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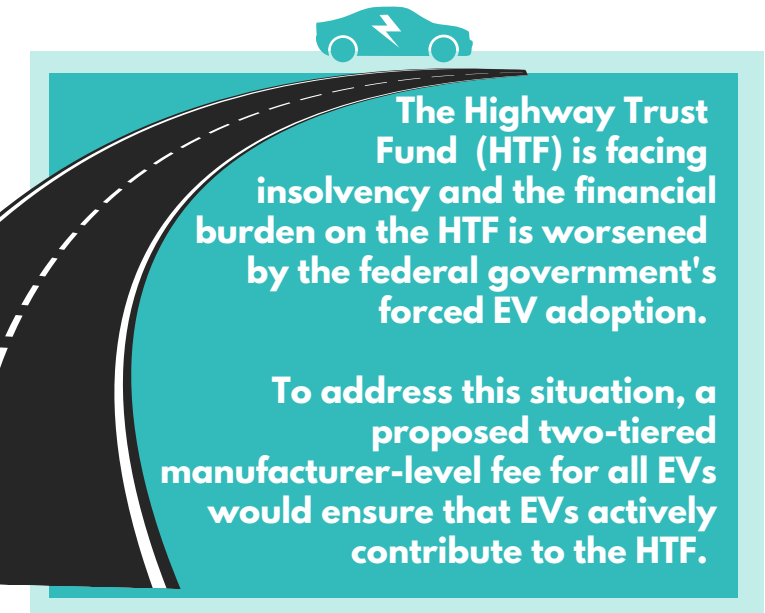
STOP EV FREELOADING ACT

BACKGROUND: The Highway Trust Fund supports over 90 percent of federal highway aid to states based on a formula. The HTF was meant to be funded primarily by federal gas tax: 18.4 cents per gallon for gas and 24.2 cents for diesel. The gas tax was last raised in 1993. The HTF faces insolvency today because fuel-efficient vehicles have caused lower consumption. Since 2008, over $275 billion, including $118 billion from the Bipartisan Infrastructure Law (BIL), has been shifted from the general fund to sustain the HTF. Projections as of April 2022, show the HTF remains solvent only until FY 2026 with BIL authorizations. By FY 2027's end, a $10 billion deficit is expected.

The HTF instability has worsened due to EV adoption, which is being encouraged at the federal level through tax incentives. EVs do not contribute to the HTF because EVs are not subject to the federal gas tax.

Although EVs do not pay into the HTF, they weigh up to three times more than their internal combustion engine counterparts due to the weight of their batteries. For example, the Ford F-150 Lightning weighs over 6,000 pounds, whereas the F-150 internal combustion engine weighs an average of 3,000 pounds. The Ford EV Mustang weighs 4,300 to 5,000 pounds, and a Ford Mustang with an internal combustion engine weighs 3,500 pounds. The significant increase in weight has a tremendous impact on roads, necessitating more maintenance and repairs over time.

If the federal government intends to continue pushing EV manufacturing and adoption, then it must also devise a strategy to ensure EVs pay their fair share for road maintenance. This is particularly crucial given the impending insolvency of the HTF.



GROUP SUPPORT:

ARTBA American Road & Transportation Builders Association
NLC National League of Cities
ASCE American Society of Civil Engineers
NACo National Association of Counties
AGC The Associated General Contractors of America
NACE National Association of County Engineers

BILL SUMMARY: The legislation would require EVs to contribute to the HTF through a two-tier fee structure similar to and modeled after the current federal gas tax and the heavy vehicle use tax. The bill would:

Tier 1: Impose a one-time fee of $1,000 on all-electric vehicles to be imposed at the manufacturer level, at the point of sale. This fee would be appropriated to the HTF.

The $1,000 fee is derived from the average amount consumers currently contribute to the HTF from gas taxes calculated over a span of 10 years. Internal combustion engines have an average lifespan of 100,000 miles, which equates to approximately 10 years. According to CRS, light-duty vehicles typically contribute between $87 and $100 per year to the HTF. The average lifespan of an electric battery is 10-15 years. So, a comparable fee over 10 years for an EV would amount to around $1,000.

Tier 2: Impose a one-time fee of $550 on each battery module with a weight greater than 1,000 pounds to be imposed at the manufacturing level and would be appropriated to the HTF.

Under the current fee structure, heavy trucks have to pay an additional 12% excise tax because of the increased damage they cause on roads and bridges. The tax is based on weight. Trucks with a gross weight of 55,000 pounds pay $100 plus $22 per 1,000 pounds over 55,000 pounds. At 75,000 pounds, the federal weight limits on the roads, the tax is capped at $550. Given the additional weight of EVs and the increasing EV battery weight, an excise fee would offset the damage to roads and bridges.

The Stop EV Freeloading Act would impose a one-time fee based on battery weight. This is because EV batteries are getting bigger and heavier to increase batteries' long-distance range. Congress is further incentivizing this trend by investing research and development dollars to produce longer-range batteries and reduce driver range anxiety. Due to current technology gaps, the batteries will only continue to increase in size and weight to accomplish the long-range goals.