



Natural Gas Vehicles for America

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Statement of Matthew Godlewski
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United States House of Representatives, Committee on Energy and Commerce, Subcommittee on Energy
Hearing on “Federal Energy Related Tax Policy and Its Effects on Markets, Prices, and Consumers”

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Introduction

My name is Matthew Godlewski and I am President of NGVAmerica, the national trade association dedicated to the growing market for vehicles that are powered by compressed natural gas (CNG), liquefied natural gas (LNG), and renewable natural gas (RNG).

NGVAmerica represents more than 200 companies, including fleet operators; vehicle manufacturers; natural gas vehicle component manufacturers; natural gas distribution, transmission and production companies; non-profit advocacy organizations; and state and local government agencies who are dedicated to creating a level playing field among transportation fuels and committed to the natural gas vehicle marketplace.

Our members range from publicly traded to multi-generational family-held companies, and from national fleet operations to small and midsize regional businesses. We represent a broad cross-section of America’s job providers.

On behalf of NGVAmerica’s members – and the thousands of men and women they employ – I want to thank the committee for its work in this very important area and ask that my comments be submitted for the record.

Comments

Since 1992, NGVAmerica has been working with lawmakers to implement financial incentives, programs and research in support of the domestic natural gas vehicle (NGV) industry. Fuel and infrastructure tax credits have played a significant role in the acceleration and adoption of natural gas as a transportation fuel and we look forward to continuing to work with Congress on behalf this important industry.

The significant environmental benefits associated with growth in the use of NGVs have been well documented. But increased natural gas usage has an important economic benefit as well, making it a particularly good investment.

For example, greater use of domestic natural gas stimulates job growth and provides state and local revenues, as well as federal royalties. Using natural gas as a transportation fuel also helps fleets and businesses lower their operating costs, thus increasing economic prosperity.

Currently, there are approximately 165,000 natural gas vehicles on the road in the United States, compared to about 23 million worldwide. But the potential for significant growth – and the economic benefits that will result – is in place:

- In the U.S., virtually every heavy-duty truck manufacturer and most transit bus manufacturers offer a selection of natural gas vehicles.
- A wide variety of light and medium vehicles also are available directly from manufacturers or offered through arrangement with automotive suppliers to make natural gas vehicles available to their customers. For example, Ford's entire commercial truck line-up is available in natural gas.
- Fuel providers have been actively adding to the number of fueling outlets that offer vehicular natural gas, as well. There are more than 1,700 natural gas fueling stations in the U.S.
- Innovation is at the forefront of our industry. The Cummins Engine Plant in Rocky Mount, North Carolina is where the revolutionary Cummins Westport "Near Zero" natural gas engine is built. This engine reduces harmful nitrogen oxide emissions by 90 percent from the current Environmental Protection Agency (EPA) standard. This product has been specifically designed to deliver emissions that are comparable to zero emission vehicles and to address the need for heavy-duty nitrogen oxide emission reductions.

The availability of extremely clean engines, combined with significant advancements in drilling technology and the vast natural gas resources that are now economically recoverable, provides an unprecedented opportunity for natural gas and the country. Our nation is in a position to displace a significant share of its petroleum imports with domestically-sourced, cleaner-burning and economical natural gas in the transportation sector. But to accomplish this, we will need the government's continued cooperation and leadership.

Businesses across America have benefitted from Congressional backing of NGVs as an affordable, viable option. However, to be more effective, policies that provide incentives for clean technologies need to deliver greater certainty for businesses and industries.

Specifically, we encourage Congress to extend the \$.50-cent tax credit for natural gas used in transportation – which expired on December 31, 2016 – for five years. The credit helps offset the cost of owning and operating a natural gas vehicle, thus encouraging more fleets to adopt the technology. A five-year extension of this fuel credit will provide small businesses, municipalities and others with the certainty they need to make long-term investments that will create more jobs and put the cleanest trucks and buses on the road.

In addition, NGVAmerica is working to modernize legacy tax policies that serve as barriers to increased use of natural gas as a vehicle fuel by creating fairness in tax treatment of natural gas fuels compared with traditional gasoline and diesel. Amending the federal excise tax (FET) on the sale of heavy-duty trucks, trailers and tractors is a prime example. The FET is an onerous burden on business of all sizes, but in the case of NGVs, is particularly burdensome as it is levied on the total cost of the vehicle, including the incremental cost above its gas or diesel equivalent. The added tax charged for cleaner natural gas trucks increases acquisition costs and discourages businesses from purchasing what is truly the cleanest available technology.

Finally, building out a national fueling infrastructure to support a new fuel like natural gas is no easy task. It is a uniquely challenging undertaking that requires enormous capital and confidence that the demand for the new fuel will materialize. Providing tax incentives will help secure the needed investments in natural gas vehicles and increase demand for vehicles. This, in turn, will encourage more businesses to develop fueling stations that provide natural gas, and it will reward manufacturers who are investing in producing natural gas vehicles and natural gas fueling equipment.

Looking forward, the potential for natural gas is exponential, but it cannot be developed in a vacuum. Supporting tax incentives for NGVs is an investment that will pay dividends today, supporting needed jobs in communities all over the U.S., and tomorrow, as NGVs continue to provide much-needed environmental benefits.

As tax reforms are debated, NGVAmerica looks forward to continuing to work with Congress, the administration and other key stakeholders to share the NGV success story and further understanding about how a robust domestic natural gas market will benefit all Americans.