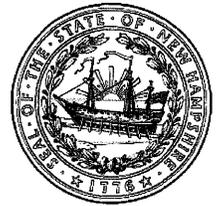




The State of New Hampshire
Department of Environmental Services



Robert R. Scott, Commissioner

January 21, 2020

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

RE: HB 1649-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 1649-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 New Hampshire Department of Environmental Services (NHDES) has concerns with this bill.

NHDES understands the genesis of this bill and need for a solution to the road toll deficit, and agree that all vehicle owners should pay their fair share for use of public roads. 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.

Motor vehicles are the primary source of emissions of oxides of nitrogen and volatile organic compounds in New Hampshire as well as the largest source of greenhouse gas (GHG) emissions in the state. Nationally, "highway vehicles account for about 24% (1.6 billion tons) of greenhouse gas emissions each year. The average recent-model vehicle causes the release of 6 to 9 tons of GHGs each year. Switching from a vehicle that gets 20 miles per gallon (MPG) to one that gets 25 MPG can reduce GHG emissions by 1.7 tons per year."¹

NHDES has consistently encouraged the use of cleaner fuels, more fuel efficient vehicles, and reducing the total miles driven when feasible to reduce vehicle emissions. The Department's concern is that the mechanism proposed by this bill could send a message that is counter to these efforts, particularly as it relates to reducing miles driven.

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 present², the increasing number of electric vehicles (EV) and plug-in hybrid vehicles (PHEV) registered in the state. This problem, and its myriad potential solutions, raises complex issues and has been the subject of three recent study commissions³, which collectively recognized the need to find an equitable solution to transportation system funding.

¹ Fuel Economy Guide Model Year 2020. U.S. Department of Energy and U.S. Department of Environmental Services; January 13, 2020

² There are approximately 4230 EV and PHEVs registered in New Hampshire as of January 1, 2020.

³ HB 515 (2009); HB 1144 (2012) ; HB 460 (2015)

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 1649-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 on an annual basis) and signal that fuel efficiency and reducing miles traveled are no longer important in New Hampshire.

NHDES also notes a potential technical issue related to this proposed legislation. The proposal directs the New Hampshire Department of Safety (DOS) to develop a “system which links the United States Environmental Protection Agency’s (USEPA) MPG [mile per gallon] data system with the DOS’ vehicle identification number (VIN) data system” in order to determine the fuel economy of any given vehicle. While USEPA data may be made available through various means, it is highly unlikely that DOS will be able to truly link the USEPA data system with the DOS data system. Rather, data from the USEPA that is made publicly available will likely be utilized by DOS or some third party to assign fuel economy ratings to vehicles in the DOS vehicle registration database.

While EPA data may be able to provide fuel economy data for most vehicles, there historically has been gaps in that data, particularly for newer vehicles. Also, 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 EPA, but are rather published as separate updates. Furthermore, 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. Thus, ensuring a vehicle owner is not over- or under-charged may prove difficult under this system.

Thank you again for the opportunity to comment on HB 1649-FN-A. Should you have questions or need additional information, please feel free to contact either Michael Fitzgerald, Assistant Director, Air Resources Division, (michael.fitzgerald@des.nh.gov, 271-6390) or Rebecca E. Ohler, Administrator, Air Resources Division’s Technical Services Bureau, (Rebecca.Ohler@des.nh.gov, 271-6749).

Sincerely,



Robert R. Scott
Commissioner

cc: HB 1649-FN-A sponsors: Representatives Major, Almy, Graham, Abrami