



The State of New Hampshire
Department of Environmental Services



Robert R. Scott, Commissioner

February 6, 2019

The Honorable John Cloutier
Chair, Public Works and Highways Committee
Legislative Office Building, Room 201
Concord, NH 03301

RE: HB 478-FN-A, AN ACT establishing a road usage fee and making an appropriation therefor.

Dear Chair Cloutier and Members of the Committee:

Thank you for the opportunity to comment on HB 478-FN-A. This bill establishes a road usage fee for motor vehicles registered to travel on New Hampshire roads based on the fuel economy (miles per gallon, or equivalent for vehicles operating on other fuels) of the vehicle. The intent of this legislation is to address the decline in road toll revenue as a result of reduced fuel consumption. The NH Department of Environmental Services (NHDES) has some concerns with this bill.

Motor vehicles are the primary source of emissions of oxides of nitrogen and volatile organic compounds in the state as well as the largest source of greenhouse gas emissions in the state. NHDES has consistently encouraged the use of cleaner fuels and more fuel efficient vehicles. The mechanism proposed by this bill could send a market signal that is counter to our efforts in this sector and provide an incentive for residents to drive more and continue to operate older, more polluting vehicles beyond their normal lifespan.

The decrease in road toll revenue is related, primarily, to the increasing fuel efficiency of the vehicle fleet as a whole, increased use of alternative modes of transportation and, to a very minor degree at present¹, the increasing use of electric vehicles (EV) and plug-in hybrid vehicles (PHEV). This problem, and its myriad potential solutions, raises complex issues and has been the subject of three recent study commissions², which collectively recognized the need to find an equitable solution to transportation system funding.

In 2015, HB 460 established the most recent commission to review this issue. The HB 460 commission report stated that the "upward trend in vehicle fuel efficiency is a positive trend from an environmental impact and should be encouraged," and noted that the funding issues facing New Hampshire are similar to those faced by other states and the nation as a whole. Among the recommendations, the report noted that a solution should not "penalize one group of vehicle owners relative to others" nor should it "create a disincentive for environmentally sound movements forward in fuel efficiency and reduced driving behaviors." NHDES is concerned that HB 478-FN-A may be perceived as a penalty to owners of highly efficient vehicles (many of whom have paid a premium for that efficiency and, therefore, already pay a higher vehicle registration fee

¹ Electric vehicles currently represent about quarter of one percent of the passenger vehicles registered in New Hampshire.

² HB 515 (2009); HB 1144 (2012); HB 460 (2015)

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on an annual basis) and signal that fuel efficiency are no longer important in New Hampshire.

NHDES also notes a potential technical issue related to this proposed legislation. The proposal relies on the New Hampshire Department of Safety (DOS) developing a “system which links the United State Environmental Protection Agency’s MPG [mile per gallon] data system with the Department of Safety’s vehicle identification number (VIN) data system” in order to determine the fuel economy of any given vehicle. However, there is no clear-cut relationship between the federal fuel economy database and the VIN. Additionally, the formula used to calculate fuel economy was revised in 2008 to more accurately reflect real-world driving conditions. This revision resulted in lower fuel economy estimates for newer vehicles. The fuel economy ratings for pre-2008 vehicles were not revised and, therefore, this approach could potentially penalize older model year vehicles. In addition, fuel economy ratings are periodically revised as manufacturers provide updated information to the National Highway and Traffic Safety Administration. However, the revised ratings are not necessarily incorporated into the existing fuel economy database maintained by the US Environmental Protection Agency, but are rather published as separate updates. Thus, ensuring a vehicle owner is not over- or under-charged may prove difficult.

NHDES understands the genesis of this bill and the need for a solution to the road toll deficit. However, it is critical to be equitable in that assessment and to balance state policies relative to road toll income with those that seek to encourage fuel efficiency and advanced technologies due to the economic and environmental benefits of reduced use of petroleum fuels.

Also, Electrify America (EA), is the Volkswagen subsidiary tasked with investing \$2 billion nationally in zero emission vehicle (ZEV) support infrastructure, which is inclusive of electric vehicle (EV) charging infrastructure. EA’s Investment Plans clearly prioritize investment of funds in states that have policies that are supportive of and promote ZEVs and EVs. This proposal could be perceived as a penalty on EVs and could lead to reduced or zero investment of EA funds in New Hampshire.

Thank you again for the opportunity to comment on HB 478-FN-A. Should you have questions or need additional information, please feel free to contact either Michael Fitzgerald, Asst. Director, Air Resources Division, (michael.fitzgerald@des.nh.gov, 271-6390) or Rebecca E. Ohler, Administrator, Technical Services Bureau, (Rebecca.Ohler@des.nh.gov, 271-6749).

Sincerely,



Robert R. Scott
Commissioner

cc: HB 478-FN-A sponsors: Representatives Major, Almy, Graham, Abrami, Wall, Senator D’Allesandro