



Written by [Raven Clabough](#) on June 10, 2013

States Propose Fees on Hybrids to Cover Gas Tax Losses

A number of states are exploring [new fees](#) for hybrid and electric car owners in order to compensate for the loss of revenue in gas taxes on fuel-efficient vehicles. The proposal is opposed by those who view the new fees as antithetical to one of the touted benefits of owning a hybrid: savings.



Boosting taxes “for people who want to use less gas is at odds with policies that are trying to make it easier for people who want to adopt clean and efficient technologies,” asserted Genevieve Cullen, vice president of the Electric Drive Transportation Association, a Washington-based industry group.

But those who support the policy say it is a way to ensure that all drivers have a stake in maintaining the roads on which they drive.

Fox News reports:

Gas taxes are the most vital source of transportation funding, making up nearly 40 percent of all state highway revenues and more than 90 percent at the federal level, according to the National Conference of State Legislatures. But those revenues haven’t kept up with rising construction costs, falling 41 percent in real value at the federal level since they were last increased 18 years ago, according to the Institute on Taxation and Economic Policy. The same non-partisan research group estimates that state and local gas-tax revenue fell 7 percent to \$38 billion between 2004 and 2010.

Sales of electric and hybrid cars have soared over the last 10 years, [observes](#) *Auto News*. Last year, Toyota Motor Corp. sold 236,659 Prius hybrids, a 73-percent increase from 2011. Likewise, General Motors doubled its sale of hybrids last year.

But the increase in the sales of these vehicles is being blamed for the decrease in gasoline tax revenues. As a result, at least 10 states have either considered or passed legislation to collect fees from owners of hybrid or electric cars.

Some opponents of the fees on hybrids and electric cars are instead proposing a taxation system based on miles traveled.

“I think so far what we’re seeing is the trend seems to be either an additional annual fee or some type of registration fee seems to be much more popular than the miles-driven tax, because that is a newer technology and raises some privacy concerns,” said Kristy Hartman, a transportation and environment analyst for the National Conference of State Legislatures.

New Jersey recently abandoned a plan to charge vehicles by miles traveled after significant opposition from media and legislators, instead opting for a flat fee on electric vehicles.



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Lawmakers in Arizona also support the fees on fuel efficient vehicles.

“The intent is that people who use the roads pay for them,” explained Arizona state Senator Steve Farley, a Democrat from Tucson who wrote a bill to tax electric cars. “Just because we have somebody who is getting out of doing it because they have an alternative form of fuel, that doesn’t mean they shouldn’t pay for the roads.”

In North Carolina, senators added an additional \$100 annual registration fee for electric car owners and a \$50 fee for hybrid drivers. They estimated that the additional fees will raise \$1.5 million annually. Whether the North Carolina House will approve the provision remains to be seen, however, as it prepares to release its own spending plan in the next few days.

But North Carolina Senator Neal Hunt asserts that the provision is the best way to insure that all drivers are contributing their fair share. “It just seems logical to me that they should pay a small fee for the use of the highways and the wear and tear they put on the highways,” he said.

Fuel efficient drivers in the state of North Carolina, who are already perturbed by the end of a pilot program offering four interstate plug-in stops, are voicing their opposition to the proposal.

“On its face, it’s reasonable for electric owners to contribute toward road tax in some way,” said Ryan Turner, an IT professional in Chapel Hill. “I think what’s suspect is that, given all the issues we have in this state, given the state’s woeful effort so far to promote electric vehicles as part of some statewide agenda, it is suspect that this vehicle tax is a priority given the small amount of the revenue it will bring in.”

Turner notes that more conventional vehicles are achieving fuel efficiency that is comparable to some hybrid cars, and therefore considers the proposal to be “arbitrary.”

According to Jay Friedland, legislative director for the advocacy group Plug In America, legislators should be asking fuel efficient drivers to pay their fair share through additional fees, but should wait until the number of alternative-fuel vehicles reaches 100,000. North Carolina presently has approximately 30,000 registered hybrids and electric cars.

“We generally say this is a period of time when you should be incentivizing these vehicles, but after a while, yes, everyone should be paying their fair share,” he said.

Friedland noted that Plug in America supports a vehicle-miles tax.

“Fundamentally, the mechanism exists [for charging a miles-traveled tax], but I don’t know of any states that are currently doing that yet,” he said. “We’re really on the edge of this, because we’re for once actually watching fuel consumption going down, and that’s why we’re watching these taxes come up.”

But the vehicle miles-traveled tax has raised significant privacy concerns, as it requires the use of a government-mandated device inside the vehicle to measure the miles used and communicate that figure to a central system.

“If you think about it, you’ll realize that your location history indicates where you sleep, where you work, who you sleep with, who you go to business meetings with, where you go to church, what political meetings you attend, what nightclubs you go to,” [said](#) Peter Eckersley, senior staff technologist with the Electronic Frontier Foundation.

“These facts about people are astonishingly sensitive. And we don’t want to build a permanent tracking system for those by accident,” he said.



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Tom Stricker, vice president of technical and regulatory affairs at Toyota Motor North America, opined that it's "wholly inconsistent" to single out hybrids for an additional tax. "A compact gasoline car may consume less fuel and pay less gasoline tax than a hybrid SUV, but only the hybrid SUV would be subject to an additional tax," he noted.

Photo of Honda Civic hybrid



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