

FISCAL NOTE
Requested by Legislative Council
02/02/2015

Amendment to: HB 1334

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 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).*

As amended, this bill provides for an additional registration fee of \$100 per year for vehicles that are completely powered by electricity.

- 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.*

This bill would generate \$100 additional revenue for the Highway Tax Distribution Fund for each registered vehicle that is totally powered by electricity. We have no way to determine the number of vehicles that would be registered under this provision, therefore we have no way to determine the fiscal impact.

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.*

- 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.*

- 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.*

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 02/04/2015

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1334

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 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).*

This bill provides for an additional registration fee of \$200 per year for vehicles that are completely powered by electricity.

- 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.*

This bill would generate \$200 additional revenue for the Highway Tax Distribution Fund for each registered vehicle that is totally powered by electricity. We have no way to determine the number of vehicles that would be registered under this provision, therefore we have no way to determine the fiscal impact.

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.*
- 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.*
- 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.*

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/15/2015

2015 HOUSE TRANSPORTATION

HB 1334

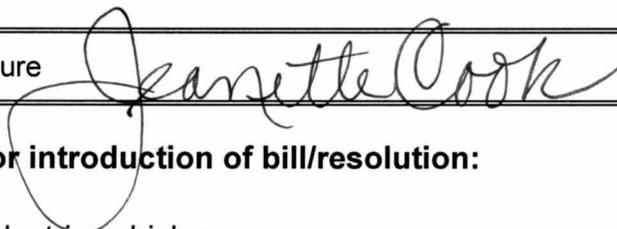
2015 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

HB 1334
1/30/2015
#22906

Subcommittee
Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill relating to a fee for electric vehicles.

Minutes:

Attachment #1

Chairman Dan Ruby opened the hearing on HB 1334.

Rep. Mark Owens introduced HB 1334. He explained that electric cars do not pay a road tax because they do not use fuel which has a road tax added to it. This bill recommends a vehicle miles tax for vehicles that are 100% electric powered. Upon registration an additional fee of \$200 will be paid and deposited into the Highway Distribution Fund. There is a formula behind the vehicle miles tax; it is based on approximately 1.656 cents per mile. This equates to the \$0.414 gas tax that we have based on an average of 25 mpg times 12,000 miles, which is average per year. That comes out to \$198.72 and \$1.28 for administrative fee = \$200. It would be good to get this into Code before we have a large increase of electric cars.

Representative Lois Delmore: Would this be collected by the Department of Transportation?

Rep. Mark Owens: Yes, it will be collected during registration as an additional fee when you register the vehicle to drive in North Dakota.

Representative Lois Delmore: They are going to ask somewhere if it is an electric vehicle, aren't they?

Rep. Mark Owens: I did not look into how the car is reported for registration, and whether or not the information would be part of the description of the vehicle. If it is not, there would have to be a question to determine that.

Chairman Dan Ruby: Will this be an annual fee?

Rep. Mark Owens: Yes, you pay every year when you get your license plate sticker.

Representative Rick C. Becker: If the concern is that everyone pays their fair share, are you suggesting that there be a \$100 tax for hybrid vehicles, or a \$50 tax for high efficiency vehicles?

Rep. Mark Owens: Your question implies that we want to penalize high efficiency vehicles, just because they are high efficiency. They still use gasoline and pay highway tax. We have not switched over to a straight highway vehicle miles tax in the United States. Some states are studying that. That is not what I am suggesting.

Representative Ben Hanson: Do you know of any federal legislation that would supersede this if we adopted this law?

Rep. Mark Owens: The federal government hasn't done that yet. They are actively working on and funding these VMT tests all over the United States.

Representative Ben Hanson: Had you considered putting in an inflationary increase? I'm not a big fan of stagnant dollar amounts.

Rep. Mark Owens: I didn't bother to do that because we haven't raised the gas tax in so long. If you linked it to the CPR, then it would become arbitrary against electric vehicles vs the other ones.

Chairman Dan Ruby: Did you set the dollar amount because we do set the dollar amount on registration at this point?

Rep. Mark Owens: I was trying to make this as unobtrusive on the electric car owner as possible. Originally, I had thought about using the miles driven.

Representative Marvin Nelson: I am wondering what you are using as a definition for vehicle in this case? There are a lot of kinds of electric vehicles: golf carts, electric UTVs, and even electric scooters.

Rep. Mark Owens: That is a good point. Maybe we want to add passenger car, pick-up truck, and house car. That way we would rule out the golf carts, etc. This would only be for registered vehicles. It is intended for vehicles used on the roadway.

Russ Hanson, Association of General Contractors, spoke to support HB 1334. His association has long been supportive of user fees to take care of the maintenance and construction on the roads. Since this creates a policy to enact a way for vehicles that don't contribute to their use of the road, to do so. They like the concept.

Arik Spenser, Motor Carriers Association, spoke to support HB 1334. As an association that represents businesses that don't like to pay a lot of tax, we are sensitive to the comments about unfairly taxing people. At the same time, we do need to find a way to pay for our roads. Fuel costs are one of the biggest costs that our industry incurs. We are always looking for ways to minimize those costs or lower those costs. At the same time, we at a national level as an industry are advocating for an increase in the gas tax, because the Federal Highway Fund is in such a dire situation, that we can't pay for our roads.

Everyone should pay for the use of the roads. We applaud those who take steps to pay less, but those vehicles impact the roads to some degree as well.

Mike Rud, North Dakota Petroleum Marketers, spoke to support HB 1334. We are not in favor of tax of any kind on gas or diesel fuel, but we will let the federal government figure that out in Washington. There are many more of these electric vehicles today. Some businesses even have places where you can drive up and plug in your vehicle. We believes that we do need to something to tax those vehicles because they are using the road. I think \$200 is fair.

There was no further support for HB 1334.

Joel Gilberson, Alliance of Automobile Manufacturers, spoke on behalf of **Renee Wadsworth, Auto Alliance State Affairs**, in opposition of to HB 1334. Written testimony was provided. See attachment #1.

There was no further opposition to HB 1334.

Chairman Dan Ruby: Is there some way to distinguish an electric vehicle, so it is clear to the Department of Transportation that it is electric?

Joel Gilbertson: We know, but I don't know if the Department of Transportation has access that data.

The hearing on HB 1334 was closed.
(Break)

(22:41)

Rep. Mark Owens: The formula I used was computed off the \$0.414 which includes both federal and state taxes. It has also been stated that these cars probably drive less than a normal car (12,000 mi.). So, if you are uncomfortable with the \$200, after looking at those facts, I will give you some options:

- We could change the \$0.414 by classifying it into a hybrid car. It would then be based on 40 mpg, so it would be go from \$200 down to \$125.
- If you only did state tax, the difference would be \$69 versus \$111.
- We also might want to change vehicle to motor vehicle.

Representative Robin Weisz moved an amendment (15.0698.01001). It changes \$200 to \$100 and changes the language on line 7 of the bill insert "motor" in front of vehicle.

Vice Chairman Lisa Meier seconded the motion.

Representative Ben Hanson: Representative Robin Weisz, what was your motivation for the dollar reduction?

Representative Robin Weisz: It relates to the discussion on hybrid vehicles. An electric car should probably pay at least the equivalent of what a hybrid would pay. It is an arbitrary number.

Representative Gary Paur: Isn't North Dakota supposed to get the federal tax gas tax back to use for roads in North Dakota?

Chairman Dan Ruby: It is in general. North Dakota is a donee state because we usually get back more than we send in to the federal.

Representative Robin Weisz: Historically, we get \$2.20 back in federal highway funds for every \$1.00 of highway tax we send to D.C.

Representative Robert Frantzvog: Is the \$100 considering the use of the vehicle year around, or for six months?

Representative Robin Weisz: You register them for 12 months regardless of the amount of time that you use it. It is the same as any vehicle.

A voice vote was taken on the amendment. (15.0698.01001) The motion carried.

**Vice Chairman Lisa Meier moved a DO PASS as amended on HB 1334.
Representative Lois Delmore seconded the motion.**

Representative Rick C. Becker: I will resist the motion. I understand the intent of the bill, and I think we will need to go in the direction of addressing the fact that the revenue from gas tax will steadily decrease as the efficiency increases. I think that this is trying to address a huge task by doing something that is very, very, little. It will just bring in, at the current time, \$1,100 in revenue. It is an interesting concept, but I don't think that it does anywhere what it is intended to do in the big picture.

**A roll call vote was taken on HB 1334: Aye 10 Nay 2 Absent 2
The motion carried.**

Vice Chairman Lisa Meier will carry HB 1334.

January 30, 2015

EPH
1-30-15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1334

Page 1, line 2, after "electric" insert "motor"

Page 1, line 6, after "**electric**" insert "**motor**"

Page 1, line 7, after the second "a" insert "motor"

Page 1, line 8, replace "two" with "one"

Renumber accordingly

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1334**

House Transportation Committee

Subcommittee

Amendment LC# or Description: 15.0698.01001

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

Representative Robin
 Motion Made By Weisz Seconded By Vice Chairman Lisa Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman Ruby			Rep. Delmore		
Vice Chairman Meier			Rep. Hanson		
Rep. Rick Becker			Rep. Nelson		
Rep. Frantzvog					
Rep. Hawken					
Rep. Olson					
Rep. Owens					
Rep. Paur					
Rep. Schatz			VOICE VOTE		
Rep. Sukut			Motion Carried		
Rep. Weisz					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

REPORT OF STANDING COMMITTEE

HB 1334: Transportation Committee (Rep. Ruby, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1334 was placed on the Sixth order on the calendar.

Page 1, line 2, after "electric" insert "motor"

Page 1, line 6, after "electric" insert "motor"

Page 1, line 7, after the second "a" insert "motor"

Page 1, line 8, replace "two" with "one"

Renumber accordingly

2015 SENATE TRANSPORTATION

HB 1334

2015 SENATE STANDING COMMITTEE MINUTES

Transportation Committee
Lewis and Clark Room, State Capitol

HB 1334

3/6/2015

Recording job number 24416

Subcommittee Conference Committee

Committee Clerk Signature

Dowd & Perry

Explanation or reason for introduction of bill/resolution:

To create and enact a new section to chapter 39-04 of the North Dakota Century Code, relating to a fee for electric motor vehicles.

Minutes:

Attachments: 1

Vice Chairman Casper opened the hearing, Chairman Oehlke momentarily out of the room, Senator Campbell absent, rest of committee members were present

Arik Spencer, ND Motor Carriers Association, in favor, this fee would be the equivalent of the gas tax which helps pay for infrastructure.

Senator Sinner: would this be an annual payment? (Answer was yes)

Russ Hanson, Executive Vice President, AGC of ND and Construction Consultant, in favor, gas using motor vehicles pay gas tax, electric motor vehicles would pay user fees.

Vice Chairman Casper: electric vehicles are lighter, how would the fee computed?

Russ Hanson: there is a formula I can get it for you

Levi Andrist, Alliance of Automobile Manufacturers, opposing this bill, electric motor vehicles is lighter so damage to roads is minimal. Of 99 vehicles registered in ND, 88 are GEM cars which are low speed and generally do not travel on regular roads. Handed out letter from Renee Wadsworth, Auto Alliance State Affairs opposing this bill (attachment # 1)

Senator Rust requested definition of motor vehicles, if it includes motorized bicycles and if GEM cars are registered. The intern provided copy of section 39-01-01 of the ND Century Code providing a definition.

Chairman Oehlke and Vice Chairman Casper requested from Linda Sitz, Director, Motor Vehicle Division, North Dakota Department of Transportation (DOT) information about GEM cars (Global Electric Motorcars).

No additional testimony in favor, against or neutral. Hearing closed.

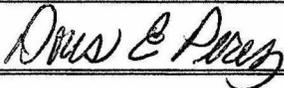
2015 SENATE STANDING COMMITTEE MINUTES

Transportation Committee
Lewis and Clark Room, State Capitol

HB 1334
3/12/2015
Recording job number 24721

Subcommittee Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

To create and enact a new section to chapter 39-04 of the North Dakota Century Code, relating to a fee for electric motor vehicles.

Minutes:

Attachments: 0

Chairman Oehlke opened the discussion on HB 1334; all committee members were present except Senator Campbell

Senator Rust: said the revenue created would be insignificant since there are only 88 electric motor vehicles in the state.

Senator Rust: moved do not pass

Senator Axness: seconded the motion

Roll call vote was taken: Yes: 5 No: 0 Absent not voting: 1

Carrier: Senator Rust

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 HOUSE BILL NO. 1334**

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 Rust Seconded By Senator Axness

Senators	Yes	No	Senators	Yes	No
Chairman Oehlke	X		Senator Axness	X	
Vice Chairman Casper	X		Senator Sinner	X	
Senator Campbell	Abs				
Senator Rust	X				

Total (Yes) 5 No 0

Absent not voting 1

Floor Assignment Senator Rust

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

REPORT OF STANDING COMMITTEE

HB 1334, as engrossed: Transportation Committee (Sen. Oehlke, Chairman)
recommends **DO NOT PASS** (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed HB 1334 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

HB 1334

HB 1334
1-30-15

#1



AUTO ALLIANCE
DRIVING INNOVATION®

January 29, 2015

Representative Dan Ruby, Chair
Committee on Transportation
State Capitol
Bismarck, ND 58501

Dear Chairman Ruby:

I am writing on behalf of the Alliance of Automobile Manufacturers to respectfully urge your committee to recommend a do not pass on HB 1334 which would assess an additional fee of \$200 for owners of electric vehicles. The Alliance is a trade association of twelve car and light truck manufacturers including BMW Group, Fiat Chrysler Automobiles, Ford Motor Company, General Motors, Jaguar Land Rover, Mazda, Mercedes Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America, and Volvo.

Our nation's crumbling infrastructure is a critical issue that nearly every state faces. Some states have considered additional fees for owners of electric vehicles due to the fact that they do not purchase gasoline. However, more often these fees have failed to pass for various reasons. It should be noted that road damage from light duty vehicles is very minimal, compared to heavy duty trucks. One GAO study recently showed that road damage from one 18-wheeler truck is equivalent to 9,600 cars. Moreover, most electric vehicle owners drive very few miles compared to their conventional counterparts. In fact, of the 99 vehicles registered in North Dakota, 88 of them are GEM cars which are low speed and do not often travel on regular roads. An additional fee on this type of alternative fuel vehicle only penalizes the consumer while raising limited revenue for the state.

Electric vehicles typically come with a higher price tag than its conventional vehicle counterparts. This increased cost results in increased sales tax revenue to the state. Penalizing the purchase of electric vehicles could result in lost vehicle sales and ultimately less revenue for the State.

In general, the Alliance believes that the introduction of advanced technology vehicles should be incentivized to help drive consumer acceptance and market demand. Public policies that differentiate advanced technology vehicles – such as electric vehicles – in a negative way discourage consumers from adopting these new technologies. Consumer choice is a key factor in driving competitiveness in the marketplace. It does not make sense to disproportionately punish North Dakotans who purchase one vehicle over another.

Thank you for your consideration of automakers' comments.

Sincerely,

Renee Wadsworth
Auto Alliance State Affairs

Alliance of Automobile Manufacturers

BMW Group • Chrysler Group LLC • Ford Motor Company • General Motors Company • Jaguar Land Rover • Mazda •
Mercedes-Benz USA • Mitsubishi Motors • Porsche • Toyota • Volkswagen • Volvo

803 7th St NW, Washington, DC 20001 • Phone 202.326.5500 • Fax 202.326.5567 • www.autoalliance.org

#1

HB 1334
3-6-15
1-1



AUTO ALLIANCE
DRIVING INNOVATION®

March 5, 2015

Senate Transportation Committee
State Capitol
Bismarck, ND 58501

Dear Senators:

I am writing on behalf of the Alliance of Automobile Manufacturers to respectfully urge your committee to recommend a do not pass on HB 1334 which would assess an additional fee of \$100 for owners of electric vehicles. The Alliance is a trade association of twelve car and light truck manufacturers including BMW Group, Fiat Chrysler Automobiles, Ford Motor Company, General Motors, Jaguar Land Rover, Mazda, Mercedes Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America, and Volvo.

Our nation's crumbling infrastructure is a critical issue that nearly every state faces. Some states have considered additional fees for owners of electric vehicles due to the fact that they do not purchase gasoline. However, more often these fees have failed to pass for various reasons. It should be noted that road damage from light duty vehicles is very minimal, compared to heavy duty trucks. One GAE study recently showed that road damage from one 18-wheeler truck is equivalent to 9,600 cars. Moreover, most electric vehicle owners drive very few miles compared to their conventional counterparts. In fact, of the 99 vehicles registered in North Dakota, 88 of them are GEM cars which are low speed and do not often travel on regular roads. An additional fee on this type of alternative fuel vehicle only penalizes the consumer while raising limited revenue for the state.

Electric vehicles typically come with a higher price tag than its conventional vehicle counterparts. This increased cost results in increased sales tax revenue to the state. Penalizing the purchase of electric vehicles could result in lost vehicle sales and ultimately less revenue for the State.

In general, the Alliance believes that the introduction of advanced technology vehicles should be incentivized to help drive consumer acceptance and market demand. Public policies that differentiate advanced technology vehicles – such as electric vehicles – in a negative way discourage consumers from adopting these new technologies. Consumer choice is a key factor in driving competitiveness in the marketplace. It does not make sense to disproportionately punish North Dakotans who purchase one vehicle over another.

Thank you for your consideration of automakers' comments.

Sincerely,

Renee Wadsworth
Auto Alliance State Affairs

Alliance of Automobile Manufacturers

BMW Group • Chrysler Group LLC • Ford Motor Company • General Motors Company • Jaguar Land Rover • Mazda • Mercedes-Benz USA • Mitsubishi Motors • Porsche • Toyota • Volkswagen • Volvo

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