

Texas Advanced Energy Business Alliance (TAEBA) is focused on growing the energy sector with innovative technologies that make the Texas electricity system more secure, clean, reliable, and affordable. This expansion includes accelerating EV deployment in Texas by tackling market barriers to reduce the upfront cost of vehicles and promote customer choice, accelerating charging infrastructure deployment, removing, reducing, or modernizing utility regulations to integrate EVs, and addressing the specific challenges facing medium- and heavy-duty vehicles. As of 2019, there were 254,337 advanced energy jobs in Texas, many of which were in the growing advanced transportation sector. Thoughtful public policies and a continued commitment to removing barriers to competition will give Texas the opportunity to position itself as the national leader in deployment of advanced energy technology including electric vehicles and EV charging equipment.

- **EV owners can and do contribute to state revenues today** through registration fees and tolls, and through taxes on the electricity they use.
- **Legislation has been proposed in Texas (and in other states) that would impose unreasonable flat fees of as much as \$300/year.** These flat fees are several times what an efficient gasoline-powered car would pay at the gas pump in taxes. **This creates an unreasonable tax burden on EV owners and picks technology winners and losers.**
- **To ensure fair taxation, an annual fee formula should be adopted to charge EVs an equivalent amount as they would be charged if they paid into the current gas tax:**

$$\text{Annual Fee} = [\text{VMT}/\text{MPGe}] \times [\text{gas tax}]$$

Where “VMT” = average annual vehicle miles traveled for the class of vehicle, “MPGe” is the miles per gallon equivalent rating for the vehicle, and “gas tax” is the cents/gallon tax at the gas pump.

- **Legislating a formula is better than putting a flat fee in statute**, because a flat fee quickly becomes outdated and creates a target for debate every session. Formulas are fair, non-arbitrary and allow for flexibility in agency implementation.
- **Electrification provides many benefits to the state and therefore state policy should promote new market development, rather than erecting market barriers.**
 - EVs are still new to Texas and make up a very small portion of the number of vehicles on the road (approximately 0.1%), thus having the potential to contribute very little to state revenues.
 - However, imposing unfair flat fees will stifle market development, and unfairly tax drivers of electric vehicles at more than their fair share. This policy would serve to have the state working against itself during a time period when there is little to gain financially.
 - Therefore, the trigger for imposing EV fees should be when EVs achieve 10 percent of market penetration in terms of annual sales in Texas.