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Chairman Holmes and Members of the Committee on Energy and Utilities:

Thank you for the opportunity to speak here today. I'm Jeff Perry and I am here today representing General Motors and the more than 3900 employees of the Kansas City, Kansas Fairfax Assembly plant to discuss House Bill 2455 and its impact on General Motors, the U.S. automobile industry and consumers across the state of Kansas.

It is hard to deny that we are at an economic crossroads in our nation's history. U.S. and world economies are still in a state of flux. Stock markets still fluctuate wildly and gas prices continue to rise. While the causes are all debated, one thing seems to be agreed upon. We cannot continue as a nation, as states, as businesses, and as consumers as we have in past. We must forge new ground. For the auto industry this means breaking our dependence on foreign oil and developing ground breaking new solutions for the automobile. Automobiles that are cleaner for our environment and more efficient, using less foreign oil and more home-grown clean energy to power us into the future. Developing this new technology is not cheap and it is not easy. Costs are high and volumes are low. Everyday new hurdles and new roadblocks are presented. Consumers are just beginning to "stick their toes in the water" as it relates to this new technology, but are cautiously optimistic. We are on the brink of something that will change the face of transportation forever, but what is needed now is a boost to jump start adoption of this new technology, not regulatory hurdles that serve as a disincentive to consumers.

House Bill 2455 at best, is premature given the miniscule number of electric vehicles sold and registered to drive on Kansas roads. At worse, it serves as a major impediment to the consumer trying to choose between the old technology automobile and the new. In either case, as one of the first bills of its' kind in the country, it sends the wrong message to one of Kansas' major employers. A Kansas employer who just recently added 1,000 new jobs and approximately \$150,000,000 in new investment in their Kansas plant.

As motor vehicles become more fuel efficient, consumers buy less gasoline in order to drive the same distances they always have. As gasoline purchases decline, state gas tax revenues have gone down. Now, with the development and sale of electric vehicles that use little or no gasoline, state highway funds feel even more threatened. House Bill 2455 proposes the imposition of a new tax by way of charging consumers a special fee to charge their electric vehicles. In theory House Bill 2455 intends this tax to be a substitute for the gas tax that electric vehicles otherwise do not pay as a method of stopping and reversing any

possible reduction in highway funds. However, electric vehicles are not the cause and should not be the focus for a first line of defense.

Electric vehicles represent a fraction of a fraction of a percent of all vehicles on the road in Kansas today. Their numbers are statistically insignificant in terms of gas taxes not collected. More importantly the fee structure proposed by House Bill 2455 would not generate the revenue needed to fill the shortfall in state highway funds. In fact, in the entire U.S. market, hybrid and electric vehicles won't rise above a 10% share of the market until after 2016.

Additionally, the fee structure proposed by House Bill 2455 potentially results in double taxation for some electric vehicles. As technology evolves, vehicles like the Chevrolet Volt that generate electricity from both plug-in sources and the on board gasoline powered generator will be subject to a gas tax at both the pump and the plug. This will result in unequal treatment and excessive double taxation. When you consider that electric vehicles tend to be among the lightest on the road and contribute the least to overall road damage, this circumstance is even less appropriate.

Consider also the message that House Bill 2455 sends to consumers. How will consumers rectify the conflicting policy messages being delivered to them to reduce oil consumption and air pollution but avoid cars with higher fuel economy, including electric vehicles, or be subject to additional taxation. At a time in the life cycle of the electric vehicle when consumers are already struggling with higher vehicle cost, limited infrastructure, and anxiety over new technology, adding a unique tax is just one more hurdle. Instead of encouraging consumers to begin the transition to a new technology like 26 other states, Kansas would be among the first to tell consumers "think again".

House Bill 2455 proposes a solution that falls short of its goal. If states have a need to increase their current transportation infrastructure revenues, they should first look to extending the current fuel tax program, rather than imposing new approaches that will serve only to undermine the development and implementation of alternative fuels and advanced technology vehicles.

Thank you for your time. I'd be happy to try and answer any questions that you may have.