February 27, 2019

Testimony of Steve Guveyan, Connecticut Petroleum Council, in Opposition to Section 2, HB-7205, Concerning Electric Vehicles

The Connecticut Petroleum Council/ API is a trade association representing major oil companies, refiners, pipelines, service and supply companies and others in the oil and natural gas industry. Our testimony is limited to opposing Section 2 of HB-7205 (a) creating a Connecticut Hydrogen & Electric Automobile Purchase Rebate Board, charged with (b) establishing and administering a program to provide rebates of at least $3 million annually to residents who purchase or lease battery electric vehicles (BEV's), plug-in hybrid electric vehicles (PHEV's), fuel cell electric vehicles (FCEV's), or who purchase used hydrogen or electric vehicles.

Section 2 of HB-7205 is unnecessary because Connecticut already provides extremely generous financial incentives (up to $5,000) for purchasing electric vehicles, and results from that program have been meager, a sure-fire sign that consumers are not ready to switch from internal combustion engines to EV's. According to DEEP's own website, the agency still has over $1.7 million in unspent EV incentive money in its existing fund, another sign that consumer acceptance of EV's is weak. Therefore, we recommend Section 2 of the bill be deleted, that a formalized EV incentive program not be established, and that consumers be allowed to choose their cars without government distortion or interference.

In addition to existing state incentives, there are currently federal tax credits available for purchasing electric cars. Currently, the top 20% of U.S. income-earners receive 90% of all tax credits in an already-existing federal electric vehicle tax credit program (up to $7,500 per vehicle). Combined with federal tax credits, the incentives or rebates proposed in HB-7205 would further distort the market and provide EV purchasers with a double-layer of incentives---one at the federal level and one at the state. Knowing a federal tax credit already exists, state taxpayers will be unhappy about paying more so that someone else---most likely a high-income earner---can purchase an electric vehicle with state tax dollars and fees, and they may wonder where the money could be better spent---especially since Connecticut faces a $3.5 billion shortfall over the next 2-year budget cycle. For comparison purposes, California spent $450 million on zero-emission subsidies (BEV's PHEV's, FCEV's) and has achieved only about 1.5% market penetration for cars and light trucks.

Finally, many states do not levy fees or taxes to EV owners for maintenance and repair of roads and bridges---which shifts the burden of paying for roads and bridges disproportionately to gasoline and diesel fuel drivers, a very unfair outcome.

Consumers and taxpayers should not be forced to pay more in taxes or fees---or have existing taxes and fees appropriated to an electric vehicle fund in order to help someone else buy an expensive electric car. Government should not be in the business or picking winners and losers or creating market-distorting inequities. All vehicles should compete in a non-subsidized marketplace. It will likely be many years before anyone can accurately determine the extent to which EV's provide a viable substitute for internal combustion engines.

44 Capitol Avenue
Suite 103-B
Hartford, CT 06106

Phone 860-246-8846
Email ctpetroleum@comcast.net
www.api.org