

Opposition to House Bill 1464

March 22, 2021

Senate Finance & Taxation Committee

My name is Josh Fisher and I am writing on behalf of the Alliance for Automotive Innovation, which represents the auto manufacturers that produce nearly 99 percent of cars and light trucks sold in the U.S. I want to express our concerns with HB 1464 as amended. As amended, the bill increases the annual road use fees for battery electric (BEVs) and plug-in hybrid vehicles (PHEVs). Prior to the house committee adding these fees into the bill, we had no position on HB 1464. But with the section of the bill increasing fees, we oppose the bill.

In 2019, the legislature instituted the current fee structure on electric vehicles by establishing a \$120 fee for electric vehicles and a \$50 fee on plug-in hybrids. These are reasonable fees and comparable to what drivers of gas-powered vehicles pay in annual gas taxes. That effort was thoroughly debated in 2019.

According to information from [Federal Highway Administration](#), the average vehicle miles traveled in North Dakota is 12,867. The average fuel efficiency of all vehicles is 24.9 miles per gallon, meaning that the average number of gallons of fuel consumed was 517. Using the North Dakota gas tax of .23 cents a gallon that adds up to \$118.91 in annual gas tax paid. This aligns with the current fee of \$120 for BEVs.

Raising the fee on BEVs does not align with what the average resident pays in gas tax and creates a powerful disincentive to consumers considering the purchase of an electric vehicle. Taxing owners of PHEVs means these owners are being taxed twice. First when they purchase gas and then with an additional registration fee.

Federal, state, and private studies consistently conclude that consumer acceptance of this technology is critically important, cite price as a barrier to adoption of the technology, and note the need for additional incentives. Some of those studies also highlight that market demand can be greatly influenced by the experience and opinions of the early adopters of this technology.

The increased fees will also put North Dakota out of alignment with your neighboring states. South Dakota enacted a \$50 fee this session and Montana, which currently does not impose an EV fee, is considering one that aligns with what the average driver pays in gas tax each year. i

High registration fees or additional taxes on electric vehicles create a chilling effect on consumer purchases. Given that the market for these vehicles is still developing, now is the time to remove barriers to their purchase. It is through investments in infrastructure, incentivization, and consumer education that we see increased sales and production of electric vehicles.

Thank you for your consideration of our position. Let me know if I can provide additional information.

Josh Fisher
Director, State Affairs
Alliance for Automotive Innovation