



May 26, 2015

Michigan House of Representatives—Roads and Economic Development Committee  
Lansing, MI

**RE: MEC Opposes HB 4612**

Dear Representatives:

The Michigan Environmental Council is a coalition of over 70 environmental, conservation and faith-based organizations located across Michigan. These organizations place a high priority on transportation issues, and particularly passenger transportation issues, as key to Michigan's economic success, good quality of life, and environmental prosperity. We are concerned that HB 4612 drives our state transportation and economic development policy in the wrong direction.

It is clear that Michigan's current approach to raising transportation revenue is insufficient and we applaud your efforts to continue working on this important issue. In Michigan and across the country, increased fuel efficiency and inflation has eaten away transportation revenues generated from flat cents per gallon excise taxes. Our existing 19 cents per gallon gasoline excise tax buys less today than it did in 1997 when it was imposed.

The question at the heart of the overall transportation funding discussion is: *How to equitably capture transportation taxes at an adequate level to maintain and build a 21st Century transportation system?*

The penalty that HB 4612 would charge on hybrid and alternative fuel vehicles does not align with the priorities that our legislature seems to be working toward—technological innovation or economic development. HB 4612 would create two new special classes of vehicles – hybrid vehicles and alternative fuel vehicles – and tax them at significantly higher rates (increasing yearly rates up to \$400 in some cases) than internal combustion engine vehicles. The bill appears to penalize the technologies themselves, while missing the mark on a larger transportation funding solution. This bill sends a signal to businesses that Michigan is deaf to advances in auto design and manufacturing technology which are occurring in front of us.

In addition to the problems with the policy direction in which HB 4612 steers us, hybrid vehicles are not always the most fuel efficient vehicle choice. For instance, the regular 2015 Ford Focus gets 29/40 mpg compared to the 2015 Chevrolet Tahoe Hybrid with 20/23 mpg. Under HB 4612, the gas guzzling Chevy Tahoe Hybrid would be penalized because of the engine technology, and the relatively fuel efficient Ford Focus with a regular internal combustion engine would avoid the extra registration charge, while paying about half as much in gas tax revenue. It is tough to view this as something other than a penalty on specific technologies.

Hybrid-electric technology is just one of the many options for increasing fuel economy. The proposed tax on hybrids does not recognize that other technologies, such as more efficient