

Testimony of Robert Bacyinski of DTE Energy Gas Services; May 26 ,2015

Good morning Chairman Farrington and other distinguished members of the Roads and Economic Development Committee.

My name is Robert Bacyinski and I am with DTE Energy Gas Services, which is engaged in building both public accessible and private compressed natural gas (CNG) fueling infrastructure in Michigan. I am here today to advocate for a fair and equitable approach to taxing compressed natural gas along with the other alternative fuels.

It is extremely important to accelerate economic development, job growth and environmental action by developing both legislative and political support for the alternative fuel industry in Michigan. By investing in cleaner, more renewable fuels such as CNG, liquefied natural gas (LNG), propane, biodiesel and ethanol, Michigan can ensure it remains the global leader in automotive research, design and manufacturing.

Given the expertise of its automotive industry workforce, Michigan is positioned better than any other state to manufacture the vehicles and components that meet the demands of a growing alternative fuels market.

Future tax legislation related to CNG and other alternative fuels needs to be designed not to stymie growth, but to advance economic development and job creation in Michigan's automotive sector and cleaner transportation opportunities through the production and commercial success of clean fuels and clean fuel vehicles in this State.

CNG should be promoted as an economically viable and environmentally friendly alternative transportation fuel. Currently, road tax on gasoline and diesel is collected by applying a percentage to the wholesale price of gasoline or diesel. A fair and equitable method of establishing a per gallon tax rate for CNG would be to apply the same percentage to the wholesale price of natural gas. This same methodology could be the framework for all of the other alternative fuels listed above. Further, if diesel and gasoline are made exempt from state sales tax, CNG and all other alternative fuels should be afforded this same tax treatment. Lastly, the legislation should establish a floor and ceiling on the tax rate that is adjusted annually for inflation in a manner similar to diesel and gasoline.

I sincerely appreciate the opportunity to speak with you today on this matter. Thank you for all of your efforts in creating a fair and equitable taxing mechanism to take care of the transportation funding issues in Michigan, while recognizing the strategic importance in the growth of alternative transportation fuels in our State.