

Finance and Taxation Committee members,

I am writing to you in regards to HB 1464 and the proposed changes for road use fees as pertains to electric vehicles (EV).

The EV road use fee is already disproportionately high compared to fuel taxes. The proposed increase to the EV road use fee is simply unjustifiable and is a disincentive when consumers consider purchasing an EV.

The current EV road use fee of \$120 / yr is based on the formula of \$0.01/mi @ 12,000 mi per year. This is a very well established cost of use formula. As this is currently enacted as a fixed fee; it is not entirely equitable as it rewards those that drive more than 12,000 mi / year and penalizes those that do not.

As you may know, 2020 was an unusual year and I found myself no longer having to drive for work and avoiding trips for leisure as well. The \$120 I paid to the State of North Dakota was certainly not a fair deal for me. I expect 2021 to improve in this regard, but likely I will travel less than half of what I did in 2019.

As outlined in Section 4 of HB 1464, the "LEGISLATIVE MANAGEMENT STUDY - IMPACT OF ELECTRIC VEHICLES ON TRANSPORTATION FUNDING" proposed during the 2021-22 interim is needed to better understand how the decreased fuel tax collection will affect transportation funding. Therefore the revised proposal of \$200 for EV road use is unjustified and unreasonable at this juncture given the acknowledgement that the situation is not well understood. This EV road use fee would be increased disproportionately for a segment that encompasses a tiny fraction of the total vehicles in North Dakota. I trust that there is not a hidden agenda to make EVs less appealing to North Dakota consumers.

A far better solution for all involved would be to place a tax on gross vehicle weight and miles traveled. I do understand this would be more accounting work, but it would be far more equitable for all consumers and businesses alike. Similarly, it would decouple the taxation revenue from volatile oil prices, fuel or electricity consumption, and would open the door for further EV adoption by removing this 'wall' of an exorbitant road use fee.

HB 1464 as it applies to the EV road use fee must be rejected until a better solution to revenue can be found.

Best Regards,

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