Surface Transportation Reauthorization

Alternative Energy Grant Programs

The issue of alternative transportation technologies is being debated on surface transportation reauthorization bills in both chambers of Congress. A provision in both bills could harm fuel marketers is the creation of a grant program for states to deploy electric vehicle (EV) charging and other alternative energy stations along designated alternative fuel corridors. Fuel marketers are concerned that the grant program could allow the government to own and operate EV charging stations and compete with private businesses as well as permit electric utilities to double dip - meaning they could charge their rate paying consumers to pay to expand EV infrastructure, while also taking grant money to subsidize the same projects. In fact, utility companies have been requesting permission from state public utility commissions (PUCs) and bills are being introduced, to raise rates on all customers in some states. The purpose of these rate increases is, in part, to offset costs for installing EV infrastructure and charging networks that very few people will use.

Hardworking Americans should not pay more in their utility bills just so that a few who can afford EVs are able to charge their vehicles, in some cases for free. Even small utility rate hikes to pay for EV charging can have an outsized impact on households. Nearly 1 in 3 American households reported difficulty paying their energy bill, according to a 2018 Energy Information Administration report. If a PUC permits a rate hike, those unfairly paying for EV charging will include (1) low-income families, (2) the elderly and fixed-income families, (3) those who do not own EVs and will not use EV chargers and (4) small businesses. Furthermore, an electricity monopoly installing EV infrastructure hurts consumers by effectively blocking out competition. Competition will ensure consumers pay a competitive price for EV charging and are ultimately serviced by the companies that provide the best customer experience. In other words, utilities and non-utilities, including private businesses, should be on a level playing field when it comes to building out EV charging infrastructure.

PMAA members are also concerned that the grant program does not provide for the equitable distribution of funds or account for other investment required for infrastructure changes that may be needed to accommodate EV and alternative fueling equipment such as upgrades to site utilities, adding land, and expanding paved areas and operating costs. In addition, the focus on alternative fuel corridors will result in a preference for grants to companies that have multiple sites distributed along major transportation routes. As with other grants for alternative fuels, small to medium convenience stores will be placed at a competitive disadvantage.

INTERSTATE REST AREA COMMERCIALIZATION

When Congress created the Interstate Highway System in 1956, communities feared that businesses, jobs, and tax bases would shrink as truckers and other motorists bypassed their cities and towns. As a result, Congress prohibited development on interstate rights of way. Section 111 of Title 23 U. S. Code prohibits interstate rest areas built after January 1, 1960 from offering commercial services such as food and fuel.

Unfortunately, in an attempt to raise state revenue, many state governments have supported the idea of commercializing rest areas and contracting fueling and other services to private vendors. While advocates for commercialization claim that commercialization would benefit the public, the reality is that rest area commercialization would create a de facto monopoly and close half of the nearby interchange-based businesses. Furthermore, commercialization would destroy the property tax base of local governments (for short term gains in state revenue).
The ban on the commercialization of rest areas has resulted in a strong, competitive economic environment where 97,000 businesses are located within a quarter mile of the interstate. Prohibiting publicly run rest areas from competing with private sector businesses has been an undeniable success, resulting in industries that provide valuable services such as gas stations, travel plazas, truck stops, restaurants, and hotels and they employ 2.2 million people.

**HIGHWAY TRUST FUND and MOTOR FUELS EXCISE TAXES**

Motor fuel federal excise taxes (FET) have been the dedicated source of funding for the Highway Trust Fund (HTF) since 1956. The FET for gasoline is 18.4 cents-per-gallon and 24.4 cents-per-gallon on diesel fuel.

Revenue has decreased because vehicle fleets have become more fuel efficient – hence – less taxable gallons. Motor fuel FET have not been increased since 1993 and, some lawmakers want to increase the taxes to help pay for transportation infrastructure. Other funding options include tolling, vehicle miles travel (VMT)—and public-private partnerships.

PMAA has been unable to reach a consensus on whether it supports or opposes a motor fuels FET increase. Each PMAA state association has established their own policy position.

**EV TAX CREDIT**

PMAA opposes expansion of the $7,500 EV tax credit from 200,000 vehicles per automaker to 600,000. The nonpartisan Congressional Research Service found that the credit will cost taxpayers $10 billion by 2022, while benefitting predominantly high earners making over $100k per year. All vehicle owners and operators, no matter what fuel type they choose, including electric vehicles, should pay their fair share for road maintenance and repair. PMAA supports the “Fairness for Every Driver Act,” which would repeal the tax credit and ensure that EVs pay their fair share into the HFT.

**“THE ASK”**

Urge Lawmakers:

- To ensure that any alternative energy grant program does not permit electric utilities to double dip, meaning that they could charge their rate paying customers to expand EV infrastructure while also taking grant money to subsidize the same project.
- To oppose any attempt to commercialize rest areas.
- To ensure that all vehicle owners and operators, of any fuel type should pay their fair share for road maintenance and repair.
- To oppose extension of the EV tax credit.
- To cosponsor the “Fairness for Every Driver Act” (H.R. 1027) (S. 343), introduced by Rep. Jason Smith (R-MO) and Sen. Barrasso (R-WY), which would provide a level playing field for all transportation energy sources by eliminating the EV tax credit and ensuring alternative fuel rivers pay into the HTF.

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