
West Virginia	200.00	100.00
Wisconsin	100.00	75.00
Average	\$109.70	\$39.70

(A) Effective January 1, 2021, the California fee is indexed to the consumer price index

(B) South Carolina imposes fees biennially. The fees as shown have been annualized.

(C) The Utah fees are scheduled to increase each year through 2021. After that, they are indexed to the consumer price index.

Note: Oklahoma passed legislation imposing annual fees of \$100 and \$30 for electric and hybrid vehicles respectively. The Oklahoma Supreme Court subsequently struck down the legislation on several technicalities.

Note: Wyoming imposes a onetime fee of \$50 on electric and hybrid vehicles

Source: National Conference of State Legislatures

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1238

Page 1, line 2, after "vehicles" insert "; and to provide for a legislative management study"

Page 1, after line 12, insert:

"SECTION 2. LEGISLATIVE MANAGEMENT STUDY - ELECTRIC VEHICLE INFRASTRUCTURE NETWORK. During the 2019-20 interim, the legislative management shall consider studying current methods, using the electric vehicle infrastructure coalition, led by the department of transportation, to collaborate with the North Dakota utility industry, and North Dakota electric vehicle stakeholder groups, to design a jointly owned public and private network of electric vehicle infrastructure to support both commercial and noncommercial vehicles and make recommendations regarding electric vehicle charging infrastructure. The study must include the evaluation of the relative costs and benefits associated with various options for electric vehicle infrastructure support and estimate the future annual economic impact. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-seventh legislative assembly."

Renumber accordingly

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2-1-19
#1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1238

Page 1, line 2, after "vehicles" insert "; and to provide for a legislative management study"

Page 1, line 8, replace "eighty" with "twenty"

Page 1, line 8, remove "In lieu of the"

Page 1, remove lines 9 and 10

Page 1, line 11, remove "department and pay a fee of one and one-half cent per mile."

Page 1, after line 12, insert:

"SECTION 2. LEGISLATIVE MANAGEMENT STUDY - ELECTRIC VEHICLE INFRASTRUCTURE NETWORK. During the 2019-20 interim, the legislative management shall consider studying current methods, using the electric vehicle infrastructure coalition, led by the department of transportation, to collaborate with the North Dakota utility industry, and North Dakota electric vehicle stakeholder groups, to design a jointly owned public and private network of electric vehicle infrastructure to support both commercial and noncommercial vehicles and make recommendations regarding electric vehicle charging infrastructure. The study must include the evaluation of the relative costs and benefits associated with various options for electric vehicle infrastructure support and estimate the future annual economic impact. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-seventh legislative assembly."

Renumber accordingly

Good morning, Chairman Rust and members of the committee. For the record, my name is Shawn Nelson from Bismarck and I am opposed to HB 1238 in its current form.

The first issue I have with this bill is in that the fees imposed are very much "in your face". When buying an electric vehicle, the buyer may be aware of the fee prior to even arriving at the dealer. If they choose an EV they will be made aware of the fee when signing papers with the dealership finance office. Each year when registration notices are sent out the fee will again be put in front of the consumer in stark reality.

By contrast the fuel tax is "silent" meaning the taxes themselves are not a consideration when purchasing a vehicle or fuel. Because the fuel wholesaler remits these taxes they are simply included in the price at the pump so nothing is printed on the receipt, and nothing is posted at the pump. This is unlike even a sales tax which is added on at the end of the sale and is printed on the receipt. How many here know without receipts and a calculator what you paid in fuel taxes last year?

This difference between the two tax methods I believe is one reason why many EV owners and sales representatives see these fees as a penalty.

My recommendation to close this disparity would be to require vehicle dealers in the state to post signage in the windows of all of the vehicles for sale describing the taxes that can be expected for a years worth of driving. I have included samples of what such signage might look like with my written testimony.

Secondly, I was disappointed when the House Transportation Committee removed the per mile provision from HB 1238. No matter how much the numbers behind the fees are tweaked to be "equitable", EV drivers are always going to feel singled out by this tax because EV owners are being asked to pay in a way that is not applicable to all vehicles. In other words "separate but equal".

To remove this apparent inequity, a Vehicle Mileage Tax (VMT) must be considered for all vehicles, not just EVs and the fuels tax eventually eliminated. In 2009 the National Surface Transportation Infrastructure Financing Commission released its final report, recommending VMT as a means of financing road infrastructure that would eventually replace the fuel tax. Former U.S. Senator Kent Conrad ordered a U.S. CBO report titled "Alternative Approaches to Funding Highways" which was released in 2011 and later noted the possibility of a VMT tax as a way to solve the problem of collecting less in taxes as people move to more fuel-efficient vehicles.

I understand the concern of the ND DOT of some drivers "fudging" in their mileage reporting. There are no foolproof methods of reporting the needed information however that is no excuse for allowing perfection to be the enemy of the good. This could be mitigated by having service stations report mileage for all vehicles that they service. This information could also go toward

detecting fraudulent reporting of mileage when a vehicle is sold or title is transferred. Another possibility is to have participants in a manual reporting VMT system plug in a recording device into the vehicle diagnostic port for electronic recording of mileage at the time of registration renewal.

I also recognize the concern of the testimony presented to the House Committee on HB 1238 that the manual reporting option did not have a mechanism for not paying for mileage driven in another state. I would point out that this same flaw exists with the fuel tax. For example if a person purchased 13 gallons of fuel in Detroit Lakes, MN, his vehicle would only need to get 29 MPG on the highway to reach Glendive, MT (a 435 mi drive) without filling any fuel in North Dakota. Because his initial tank of fuel was purchased in Minnesota all of the funds generated from the trip would go to Minnesota. I found 490 non-EV vehicle models on the EPA fuel economy guide that were rated for at least 29 MPG on the highway.

As I have thought about the issue I believe an effective VMT design is ultimately going to have four parts, allowing the vehicle's owner to choose according to their level of comfort:

- GPS enabled electronic mileage reporting
- Non-GPS enabled electronic mileage reporting
- Manual mileage reporting
- Flat fees

For comparison purposes I have outlined my thoughts on the characteristics of these tax structures as well as the fuel tax and the current proposed fees on EVs on the page of my written testimony titled "Highway Tax Characteristics".

I do not expect that any sort of VMT should be created with this bill. I do believe that the Legislative Management should be directed to work with state privacy organizations, ND DOT, and other relevant parties to begin drafting legislation for the 67th Legislative session for a pilot VMT program. I would point out to the committee that Oregon has been engaged in such pilot programs since 2007 and is currently engaged in an interoperability pilot with Washington state and California. By working with Oregon on our own pilot program North Dakota can become a leader in the Great Plains region for how to raise state highway funds in a truly equitable fashion. We may also bring to the table some of our own ingenuity. After all while Oregon unleashed the gas tax on the U.S. in 1919, the block heater was invented in North Dakota around 1940.

Thank you for giving me an opportunity to speak on HB 1238.

Shawn Nelson
Bismarck, ND
(701)255-7061

Sample signage for a gasoline powered
vehicle with a an EPA Combined MPG
rating of 20 MPG

This vehicle is expected to pay an estimated
annual total of

\$248.40

in fuel taxes based on 12,000 miles per year at 20
MPG.

This includes \$138 for North Dakota State fuel tax
of \$0.23/gallon and \$110.40 in Federal fuel tax of
\$0.184/gallon.

Purchasing fuel in another state will subject the fuel purchase to the fuel taxes of that state.

Sample signage for an all electric EV

This vehicle is subject to an annual fee of
\$120.00

to be paid in addition to the yearly registration fees to pay for road maintenance. All of this fee will be deposited in the North Dakota Highway Distribution Fund. At this time there are no fees imposed by the federal government for the Highway Trust Fund.

Registering this vehicle in another state will subject this vehicle to the registration fees of that state.

Office of Energy Efficiency and Renewable Energy

(<https://www.energy.gov/eere/electricvehicles/electric-vehicle-basics>)

Types of EVs

EVs (also known as plug-in electric vehicles) derive all or part of their power from electricity supplied by the electric grid. They include AEVs and PHEVs.

AEVs (all-electric vehicles) are powered by one or more electric motors. They receive electricity by plugging into the grid and store it in batteries. They consume no petroleum-based fuel and produce no tailpipe emissions. AEVs include Battery Electric Vehicles (BEVs) and Fuel Cell Electric Vehicles (FCEVs).

PHEVs (plug-in hybrid electric vehicles) use batteries to power an electric motor, plug into the electric grid to charge, and use a petroleum-based or alternative fuel to power the internal combustion engine. Some types of PHEVs are also called extended-range electric vehicles (EREVs).

Highway Tax Characteristics

The following table lists characteristics of various methods of taxing users for highway use. The characteristics listed are my personal thoughts.

	Fuel Tax	Registration Road Use Fees (current proposals)	GPS Vehicle Mile Tax (VMT) or Road Use Charge (RUC)	Non GPS Vehicle Mile Tax (VMT) or Road Use Charge (RUC) - Electronic Reporting	Non GPS Vehicle Mile Tax (VMT) or Road Use Charge (RUC) - Manual reporting	Registration Road Use Fees (as part of VMT)
Consideration when buying vehicle	None - Silent	Upfront	None	None	None	None
Road payment	Indirect (consumption tax)	Direct only for roads within state of registration Varies with actual miles driven vs average used in law	Direct	Direct only for roads within state of registration	Direct only for roads within state of registration	Direct only for roads within state of registration Varies with actual miles driven vs average used in law
Per mile cost	Varies with fuel efficiency		Fixed by law	Fixed by law	Fixed by law	
Out of State Drivers	Pays if purchasing fuel within state	Do not pay	Each mile in state is paid for	Do not pay	Do not pay	Do not pay
Road payment responsibility	All users of roads	Only owners within state	All users of roads All vehicles Model Year 1996 and newer except diesel vehicles 2006.	Only owners within State All vehicles Model Year 1996 and newer except diesel vehicles 2006.	Only owners within State	Only owners within state
Applicability	Fuels sold by volume or weight	EVs	Out of state excluded, off- road (pastures/fields) can be excluded. If allowed in law counties, townships, cities can add own fee similar to sales tax.		All vehicles	All vehicles not in VMT
Granularity	Purchases made within state.	None	Monthly, quarterly, semi- annually, yearly with income tax or registration or any combination as allowed by law	None Monthly, quarterly, semi- annually, yearly with income tax or registration or any combination as allowed by law	None	None
Payment Flexibility	Consumer may choose how much fuel to purchase and when.	In full with regular registration fee.			More often than annual likely to generate large overhead and non- compliance.	More often than annual likely to generate large overhead and non- compliance.
Credit for trade in/loss/long term disuse	Automatic	No	Automatic	Automatic	Automatic	No
Impact on low income drivers.	Greater amount likely to be paid by low income drivers as those drivers may find it difficult to afford newer more efficient vehicles.	Difficult to pay all at once with existing registration fees.	Varies with Legislation	Varies with Legislation	May be difficult to pay at same time as registration fees depending on miles driven.	Difficult to pay all at once with existing registration fees.
Credit for taxes paid through fuel tax	n/a	No	Yes	Yes	Yes	No

Highway Tax Characteristics

The following table lists characteristics of various methods of taxing users for highway use. The characteristics listed are my personal thoughts.

	Fuel Tax	Registration Road Use Fees (current proposals)	GPS Vehicle Mile Tax (VMT) or Road Use Charge (RUC)	Non GPS Vehicle Mile Tax (VMT) or Road Use Charge (RUC) - Electronic Reporting	Non GPS Vehicle Mile Tax (VMT) or Road Use Charge (RUC) - Manual reporting	Registration Road Use Fees (as part of VMT)
Heavy Vehicles	Usually pay more as a function of increased consumption.	If written into law.	If written into law.	If written into law.	If written into law.	If written into law.
Flexibility with weight change.	Load changes automatically change consumption.	No	Deviation from normal consumption could determine weight change	Deviation from normal consumption could determine weight change	No	No
Privacy issues	None	None	Law must be written to control what data is collected, how used, what specific information agencies can access, and what circumstances, safeguards against data theft	Limited to regular reporting of odometer and fuel consumption	Limited to regular reporting of odometer readings	None
Deployment timeframe	Deployed	Months	Years	Years	Months	Months
Extra equipment	No	No	Yes	Yes	No	No
Place in VMT System	Legacy - to be phased out	To be expanded to all vehicles as part of VMT	Most accurate	Those with concerns with GPS reporting.	Those with concerns about any electronic reporting or vehicles too old to use electronic reporting.	Punitive for failure to report or those unwilling to use any reporting.
Miles paid for:	In advance only for range of fuel purchased	In advance for year.	In arrears for miles driven.	In arrears for miles driven.	In arrears for miles driven.	Depends on how law is written.
Allow cities, townships, counties ability to set additional fee.	No	No	Yes	No	No	No

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