

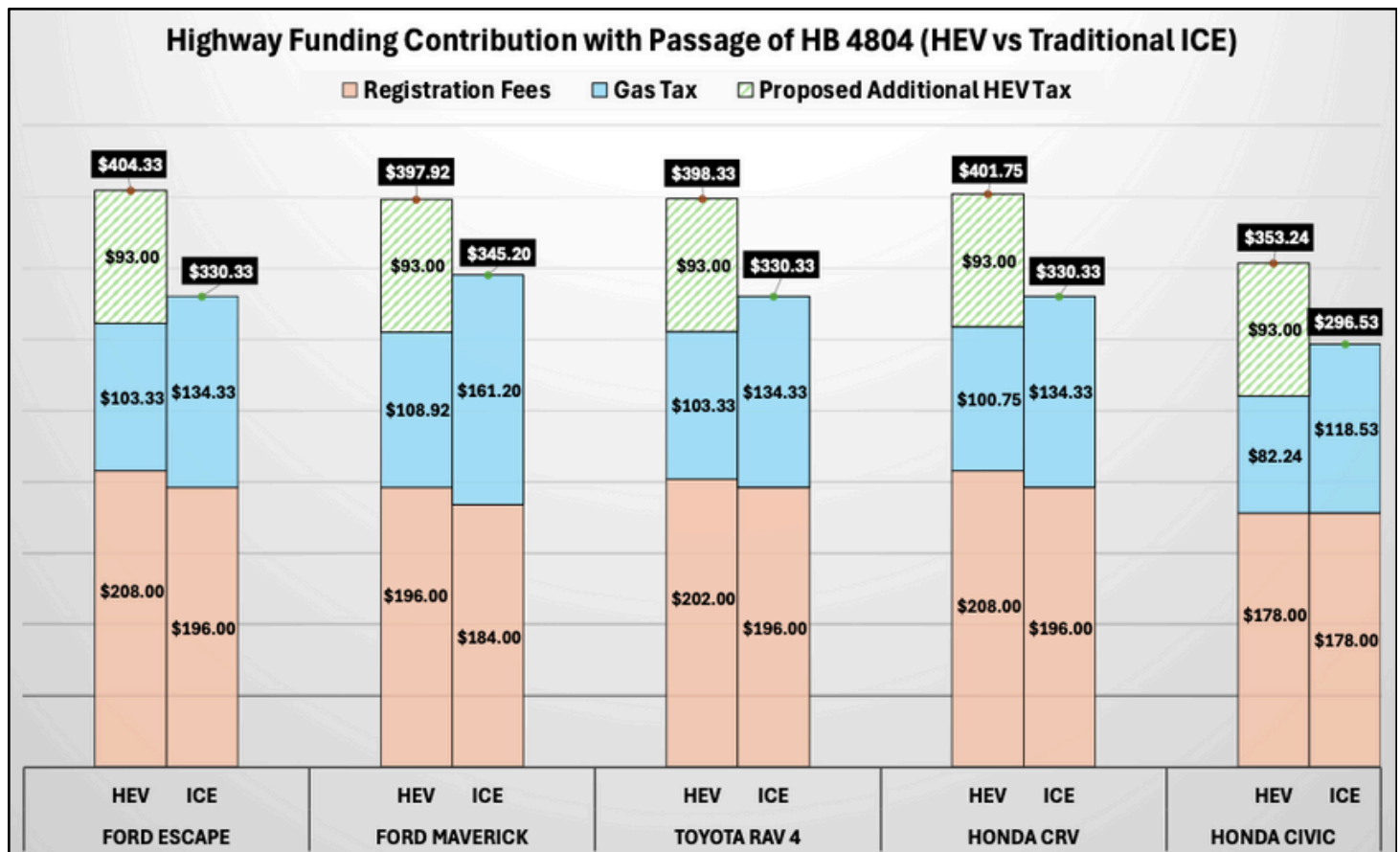
# HB 4808 Unfairly Targets Hybrid Vehicle Owners with New Fees, Raising Little New Revenue

## Overview

HB 4804 introduces a new surcharge on hybrid-electric vehicles (HEVs) **that would lead to HEV drivers unfairly paying significantly more than drivers of equivalent non-hybrid gasoline cars.** Both HEV and non-hybrid gasoline owners exclusively fuel their cars with gas, not electricity. The difference is that hybrid cars utilize a battery to capture energy when the driver brakes or coasts, which can then be re-used to help power the vehicle later. Because hybrids are more efficient, owners don't need to buy as much gas or pay as much in gas taxes as non-hybrid gasoline owners do.

While HB 4804 may appear to make hybrid owners pay the same amount in highway funding as non-hybrid gasoline owners, it would actually make them pay significantly more. But given that HEV's make up roughly 2.5% of registered vehicles in MI, the proposed fee increase would also not raise significant new revenue. Efficiency improvements from all new gasoline vehicles account for a much larger source of potential revenue loss.

Instead of the hybrid fee increase proposed under HB 4804, policymakers should consider other approaches that would more effectively address revenue shortfalls and avoid penalizing a small group of MI drivers.



## The Proposed Surcharge under HB 4804

The proposed surcharge has two components:

1. A \$75 base surcharge on HEVs
2. An additional \$1.50 increase tied to the gas tax. For every cent the gas tax increases over 19 cents the fee will increase by \$1.50.

At today's .31c gas tax, this component would add \$18 to the surcharge.

Under the proposed surcharge, HEV drivers in 2025 would thus face **a total surcharge of \$93**, resulting in HEV drivers paying significantly more than drivers of equivalent gasoline vehicles. Based on our analysis of 5 of the top HEV models sold in Michigan, **HEV drivers would pay an average of \$65 more per year than drivers of non-hybrid models**. Why should drivers of hybrid versions of the same vehicle model be penalized for their choice of a more fuel efficient model?

### All Gas vehicles becoming more efficient – not just hybrids

HEV drivers do currently pay slightly less than traditional ICE drivers on average – from our analysis, approximately \$27 less per year, but not the \$93 that HB 4808 would assess. Furthermore, gasoline vehicles are seeing market-wide fuel efficiency improvements as a whole. This means that owners of all new gas vehicles are paying less toward highway funding than owners of older models. In our recent analysis, we found that the revenue from the top 10 gasoline models in 2024 averaged about \$43 less than the 2010 versions of those same vehicles. When the entire vehicle market is seeing technological advancements and efficiency improvements, it makes little sense to focus on a small subset of those vehicles as an effective pathway to increase highway funding. A real solution will require addressing the revenue decline from all new vehicles.

