

500 Ninth Street
New Cumberland, PA 17070
April 14, 2021

Yassmin Gramian, PE, Secretary
Pennsylvania Department of Transportation
Keystone Building
400 North Street, Fifth Floor
Harrisburg, PA 17120

Dear Secretary Gramian:

Attached is a copy of a letter I sent to the Department of Revenue regarding payment of the Alternative Fuels Tax. We purchased an electric Nissan Leaf in 2019 and shortly afterwards installed an electric charger in our garage. As you know, the electricity from the charger that goes into the Leaf is taxed. As a former PennDOT employee, I well understand the necessity of funding our transportation program through user fees, the most notable of which is the Federal and State gas tax. A month after we purchased the car, we submitted an application for a Tax Permit (REV-822), so we could pay our share for the use of the road.

We still have not received a permit account ID, 15 months later. We just sent our alternative fuels taxes for 2019 and 2020. No one notified us of our obligation for an alternative fuels tax, nor the mechanism for paying it. The Department of Revenue seems to be a bit blasé about collecting the fees. I won't comment on the fee structure- only to note that the PA rate of \$.0137 per kWh is a lower tax rate than the \$.587 per gallon tax, when converted by the EPA formula of 33.7 kWh per gallon equivalency. Please tell me who to thank.

We paid our taxes for the 2,131 miles we drove in 2019 (the car was bought in September) and the 7,076 miles we drove in 2020. We are not driving a lot right now and the amount in question is less than a good steak dinner. There are probably fewer than 10,000 electric cars on the road in Pennsylvania out of over 10 million registered. Is it even worth having this discussion?

I believe so, and I think you do, too. GM is committing to an all electric fleet by 2035. California is calling for all new cars to be electric by 2035. Meeting climate goals will require the US to have a majority of its cars and trucks be electric by 2040. Relying on gas taxes to support the transportation infrastructure is unsustainable. And this does not take into account improved CAFÉ standards. Coming back to my first point that user fees are a way to support transportation infrastructure, we are going to have to come up with a fair way to collect revenue, regardless of fuel type. VMT should be part of the solution.

My experience with the current system of collecting revenue from electric vehicles suggests the system is mysterious, broken, and failing. There are several ways

this can be rectified, with and without legislation. The current method of taxation relies on measuring electric use directly from the charger. This can be modeled, relying on miles traveled and the car's EPA-rated mpg-e. In our example, in 2020 we travelled 7,076 miles. Our Leaf is EPA-rated at a combined mpg-e of 104 miles. Using the factor of 33.7 kWh per gallon, you can estimate a miles-per-kWh of 3.09 (104/33.7). For the 7,076 miles traveled, you can estimate a use of 2,290 kWh. Taxed at \$0.137 per kWh, we would owe \$31.37. All that is required to be known is miles traveled and the EPA mpg-e rating by car model.

The tax could be collected at the time of registration, with a line added to the form. PennDOT could provide an on-line look-up table to help. Punch in your car model and miles traveled and it will tell you the tax. Or, the tax could be collected at the time of inspection. The shop inspecting the car could calculate and add the tax to the inspection fee.

The current rate of \$0.0137 per kWh is admittedly low when compared to the gas tax. Fairness would suggest that whatever the state gas tax is, the rate per kWh should be pegged to it by the 33.7 kWh per gallon factor. At parity, the tax rate should be \$0.0174 per kWh (\$0.587/33.7). Simple legislation would peg the kWh tax rate for electric vehicles to whatever the gas tax rate is at the moment, using that formula.

There is no process for folding electric car owners into the revenue system. Most owners are oblivious to their obligations. The forms, the applications, the messaging, are all barriers to collecting revenue, especially when compared to paying the tax at the gas pump. PennDOT should be more proactive to inform new electric vehicle owners of their responsibilities. They should work with Revenue, and possibly the Legislature, to simplify the process. This will pay back handsomely as the number of electric vehicles on the roads grows.

Time is running out. Action is needed now if there is any hope to raise the revenues needed to maintain our roads, bridges, and transit. Recent proposals from the legislature only unfairly punish electric car owners through artificially high registration fees. Very soon there is going to be a national push to put people into electric cars. As someone worried about climate change, I welcome it. However, what good will it do when half of the cars are in the shop for repairs for pothole damage, and the other half is stuck in traffic?

Sincerely,



Ira Beckerman

Attachment