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May 12, 2011

Chairwoman Gale D. Candaras
Joint Committee on Revenue
State House, Room 309
Boston, MA 02133

Chairman Jay Kaufman
Joint Committee on Revenue
State House, Room 34
Boston, MA 02133

Re: Testimony in Support of S.1490 Legislation to Promote Use of Electric Vehicles

Dear Chairwoman Candaras, Chairman Kaufman, and Members of the Committee,

Thank you for the opportunity to present our comments on Senate Bill 1490.

My name is Gina Coplon-Newfield, and I live in Cambridge, MA. I run the national Electric Vehicles Campaign at the Sierra Club¹, which is the nation's oldest and largest grassroots environmental organization with 1.4 million members and supporters and a longstanding chapter here in Massachusetts. The Sierra Club recognizes that electric vehicles (EVs) will provide one important way to significantly slash carbon emissions and reduce our dangerous dependence on imported oil.

The Sierra Club is the oldest and largest non-profit, non-partisan organization environmental organization in the country. With over a forty year history in this chapter, the Massachusetts Sierra Club represents about 22,000 members and supporters throughout the state and 1.4 million nationwide. We fight for clean air, clean water, the preservation of the Commonwealth's most precious natural spaces, and healthy, vibrant communities.

In regards to Senate bill 1490, we support the overall aim of promoting and incentivizing electric vehicles, and we appreciate and applaud Senator Moore's recognition of the role EVs can play in improving our air quality and dependence on oil. We have some specific comments that we hope will be taken into account to make the bill even stronger. But first, I would like to share a little bit more context about the importance of electric vehicles.

Oil Independence

As we all know, gasoline prices are unstable and rising. Electric vehicles enable drivers to fill up on stable, domestic electricity at a cost equivalent to approximately 75 cents per gallon. Americans send up to a third of a trillion dollars overseas each year to purchase foreign oil, often produced by nations that are unstable or unfriendly. Foreign oil purchases are also responsible for about 50% of the US trade deficit. Greater independence from oil means an economically stronger and more secure America.

Job Growth

Strong public and private investment in US electric vehicle, component, and battery manufacturing as well as in EV-related infrastructure has been successful in jumpstarting job growth and transforming the US competitive position in the global advanced battery industry. More than 20 different electric drive vehicles will be on the market within the next three years from virtually every major and several new car manufacturers – with electric vehicles and components being built in at least 20 states. According to the Obama Administration, the US will go from producing 2% of the world's advanced batteries to 40% by 2015².

Environmental and Public Health Protection

Today, the transportation sector is a significant cause of both global warming pollution and local smog and asthma related pollutants, and car and truck innovation is critical to pollution reduction. Electric vehicles have little or no tailpipe pollution, and when compared to nearly all conventional vehicles on the road today, they are responsible for lower overall emissions of CO₂ and many harmful pollutants, even when power plant emissions are factored in³. Where utilities provide or individuals choose cleaner power options, EVs can be much cleaner immediately, and with responsible policies and technologies to increasingly clean up our electric sector, all EVs become cleaner over time – ultimately becoming true zero emissions vehicles.

Nissan, General Motors, and Tesla have already begun mass market production of electric vehicles, and Ford, Mitsubishi, Toyota, and many others are right behind them. Unfortunately, Massachusetts is currently behind other states like California, Oregon, Washington, Hawaii, Texas, and Tennessee (yes, I said Texas and Tennessee) in preparing for EVs through partnerships with automakers to sell them at dealerships, efforts to build public EV charging stations, and public policies to promote and incentivize EVs among consumers. Fortunately, there are five bills, including the one being discussed today, currently being considered by the MA state legislature that will seek to make Massachusetts EV-ready.

The Sierra Club fully supports amending Section 6 of chapter 64H of the general laws, by adding the phrase: “A battery electric vehicle (BEV), also known as an electric car, together with the battery recharging station, shall be exempt from the sales tax.” Lower the costs associated with electric vehicles will provide attractive incentives for consumers, and all Massachusetts residents will benefit from the cleaner air and reduced oil dependence that come with a switch to EVs. We hope this will be the main take-away from our testimony.

However, we are puzzled and concerned by the following phrase in the proposed bill that says that this sales tax waiver would only be provided if the “owner agrees to pay a vehicle miles traveled tax established by regulation by the department of revenue collected as part of any battery rental agreement.”

First of all, electric vehicle batteries are not expected to be rented in the US in the foreseeable future. This battery-swapping model that seems to be referenced in this bill is beginning to take shape in Israel and elsewhere, but so far in the US, consumers will only be able to buy, lease, or rent an entire electric vehicle –not rent or buy the battery alone.

Second of all, if our aim is to incentivize the purchase of electric vehicles, then removing sales tax while adding a vehicle miles traveled tax seem to contradict one another. With both, consumers may well not see this policy as an incentive at all.

We at the Sierra Club are cognizant of the fact that many important transportation and infrastructure projects are funded by the gas tax, and that electric vehicle drivers will not be contributing to such a tax. However, a) a few thousand EV drivers on Massachusetts roads in the next couple of years will hardly make a dent in gas tax revenue; b) now is the time to

incentivize –not punish EV driving; and c) if we’re going to tax EV drivers for vehicle miles driven, it would only be fair to do so for drivers of all vehicles. We can have a whole separate policy discussion about the gas tax, but for the purposes of this bill, we strongly recommend the removal of this vehicle miles driven tax component.

In closing, the Sierra Club is looking forward to working with the legislature in promoting electric vehicles in a variety of ways. Waiving sales tax on the purchase of electric vehicles and EV charging units is one great step.

We are also looking forward to commenting on H.1986 introduced by Representative Bradley that would require a study on the policies needed for electric vehicles and public charging stations; H.1848 introduced by Representative Hecht that would require the RMV to implement a discounted registration fee for electric vehicles; H.1798 introduced by Representative Kane that would require a study on the integration between electric vehicles and utility policies, including off-peak rates; and S.1685 introduced by Senator Pacheco that would include a focus on electric vehicles as part of a *RePower Massachusetts Energy Task Force*.

We also hope the legislature will consider a separate bill that would allow electric vehicles in HOV lanes. Many other states have implemented this policy as one that is both inexpensive to the state and very appealing to consumers.

Thank you for your time and focus on this important issue.

Respectfully,

Gina Coplon-Newfield
Director, National Electric Vehicles Campaign
Sierra Club

¹ See <http://www.sierraclub.org/ev>

² http://www.whitehouse.gov/sites/default/files/gas_graphic_blogsize.jpg Cited May 10, 2011.

³ <http://www.sierraclub.org/electric-vehicles/downloads/factsheet-GCN2-24-11.pdf> Cited May 10, 2011.