



Drive Oregon  
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April 13, 2011

House Revenue Committee  
900 Court St. NE  
Salem, Oregon 97301

RE: HB 2328 Requires persons operating electric motor vehicles and plug-in hybrid electric motor vehicles to pay vehicle road usage charge.

Dear Members of the Revenue Committee:

As a preface to our comments and to better provide you with their context, I want to share that Drive Oregon is a non-profit coalition of Oregon companies and interest groups engaged in the electric vehicle industry and transportation electrification sector. Our mission is to catalyze the growth of Oregon's electric vehicle industry, ensuring Oregon develops and maintains its competitive advantage and maximizes the economic development potential of this emerging industry. We have a committed volunteer board that participates in and monitors the business, policy and regulatory environment and is deeply invested in how policies will shape the successful deployment of electric vehicle technologies and infrastructure. We currently have over twenty members, including ECOtality, ReVolt, Arcimoto, Greenlite Motors, and AmFor Electronics. I attach a list of members for your review (Attachment A).

Given our membership and mission, as you can imagine, we have been monitoring the current legislative session with respect to bills having direct or indirect impact on the EV space. At this stage of our development, we must be strategic in our use of time with respect to advocacy efforts; nonetheless HB 2328 in particular has been the

subject of much debate within the board and among our members. Based on this discussion, I would like to share our observations about this bill and our suggestions and concerns.

First, we recognize this bill is the product of a lengthy and involved effort initiated by the Road User Fee Task Force, and, depending upon its success, may have even national implications as states seek alternative revenue collection systems to address declining gas tax revenue. We believe that EVs should pay their fair share toward the maintenance and construction of roads in Oregon. Since they otherwise incur no gas tax liability, an alternative tax system is appropriate.

We believe a delayed deployment of the user fee is appropriate given the nascent stage of EV adoption and the need to incentivize this adoption. We also see the need to provide a clear message to consumers that the state and federal tax credits will offset perceived and real price differentials between combustion and electric vehicle purchase prices. The timing for the implementation of a road user tax must recognize the vulnerability of an emerging market and provide sufficient protection.

At the same time, we want to stress that any per mile tax rate should reflect the efficiencies EVs bring to the transportation system in terms of assisting in the reduction of fossil fuel consumption and carbon emissions, allowing better management of electric utility power generation and load management, assisting the state in reaching its low carbon fuel standards, and myriad related societal benefits. Accordingly, the per mile rate must be considered carefully and designed to equitably address the benefits electric vehicles convey in addition to the road usage costs they create. As initially proposed, the .06 cents per mile tax was calibrated at the approximate comparable cost incurred by a hybrid vehicle, like a Toyota Prius, paying the existing gas tax and operating at 50 mpg. While it is difficult to establish a "mpg" rate for EVs given the different fuel sources and costs, we believe that any calculation of the initial rate must provide EV users, at the very least, with the most efficient mpg rate currently existing under the present system. We believe a higher rate is inequitable and not reflective of the system-wide and societal benefits that EVs bring to bear.

We agree that EVs ought to pay their fair share for maintenance of state roads and applaud the efforts of the Road User Fee Task Force that went into the drafting of this bill. We do take issue, however, with any effort to make EVs bear more of a road tax burden than that of even the most pollution emitting SUVs currently on the market. This makes no sense and borders on the punitive and illogical. We urge the

committee to incorporate a rate design that is fair and reflects the efficiencies of EVs. We believe a reasonable compromise would be to consider a tiered approach based on market penetration, which starts out at the initial rate of .06 cents per mile but which increases based upon a market penetration trigger, such as when electric motor vehicles become 1% of all vehicles sold. This addresses the concerns we have over offering some protection of the market during the crucial early phase of deployment but offers increased revenue when that deployment reaches a significant level.

We also point out that Oregon's EV manufacturers tend to have designs that are non-traditional, more urban based, and lighter. We see many of them, for example Arcimoto, Greenlite Motors, Brammo, and Ryno with wheel configurations and vehicle weights that minimize the wear of roads. As a matter of fairness, given this decreased impact, we ask that the Committee consider adding an initial weight based exemption for EVs weighing less than 2000 lbs which could later be increased once market penetration triggers are met. This has the multiple benefits of assisting in the reduction of operating costs of vehicles that directly benefit Oregon-based manufacturing (and economic development) as well as reflecting the actual reduced impact of these vehicles on the transportation system.

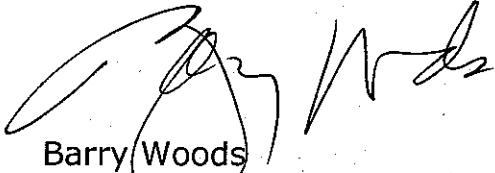
We also note that under Section 2 a provision to allow combustion vehicles to opt in appears loosely controlled such that low mileage combustion engine vehicles could avail themselves of the per mile tax rate. A Cadillac Escalade that gets 10 mpg might avoid hefty gas tax liability by opting into a comparatively lower per mile tax rate. We propose that this opt-in provision be reserved for higher mileage combustion vehicles, including plug-in hybrids who might be caught between paying both fuel and road use taxes, as a means of insuring fairness. Higher mileage could be defined as vehicles that achieve 40 miles per gallon.

Lastly, we urge the Committee to adopt a reporting system that utilizes existing technology in the vehicles and creates as simple a process as possible for reporting and paying. The onboard technology of EVs represents one of their most distinguishing features; as such the proposed system must be designed to take advantage of these onboard systems and be seamless and interoperable. We urge the committee to mandate the creation of an integrated system and not an add-on piece of technology that clashes with an EV's native design and attributes. While we expect the accounting and collection system to develop over time, we think a monthly collection as stated, places an undue burden on the consumer for relatively little revenue collection. For that reason we suggest that an annual reporting and collection system be

considered. Please see Attachment B for sample language reflecting these suggestions.

Thank you for your consideration of these issues. Please feel free to contact me should you have any questions or require further clarification of any of these points.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Woods". The signature is fluid and cursive, with the first name "Barry" written in a larger, more prominent script than the last name "Woods".

Barry Woods  
Board of Directors  
Drive Oregon



Attachment A

**Member Directory**

**Alltrax  
Grants Pass, OR  
Components/Systems**

**AmFor Electronics  
Portland, OR  
Components/Systems**

**Apex Drive Laboratories Inc.  
Portland, OR  
Components/Systems**

**Arcimoto  
Eugene, OR  
Vehicles**

**Baker Motorcycle Company  
Portland, OR  
Vehicle**

**Brammo  
Ashland, OR  
Vehicle**

**CleanFuture  
Portland, OR  
Consulting Services**

**EcoSpeed Inc.  
Portland, OR  
Components/Systems**

**ECotality  
Portland, Or  
Charging Station Infrastructure**

**EnerG2  
Albany, OR  
Energy Storage**

**EnerSol Energy System Services  
Portland, OR  
Consulting Services**

**Entek International  
Lebanon, OR**

**Energy Storage**

**Green Lite Motors Corporation**  
Portland, OR  
Vehicles

**KersTech Vehicle Systems**  
Portland, OR  
Components/Systems

**Lektro**  
Warrenton, OR  
Vehicles

**Metric Mind**  
Milwaukie, OR  
Components/Systems

**Motoczysz**  
Portland, OR  
Vehicles

**NACCO Materials Handling Group, Inc.**  
Fairview, OR  
Vehicles

**OnTo Technology**  
Bend, OR  
Battery Recycling

**Optimization Technologies**  
Beaverton, OR  
Charging Infrastructure

**Palatov Motorsports LLC**  
Portland, OR  
Vehicles

**Porteon Electric Vehicles, Inc.**  
Portland, OR  
Vehicles

**RED Cloud EV**  
Ashland, OR  
Components/Systems

**ReVolt Technology**  
Portland, OR  
Components

**Rinehart Motion Systems**  
Wilsonville, OR  
Components/Systems

**Rogue Energy, LLC**  
Portland, OR  
Energy Storage

**RYNO Motors**  
Vancouver, WA  
Vehicles

**Shorepower Technologies**  
Portland, OR  
Charging Infrastructure

**Stites Design**  
Portland, OR  
Vehicles

**SynkroMotive LLC**  
Portland, OR  
Components

**Tinitron**  
Hillsboro, OR  
Components/Systems

**Attachment B**

**HB 2328- Proposed Amendment Language- Sample**

Section 2 Vehicle road usage charge.

(3)(b) To be eligible under this subsection:

(D) the motor vehicle must have a miles per gallon rating of at least 40 mpg.

(4) A person subject to the vehicle road usage charge shall pay an initial rate of .6 cents per mile for metered use of the highways of Oregon. This rate shall increase to 1.43 cents per mile once the market penetration rate reaches a total of one percent of all vehicles sold per year. All electric motor vehicles and plug in electric motor vehicles with a gross weight less than 2000 pounds shall be exempt from a vehicle road usage charge until the market penetration rate reaches one percent of all of vehicles sold per year and thereafter shall pay .6 cents per mile for metered use of the highways of Oregon.

Section 8. Reporting vehicle miles traveled.

(2) A registered owner or lessee shall report the number of miles the vehicle has traveled on an annual basis and pay to the department the amount due under Section 2 of this 2011 Act. The number of miles reported shall be rounded up to the next whole mile.