



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0055 - An act establishing a tax on electric vehicle charging stations (Loge, Denley M)

**Status:** As Amended in House Committee

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$2,345,548	\$428,589	\$434,802
Federal Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$86,389	\$642,034	\$644,308
Federal Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	\$0	\$0	\$0	\$0

**Description of fiscal impact:** HB 55 allows for a \$0.03 per kilowatt hour (kWh) tax on electric vehicle charging stations. The public charging station tax and required reports would be filed monthly with the Department of Transportation (MDT). The taxes collected must be deposited into the highway restricted account provided for in 15-70-126, MCA. MDT shall promulgate rules to credit Montana residents for any tax collected, but not to exceed the total amount of registration fees for electric vehicles paid by a taxpayer during the year in which the taxpayer claims the credit. An IT solution would need to be implemented for registration, data entry, tax collection, and refunds of the charging station kWh tax.

## FISCAL ANALYSIS

### Assumptions:

#### **MDT:**

1. An IT solution will be required for the implementation, registration, data entry, tax collection, and refunds of the charging station kilowatt hour tax. Estimated costs for the IT solution purchase and implementation are \$2 million. The IT solution will need to interface with the Department of Justice's (DOJ) Motor Vehicle Division for vehicle registration data to provide mechanism for refunds to Montana citizens.
2. Within MDT's Administration Division, it is assumed that 1.00 FTE for an Accountant (job code B21012) will be needed for data entry, review, and reporting of tax returns. It is assumed 1.00 FTE for an Accounting Technician (job code Q33021) will be needed for data entry, reporting, and review of refunds. FY 2025 personal services expenditures would be \$137,159, FY 2026 personal services expenditures would be  $\$136,730 \times 1.015$  (inflation) = \$138,781, and FY 2027 personal services expenditures would be  $\$138,781 \times 1.015$  (inflation) = \$140,863.
3. Within MDT's Information Services Division, it is assumed 1.00 FTE for a developer (job code C1D023) will be needed to help develop and maintain the IT solution. FY 2025 personal services expenditures would be \$122,000, FY 2026 personal services expenditures would be  $\$122,000 \times 1.015$  (inflation) = \$123,830, and FY 2027 personal services expenditures would be  $\$123,830 \times 1.015$  (inflation) = \$125,687.
4. It is assumed that most charging station kWh tax collected from Montana residents will be refunded to prevent double taxation if an electric vehicle registration fee is charged, and that kWh tax collected will be almost entirely collected from non-resident charging.
5. Currently, the electric vehicle adoption rate in Montana is 0.18%. It is assumed the lack of charging station infrastructure affects electric vehicle tourism at the same rate. Assuming 30% of gasoline and diesel cashiered gallons are sold to non-residents, FY 2021 tourism gallons of gasoline and diesel would be 261,559,083.3 gallons. (553,619,015 FY 2021 Cashiered gasoline gallons + 318,517,285 FY 2021 Cashiered diesel gallons = 872,136,300 cashiered gallons.) (872,136,300 cashiered gallons \* 30% tourism gallons = 261,640,890 tourism gallons.) (261,640,890 tourism gallons \* 0.18% electric vehicle adoption rate = 470,953.6020 gallons to convert to kWh.) (470,953.6020 gallons \* 33.694444444444 kWh to gasoline gallon equivalent = 15,868,519.9785 kWh charged at public charging stations by non-residents.) (15,868,519.9785 kWh charged at public charging stations by non-residents \* \$0.03 kWh tax = \$476,055.60 potential revenue.)
6. Based on the July 2025 effective date, it is assumed the kWh tax will be applied to half of the kWh charged in 2025 to Non-Residents. ( $\$476,055.60 \times 50\% = \$238,027.80$ )
7. Assuming electric vehicle adoption rates remain at 0.18% until the charging infrastructure has been built, the total revenue projected to be collected is \$476,055.60 in FY 2026 and \$476,055.60 in FY 2027.

#### **Department of Labor and Industry (DLI):**

8. DLI will require 2.00 FTE building code inspectors. Costs for salaries and benefits for 2.00 FTE will be \$75,789 in FY 2025 (prorated at 50% for mid-year effective date of 01/01/2025) and \$151,578 for FY 2026 and \$153,852 in FY 2027.
9. In addition to salaries and benefits, there would be an increase in operating costs of \$7,200 in FY 2025 (prorated at 50% for mid-year effective date of 01/01/2025) and \$14,400 in FY 2026 and 14,400 in FY 2027 for the DLI cost allocation plan calculated at 9.50% of personal services.
10. One-time-only startup operating costs would be \$3,400 in FY 2025 that includes \$1,500 for a tablet and \$200 for a cellular phone for 2.00 FTE ( $(\$1,500 + \$200) \times 2$ ).
11. Total rulemaking costs are \$5,940 but will be absorbed by the department under existing authority. This consists of Secretary of State costs of \$660 for an 8-page rule notice and a 3-page adoption notice (11 pages x \$60 per page) and department legal costs of \$5,280 to draft the rule notice, assist in responding to questions, and prepare an adoption notice (\$132 per hour x 40 hours).

- There will be technical costs to set up a new record type for these new inspections and to set up collection of revenue through One Stop with the Department of Revenue. These costs will be absorbed by the Employment Standards Division under current authority.
- Fees to cover overhead and the costs of inspections and compliance, as required by this legislation, will be set commensurate with costs. It is assumed revenue for inspection would be \$86,389 in FY 2025, \$165,978 for FY 2026, and \$168,252 in FY 2026.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE MDT	0.00	3.00	3.00	3.00
DLI	0.00	2.00	2.00	2.00
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$334,948	\$414,189	\$420,402
Operating Expenses	\$0	\$2,010,600	\$14,400	\$14,400
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$2,345,548</b>	<b>\$428,589</b>	<b>\$434,802</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (MDT)		\$2,259,159	\$262,611	\$266,550
State Special Revenue (DLI)	\$0	\$86,389	\$165,978	\$168,252
<b>TOTAL Funding of Exp.</b>	<b>\$0</b>	<b>\$2,345,548</b>	<b>\$428,589</b>	<b>\$434,802</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (MDT)	\$0	\$0	\$476,056	\$476,056
State Special Revenue (DLI)	\$0	\$86,389	\$165,978	\$168,252
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$86,389</b>	<b>\$642,034</b>	<b>\$644,308</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (MDT)	\$0	(\$2,259,159)	\$213,445	\$209,506
State Special Revenue (DLI)	\$0	\$0	\$0	\$0

**Long-Term Impacts:**

- There will be cost impacts to existing charging station owners/operators to upgrade stations to provide metered data.

  
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 Sponsor's Initials

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 Date

  
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 Budget Director's Initials

2-10-23  
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 Date