The concept behind mandating additional registration fees for hybrid and electric vehicles owners is understandable. They are thought to evade fuel and sales tax – but that's not true. The Ford C-Max Hybrid and Toyota Prius don't evade any fuel taxes – they just get good mileage. But House Bill 4612 doesn't mandate additional registration fees based upon MPG, it's based on technology under the hood. If you drive a 33 MPG Chevy Cruze Eco (non-hybrid), there will be no extra fee but if you drive a Chevy Silverado Hybrid truck (21 MPG) then you have to pay an additional registration fee because supposedly, you're not paying your fair share.

Are electric car owners paying their fair share? The owners are using our roads without paying gasoline tax but they *are* paying sales tax on the electricity they use. Any extra fee or tax should account for that. Whether or not that revenue goes to the general fund, or road maintenance is up to the legislature. But the auto owner doesn't decide that and shouldn't have to pay extra because legislators don't apportion sales tax paid due to electric car charging.

According to the Federal Highway Administration, cars, SUVs and pick-up trucks averaged 11,354 annual miles in the years 2011 through 2013. Michigan-specific data is not available.

The Cruze Eco makes a good comparison because it's one of the highest MPG non-hybrid cars made in Michigan and the legislature hasn't (yet) levied fees based upon MPG. With gas priced at $2.75 a gallon, that owner will pay about $115 in revenue – fuel and sales tax. The owner of a C-Max Hybrid will pay $95 in revenue, and if HB 4612 becomes law, will pay an additional $100 registration fee, thus paying $195, or 169% of what the Cruze Eco owner paid. That's not equitable.

Similar calculations show that an owner of a Silverado Hybrid will pay $181 in taxes and $100 in additional registration fees, resulting in a whopping $281, or 244% of what the Cruze Eco owner paid.

Ford Focus Electric owners pay about $27 sales tax on the electricity they use and an additional $225 registration fee, thus paying $252, or 218% of what the Cruze Eco owner paid.

Is the proposed additional registration fee even legal? In a Citizens Research Council of Michigan report*, the authors wrote about a state supreme court decision, *Bolt v City of Lansing*, that discusses the difference between a fee and a tax:

1. User fees must serve a regulatory purpose rather than a revenue-raising purpose;
2. User fees must be proportionate to the necessary costs of the service or commodity, and imposed on those benefiting from the right/service/improvement supported by the fee; and
3. User fees are voluntary in nature.

Contrasted with fees are taxes levied by government. By implication, a tax:

1. Is to be levied to raise revenue for the general operation of government;
2. Is to be levied to benefit the general public; and
3. Is compulsory in nature.

It appears the revenue generated by HB 4612 might be a tax and not a fee, yet it's called a registration fee. This bill is punitive and should be amended to address these concerns. Reasonable and fair-to-all public policy will result in good stewardship of our roads and bridges.

By Phil Lombard

Comparison of Average Annual Taxes and Fees Paid

	Combined MPG(e)[1]	State Fuel Tax[2]	State Sales Tax[3]	HB 4612 Additional Registration Fee	Taxes Plus HB 4612 Fee	Percent of Chevy Cruze Eco Revenue
Chevy Cruze Eco (not a hybrid)	33	$65.37	$49.89	None	$115.26	100%
Ford C-Max Hybrid FWD	40	$53.93	$41.16	$100	$195.09	169%
Ford C-Max Energi Plug-in Hybrid[4]	88	$16.86	$18.15	$100	$135.01	117%
Chevy Volt[4]	98	None	$31.40	$100	$131.40	114%
Ford Focus Electric	105	None	$26.57[5]	$225	$251.57	218%
Buick LaCrosse eAssist	29	$74.39	$56.77	$100	$231.16	201%
Chevy Silverado Hybrid	21	$102.73	$78.40	$100	$281.12	244%
Average vehicle	21.5[6]	$100.34	$76.57	None	$176.91	153%

* http://crcmich.org/PUBLICAT/2010s/2015/Tax%20Outline_ALL.pdf

[1] EPA combined fuel mileage. Source: http://www.fueleconomy.gov

[2] 11,354 (national average miles travelled light duty vehicles 2011-2013) ÷ MPG(e) x 19 cents. Source: http://www.fhwa.dot.gov/policyinformation/statistics/2011/vm1.cfm http://www.fhwa.dot.gov/policyinformation/statistics/2013/vm1.cfm

[3] 11,354 miles ÷ MPG(e) x 14.5 cents based on a gallon of gas at $2.75 retail

[4] 31.1 daily miles with battery then gas, C-Max Energi 19/12.1; Volt 31.1 miles battery only; charging efficiency 85%-Ford, 91%-Chevy

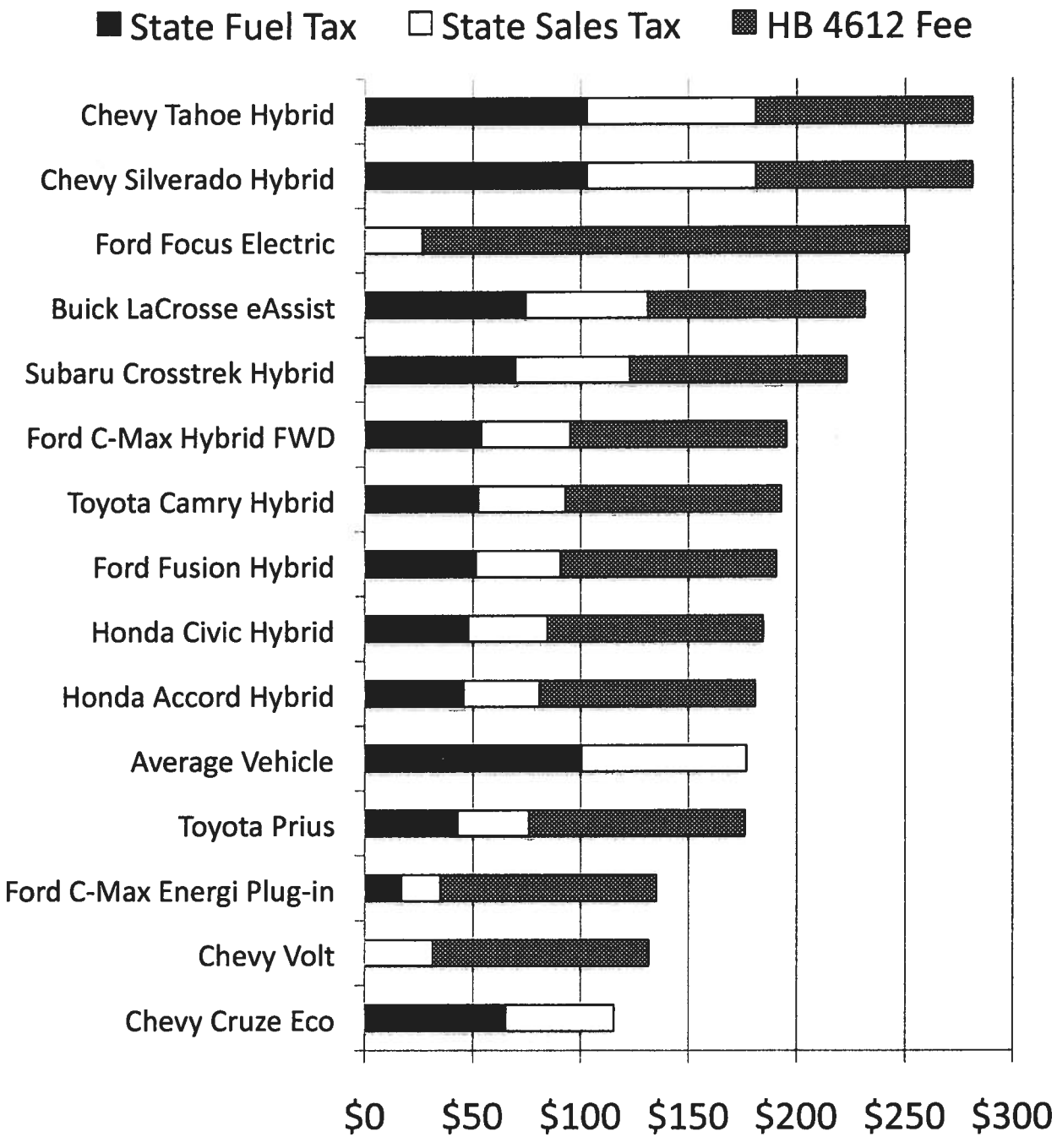
[5] 11,354 miles ÷ MPG(e) x (36.6 + 5%) x $0.00569. Source: http://www.convertunits.com/from/kWh/to/gallon+%5BU.S.%5D+of+automotive+gasoline

82% charging efficiency, $0.00569 is sales tax on 1 kilowatt based on the author's residential electric bills (rate varies according to monthly amount consumed)

[6] Average fuel consumption 2011-2013. Source: see footnote 2

By Phil Lombard

Average Annual Revenue per Vehicle with HB 4612 & $2.75/gallon Gas



Slide by Phil Lombard