

# State Infrastructure and Electric Vehicles

## Key Takeaways

- Given the rising inflation rate and cost of materials to build quality infrastructure, state officials are looking for ways to secure additional funding for infrastructure development and maintenance.
- Manufacturing, farming, and many processing facilities are housed in rural parts of the state and only accessible by state supported roadways and infrastructure, thus it is vital those projects are well kept and fully funded.
- On average, the cost of asphalt cement has increased approximately 26%, and the cost of fuel has increased 60%.
- In less than three years, electric vehicles are expected to account for 14% of the automotive industry, while some manufacturers are promoting a full electric line by 2030.
- Tennessee could experience a long-term economic shift from the emergence of electric vehicles in state revenue dollars.
- Rural infrastructure surrounding large projects such as Blue Oval City will be facing much needed improvements to accommodate the booming growth and use of roadways and bridges.

## Questions

1. Does Farm Bureau policy adequately address the emergence of electric vehicles?
2. Do you see a need for infrastructure improvements in your rural community?

## Background

Tennessee's rural communities play an influential role in the state's economy. Manufacturing, farming, and many processing facilities are housed in rural parts of the state and only accessible by state supported roadways and infrastructure, thus it is vital those projects are well kept and fully funded.

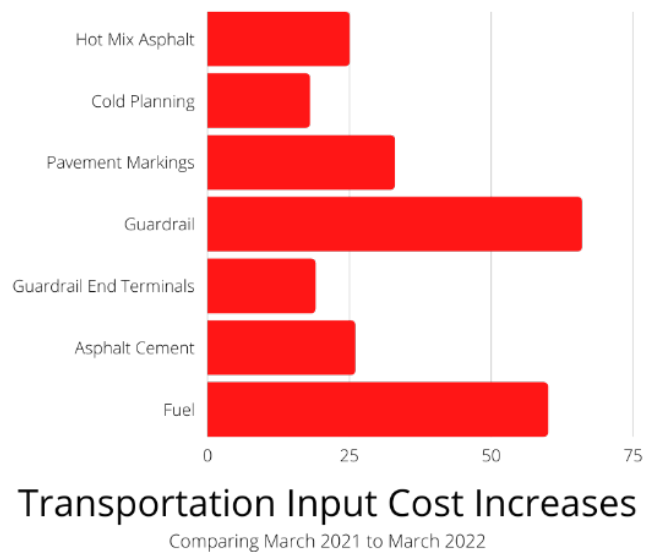
**By 2025, electric vehicles (EVs) are expected to account for 14% of the automotive industry, nearly quadrupling from the current three percent.** However, only a quarter of the charging stations exist for the recent boom in the electric vehicle market. Tennessee Department of Transportation (TDOT), with the support of the Tennessee Department of Environment and Conservation and other stakeholders have developed the Tennessee Electric Vehicle Infrastructure (TEVI) Deployment Plan. TEVI will create a network of EV charging stations along interstates and other routes in Tennessee, with the final plan serving as a guide to efficiently implement deployment of future stations.

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Auto manufacturers are preparing for the surge in this market, with over 30 brands developing and selling electric vehicles in the United States. The presence of these futuristic automobiles has raised questions among consumers. Recently, General Motors announced they will offer a \$5,500 discount on their new all-electric Cadillac Lyric SUV, built in Spring Hill, Tennessee. However, customers will be required to sign a non-disclosure agreement about their experience in owning and driving the vehicle and will be subject to diagnostic tracking. The reasoning for this tradeoff is unclear, and GM states they plan to offer this rebate to customers to collect real-time preferences from drivers.

Developing new infrastructure to accommodate the increase in EVs is one of the many concerns in this new face of transportation. Maintaining the existing infrastructure for combustible engine vehicles is equally important, especially to Tennessee’s rural population. **With the rising cost of inputs, the price tag to build and maintain Tennessee’s highways and bridges has increased over the last year, while portions of which have doubled in cost.**

What does this mean for the remainder of Tennessee’s infrastructure system? TDOT officials presented to Governor Bill Lee a potential \$40 million loss of revenue in state gas and diesel taxes as more Tennesseans purchase electric vehicles nearing 2027. Conversations on how to alleviate this loss include increasing the existing \$100 EV registration fees and implementing a required contribution to Tennessee’s Highway Fund from those who purchase electric vehicles.



It is not yet clear how this drop in revenue will impact Tennessee’s rural infrastructure. Large companies are settling into low populated areas across the state such as Ford’s Blue Oval City in Brownsville, Tennessee as well as Sinova Global, Ultium Cells, and Tritum throughout the Volunteer State. The cities hosting these industries will inevitably experience tremendous growth and their existing infrastructure system will need improvements to accommodate the new residents. Farm Bureau will monitor the growth of these projects and their effect on infrastructure across the state.

**Policy**

*Fuel Taxes*

Good highways, roads, and bridges are of vital interest to agriculture and to rural people. We commend the actions taken in the 2017 IMPROVE Act. We oppose efforts to repeal the actions taken in the IMPROVE Act. To maintain the public’s confidence and integrity in the user fee framework of the Highway Fund, future diversions must be off-limits. A key to credibility is to maintain a reasonable

balance between revenue needs and road project cost. We oppose indexing fuel tax to inflation. The gallonage basis, rather than percentage of price, should be considered. As more drivers use electric vehicles, these consumers should equitably contribute to the state's Highway Fund.

Road use taxes should be used exclusively for the construction and maintenance of roads and bridges. We are opposed to shifting fuel tax money away from rural roads and taxing off highway fuel.

County and city governments should have no authority to levy fuel taxes.

The Federal Highway Trust Fund should be designated an off-budget item to ensure road use tax funds are not involved in the general revenue deficit dispute. If the trust fund is kept in the budget, a cap should be placed on the amount of money in the trust fund. Road-use tax collections would cease when the cap is reached.

Pre-paid User Permits for highway-use diesel are important to many farmers and should be made available for all qualified farmers.

### *Highways and Roads (Partial)*

Good highways and roads are essential to future economic development and are of vital interest to rural people. Maintaining and improving existing roads should have priority over new road construction. As in the case of the proposed I-69 in West Tennessee, using existing roads can save many acres of farmland. Economic impact studies should include the impact of the loss of farmland and the resulting impact on the various service industries. We appreciate the improved responsiveness by TDOT to the environmental and economic effect of roads.

When any new road is planned or major changes are to be made to an existing road, TDOT should be required to do a comprehensive and thorough Environmental Impact Study (EIS). This study should address economic impact to the community and established business, environment issues and alternatives, such as improving existing roads. Productive farms in the path of such roads should be considered as a business. The findings of the EIS, economically and environmentally, should apply to that farm the same as any other business.

Preservation of farmland should be a major consideration in the planning of new roads. Wherever possible, new road routes should run along property lines rather than through the middle of a farmed tract. State policy must make TDOT a good steward of our farmland, one of our fastest disappearing natural resources.