218th New JErsey Legislature

Assembly commerce Committee

HoN. gordon johnson--Chair

Testimony

Sal Risalvato

Executive Director

New Jersey Gasoline-Convenience-Automotive Association

A-2963

SUPPORT

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Committee room 16

Trenton, NJ 08625

**Testimony of Sal Risalvato**

**A-2963: Support**

Chairman Johnson, members of the Committee, my name is Sal Risalvato, Executive Director of the New Jersey Gasoline, Convenience Store, Automotive Association (NJGCA), here representing several hundred independent motor fuel retailers across this state.

NJGCA is happy to support this bill. You may not expect an Association primarily representing gas stations to support legislation that encourages the use of any type of vehicle that does not use petroleum products, but that is not the case for us. In truth for the last several years our organization has worked to promote to our members the idea that in order to invest in the future of their business they must invest in alternative energy. The forces of disruption have affected every industry out there, and fueling will soon be no exception.

We believe that the move to alternatively fueled vehicles should make use of the vast existing fueling infrastructure wherever possible. Consumers are already accustomed to pulling in to service stations to refill their vehicles with one form of energy; we believe they will be willing to continue doing so for another form.

We also believe that of the various different types of alternative clean power, hydrogen fuel cells are the ideal. Unlike battery electric vehicles, hydrogen fuel cell vehicles require virtually no change in consumer behavior, they take about as long to refill as a gasoline powered vehicle, and the overall cost on a gallon equivalent basis is not unreasonably higher than gas prices, and will be even better once this bill is passed.

Investing in alternate energy is also good for a business’ image with the community. We believe that even motorists who continue to use traditional gasoline-powered vehicles will be more likely to patronize a station that is seen as investing in a future that is cleaner. That enhanced image and customer loyalty will also help the station’s other auto repair and/or convenience store businesses.

This biggest problem to hydrogen breaking into the marketplace is the high initial cost, and we support bills like this, which will play a role in busting through those initial hurdles. The more hydrogen fuel used, the lower the price will be for everything, from the equipment to the fuel to the initial construction.

Investment in hydrogen fueling is growing in the US and particularly in Japan. Japan already has 90 stations operational and just a few weeks ago a coalition of major corporations announced a commitment to open an additional 80 stations in the next four years. The coalition includes Honda, Nissan, Toyota, Air Liquide, and JXTG Nippon Oil (the largest oil company in Japan). While the initial cost of constructing a hydrogen station is high, as more are constructed and the process refined, the investment is expected to drop by at least 50%.

A sales tax on hydrogen transportation fuel is particularly problematic. The sales tax is justifiably not collected on sales of motor fuels because of the immense accounting and administrative burden it places on small business owners. Retailers in the handful of states which do charge the sales tax on gasoline all report that it is an immense headache given the nature of the vehicle fueling industry.

Many of the worst aspects of a sales tax on hydrogen fuel would not be felt in the early days, as the number of gallons sold will be small. But currently the average gas station sells about 100,000 gallons of fuel per month. If every one of those gallons had sales tax collected on them, it would be far more revenue than they currently have to account for from their convenience store sales. All current taxes on gasoline and diesel fuel are paid in advance by the retailer, before the fuel is ever put in the ground at their business. They do not have to deal with the added effort of collecting the tax from the motorist and remitting it to the State every month. The burdens of a sales tax on hydrogen fuel would certainly discourage any retailer from investing capital, effort, or space on hydrogen fueling.

For now there should be no taxation to discourage investment by the consumer in hydrogen fueling. Once the day comes that that needs to change, the State should still not implement a sales tax scheme, but instead rely on either a higher vehicle registration fee, or perhaps even some type of mileage tax, which may be easier to implement a decade from now than it currently is. This would also make it more likely that any revenue collected from alt-energy powered vehicles is invested into the Transportation Trust Fund, whereas any sales tax revenue collected from hydrogen fueling will just be sent to the General Fund.

We at NJGCA believe that investing early in these new forms of transportation is essential for our members to be ahead of the curve. We consistently tell them that they are not in the gasoline business, they are in the transportation energy business.

This bill will remove a burden that stands in the way of higher investment in hydrogen fuel cell vehicles, and I ask that you support it.

Thank you.