

**STATE OF VERMONT
PUBLIC UTILITIES COMMISSION**

Docket No. 18-2660-INV

**Investigation into promoting the)
ownership and use of electric vehicles)
in the State of Vermont)**

**CONSERVATION LAW FOUNDATION'S
RESPONSE TO COMMISSION INFORMATION REQUESTS REGARDING
TRANSPORTATION FUNDS**

Conservation Law Foundation (CLF), pursuant to the Vermont Public Utilities Commission's Information requests regarding Transportation Funds dated December 20, 2018 offers the following responses as input on options for funding the maintenance of Vermont's transportation infrastructure as electric vehicle usage continues to rise in Vermont.

Questions:

1. Describe your preferred method for generating revenue from users of EVs in Vermont, including how any charges would be calculated, collected, and tendered to the State. Please list the pros and cons associated with your preferred method.

The preferred method would be to generate revenue based on vehicle miles travelled, which would put electric vehicles and gas powered vehicles on equal footing in terms of contributing to the cost of roadways. Since use of roadways is a factor of wear and tear and need for maintenance, it also better aligns revenue source with use of the facilities it funds.

In terms of drawbacks, it fails to recognize or account for the impact of higher weight vehicles that have higher impacts. It also fails to create an incentive for electric vehicles or provide added value to them to recognize that they reduce harmful emissions.

2. Does your preferred method account for the amount of transportation infrastructure usage or impacts the driver of an EV would have on Vermont's roads? If so, explain how such usage and/or impacts are accounted for. If not, explain why your method is appropriate.

Yes. See above response

3. Does your preferred method raise concerns regarding economic or geographical equity among those who would be contributing to the revenue source?

It could have a disproportionate impact on people who need to drive long distances and does not provide added value or encouragement for lower polluting vehicles.

4. Is the revenue source sustainable or is it subject to fluctuations over time? If it is subject to fluctuations over time, is it easily adjustable to account for such fluctuations?

It is sustainable as it is based on the usage of the roadways by all vehicles and would not vary as engines change. If VMT declines significantly then revenues would decline, but that would also suggest that there should be a decrease in the cost of roadways and expose opportunities to reduce cost and investment in roadways.

5. Can your preferred method be phased in over time? If so, what are the revenue implications from such a phase in?

It could be phased in and ramped up over time while the gas tax is ramped down.

6. Does your preferred method treat EVs differently than fossil-fueled vehicles? If so, explain how it treats them differently and why the differing treatment is warranted.

No. They are treated the same.

7. Please list the pros and cons of a per kWh fee assessed on EV charging.

Pros: It provides for support of infrastructure from EVs.

Cons: It creates an entirely different structure that does not correspond with impact on infrastructure and may be difficult to treat equal impacts equally. It would require re-adjustments as usage changes and/or the efficiency of vehicles change.

8. Please list the pros and cons of an annual registration fee for EVs in lieu of a per kWh fee assessed during charging.

Pros: It provides for support of infrastructure from EVs.

Cons: It creates an entirely different structure that does not correspond with impact on infrastructure and may be difficult to treat equal impacts equally. It would place a high price on ownership that creates an additional hurdle and barrier to acquiring EVs at a time when state policy would encourage EV adoption.

9. If your preferred method uses an annual registration fee in lieu of a per kWh fee, should this approach also be applied to all vehicles in lieu of existing gas taxes? If no, why not? If yes, what level of annual registration fee would be required to adequately fund Vermont's transportation infrastructure?

Not applicable.

10. Please list the pros and cons of a special purchase and use tax on EVs in lieu of a per kWh fee while charging or an annual registration fee.

This would have the same pros and cons as the annual registration. It would also have an additional problem of placing a higher cost on the initial purchase by front loading all the costs on the purchase of the vehicle and creating an even bigger barrier to EV adoption.

11. If your preferred method uses a special purchase and use tax fee in lieu of a per kWh fee or annual registration fee, should this approach also be applied to all vehicles in lieu of existing gas taxes? If no, why not? If yes, what level of purchase and use tax would be required to adequately fund Vermont's transportation infrastructure?

Not applicable

12. Please list the pros and cons of a fee based on vehicle miles travelled. Please include in your response a description of how such a fee system would be implemented.

See responses to Questions 1 and 2.

There are a number of ways it could be implemented. It could involve self-reporting and/or payment along with insurance and confirmed at annual inspections. It could also be implemented with a GPS or similar device to measure distance that is part of the vehicle.

Oregon and California each have a VMT fee. The California pilot program provided for a variety of reporting methods. A summary of the California program can be found here: http://www.dot.ca.gov/road_charge/resources/final-report/docs/summary.pdf

Some research at the federal level, including one recent study by the Brookings Institute entitled "Ditching the gas tax: Switching to a vehicle miles traveled tax to save the Highway Trust Fund." Available at <https://www.brookings.edu/research/ditching-the-gas-tax-switching-to-a-vehicle-miles-traveled-tax-to-save-the-highway-trust-fund/> also provides some helpful information on implementation.

13. If your preferred method uses a vehicle miles travelled fee in lieu of a special purchase and use tax, a per kWh fee, or annual registration fee, should this approach also be applied to all vehicles in lieu of existing gas taxes? If no, why not? If yes, what level of vehicle miles travelled fee would be required to adequately fund Vermont's transportation infrastructure?

It should apply to all vehicles as it corrects some problems with revenue shortfalls that exist from the gas tax. It could be phased in over time and operate alongside a declining gas tax.

CLF currently does not have sufficient information to determine the level needed for a vehicle miles traveled fee.

14. Please state whether a per-kWh charge, annual registration fee, special purchase and use tax, or vehicle miles travelled fee should be varied based on the size or type of EV. Please explain.

It should be varied by size or weight. Heavier vehicles have more impact on roadways and should contribute more to the cost of infrastructure. Oregon has a mileage tax that varies by weight. A summary of the rates is available here:

<https://www.oregon.gov/ODOT/Forms/Motcarr/9928-2018.pdf>

15. What is the status of Vermont's transportation revenues with respect to infrastructure needs at this time?

CLF currently does not have sufficient information to answer this question.

16. Are revenues from the current gasoline tax falling to the point where it is necessary to find an immediate or near-term substitute for or addition to the gas tax?

CLF currently does not have sufficient information to answer this question.

17. Are there other considerations that these questions do not reflect, and if so, what are they?

It may be that a combination of the different revenue models could provide greater revenue stability and equity. CLF encourages the PUC to include an evaluation of VMT along with vehicle registration fees. The overall result should ensure equity, encourage adoption of electric vehicles and improve the stability of the revenues going forward.

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