

# **ELECTRIC VEHICLES: FEES AND THE GAS TAX IN OTHER STATES**

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**MONTANA STATE LEGISLATURE**

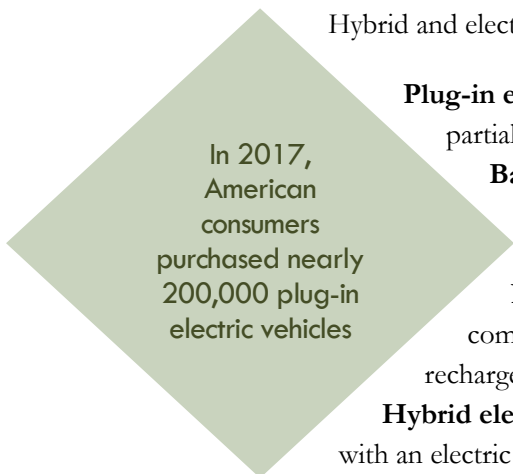
# ELECTRIC VEHICLES: FEES AND THE GAS TAX IN OTHER STATES

## A GROWING SECTOR

Electric vehicles represent only 1 percent of the nation's light-duty automotive fleet, but several states are exhibiting modest increases in new purchases. In 2017, American consumers purchased nearly 200,000 plug-in electric vehicles, and according to the U.S. Department of Energy, more than 16,000 public charging stations with 43,000 individual connectors exist in the United States.

As electric vehicle purchases increase, several states are exploring options to replace lost gas-tax revenues and in some cases to incentivize the purchase of electric vehicles. Currently, 45 states offer incentives, such as tax credits or reduced registration fees, for electric vehicles and 21 states enacted legislation levying fees to lessen funding losses for road maintenance and other transportation sector related costs. <sup>1</sup>

## EV Categories



Hybrid and electric vehicles are typically classified as follows:

- Plug-in electric vehicles (PEV):** This is a general term for any car that runs at least partially on battery power and is charged using electricity.
- Battery electric vehicles (BEV):** BEVs, such as the Nissan Leaf, run entirely on an electric motor and rechargeable battery. This is also referred to as an all-electric vehicle.
- Plug-in hybrid electric vehicles (PHEV):** PHEVs, such as the Chevrolet Volt, combine two propulsion modes in one vehicle. They have an electric motor and rechargeable battery, but can switch to gasoline once the battery power is depleted.
- Hybrid electric vehicles (HEV):** HEVs, such as the Toyota Prius, use a gasoline engine with an electric motor. Although these vehicles have an electric motor and battery, they don't plug in to be recharged.

## ELECTRIC TRANSPORTATION IN MONTANA

Montana does not currently incentivize electric vehicle ownership, charging station construction, or provide specific EV charging rates. The state doesn't levy electric vehicle fees.<sup>2</sup>

In 2018, consumers registered 10,636 hybrid electric vehicles, 504 battery electric vehicles, and 435 plug-in hybrid vehicles in Montana. Of new vehicle purchases in the state, hybrid vehicles accounted for 739 purchases, electric vehicles for 181 purchases, and plug-in hybrids 93 purchases in the same year.<sup>3</sup>

<sup>1</sup> National Conference of State Legislatures

<sup>2</sup> Plug in America, *Electric Vehicles in Montana*

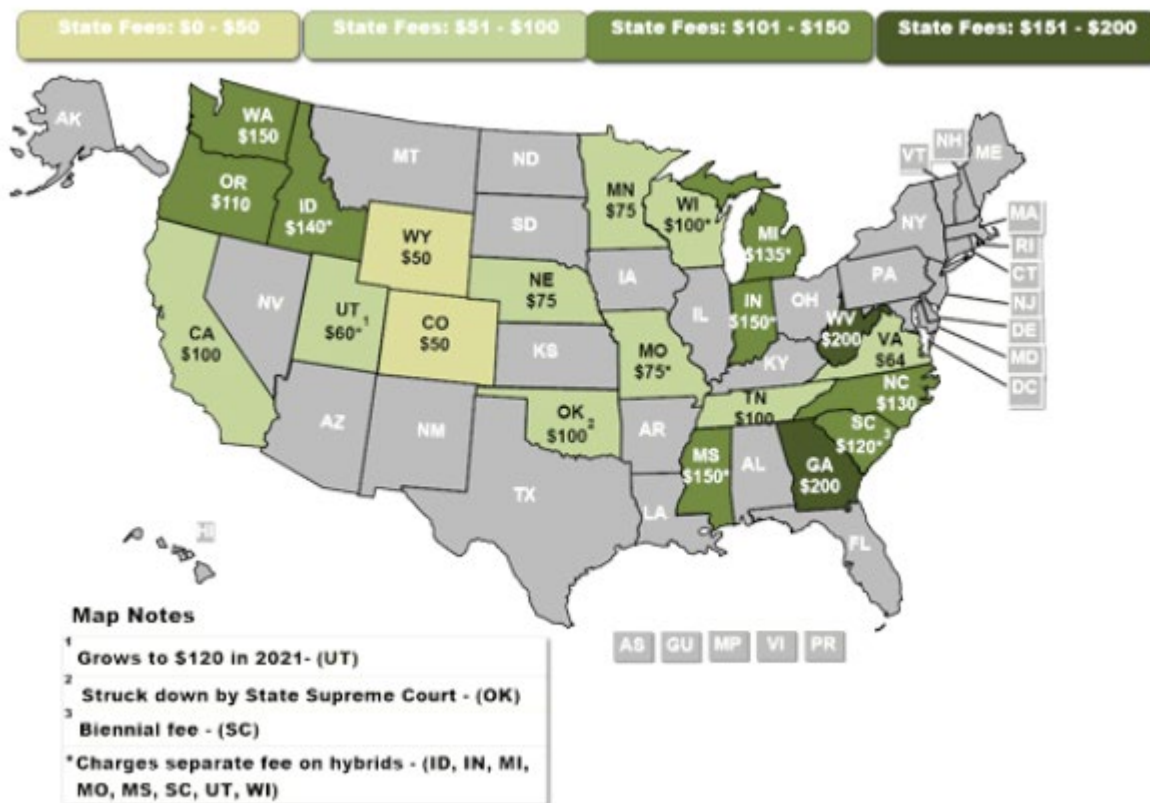
<sup>3</sup> Alliance of Automobile Manufacturers, *State Facts: Montana*

According to the U.S. Department of Energy 44 electric vehicle charging stations exist in the state.

## ELECTRIC VEHICLE FEES

As of October 2018, 21 states have enacted legislation requiring a special registration fee for select hybrid and plug-in electric vehicles. Bills regarding electric vehicle fees often consider the classification of electric vehicle, fee prices, and the mechanics of levying a one-time or annual fee.

Most states have yet to mark revenue gains from electric vehicle fees. Proponents support the fees to bring equity among drivers, attempting to get all drivers to pay for the use of roadways. If forecasted sales of hybrid and electric vehicles continue, states could see future revenue streams grow because of electric vehicle adoption and these new registration fees.



The following is a summary of each state's legislation:

### California

Cal. Vehicle Code §9250.6/SB 1 (2017)

- \$100 annual fee for a zero-emission vehicle, also known as a BEV, model year 2020 or later
- Effective January 2021 and every year after, the fee will increase in accordance with the consumer price index.
- “Zero-emission vehicle” means a vehicle that produces no emissions of criteria pollutants, toxic air contaminants and greenhouse gases when stationary or operating, as determined by the state board (subdivision (d) of Section 44258 of the Health and Safety Code).

### Colorado

Colo. Rev. Stat. §42-3-304(25)(a)/HB 1110 (2013)

- \$50 annual fee for “plug-in electric motor vehicle,” also known as BEV and PHEV
- “Plug-in electric motor vehicle” means:
- A motor vehicle that qualifies under the federal definition (26 U.S.C. sec. 30D).
- Any motor vehicle that can be recharged from any external source of electricity and the electricity stored in a rechargeable battery pack propels or contributes to propel the vehicle's drive wheel.

## Georgia

Ga. Code Ann. §40-2-151(19)(A)(i)/HB 170 (2015)

- \$200 annual license fee for noncommercial alternative fueled vehicles, including BEVs
- \$300 annual license fee for commercial alternative fueled vehicle
- The fees will be automatically adjusted on an annual basis, as of July 1, 2016.
- “Alternative fueled vehicle” means any vehicle fueled solely by an alternative fuel, including electricity.
- The fees do not apply to PHEVs unless the vehicle owner elects an alternative fuel vehicle license plate.

## Idaho

Idaho Code §49-457/HB 312 (2015)

- \$140 annual fee for electric vehicles, known as BEVs
- \$75 annual fee for PHEVs
- “Electric vehicle” means a vehicle powered only by a form of electricity and “plug-in hybrid vehicle” means a motor vehicle with a hybrid propulsion system that operates on both electricity obtained through a rechargeable battery and traditional fuel.

## Indiana

Ind. Code Ann. §9-18.1-5-12/HB 1002 (2017)

- \$150 annual fee for electric vehicles, known as BEVs
- \$50 annual fee for PHEVs and HEVs
- The fee is indexed to the same inflation mechanism as the motor fuel tax.
- “Electric vehicle” means a vehicle that is propelled by an electric motor powered by a battery or other electrical device incorporated into the vehicle and does not have a combustion engine.
- “Hybrid vehicle” means a vehicle that draws propulsion energy from both an internal combustion engine and an energy storage device; and employs a regenerative braking system to recover waste energy to charge the energy storage device that is providing propulsion energy.

## Michigan

Mich. Comp. Laws Ann. §257.801(7)/HB 4736 (2015)

- \$135 annual fee for “nonhybrid electric vehicles,” or BEVs, weighing under 8,000 pounds
- \$235 annual fee for “nonhybrid electric vehicles,” or BEVs over 8,000 pounds
- \$47.50 annual fee for certain HEVs up to 8,000 pounds
- \$117.50 annual fee for certain HEVs weighing over 8,000 pounds

- These fees are indexed to the motor fuel tax. If the tax on gasoline is increased above 19 cents per gallon, the fees shall increase:
- For BEVs, \$5 per each 1 cent above 19 cents per gallon
- For PHEVs, \$2.50 per 1 cent above 19 cents per gallon
- “Nonhybrid electric vehicle” means a vehicle that is propelled solely by electrical energy and that is not capable of using gasoline, diesel fuel or alternative fuel to propel the vehicle.
- “Hybrid electric vehicle” means a vehicle that can be propelled at least in part by electricity and uses a battery storage system of at least 4 kilowatt-hours but is also capable of using gasoline, diesel fuel or alternative fuel to propel the vehicle.

## Minnesota

Minn. Stat. Ann §168.013/HF 3 (2017)

- \$75 annual fee for “non-hybrid electric vehicles,” or BEVs
- "All-electric vehicle" means an electric vehicle that is solely able to be powered by an electric motor drawing current from rechargeable storage batteries, fuel cells or other portable sources of electrical current. All-electric vehicle excludes a plug-in hybrid electric vehicle.

## Mississippi

Miss. Code Ann. §§27-19-1 et seq./HB 1 (2018 First Extraordinary Session)

- \$150 fee for electric vehicles
- \$75 fee for hybrid vehicles
- Beginning July 1, 2021, fees will be indexed to inflation
- “Electric vehicle” means a vehicle that is powered solely by an electric motor drawing current from rechargeable batteries, fuel cells or other portable sources of electrical current, is manufactured primarily for the use on public streets, road and highways and is required to have a license tag under Miss. Code Ann. §§27-19-1 et seq.
- “Hybrid vehicle” means a vehicle that uses more than one form of onboard energy to achieve propulsion, is manufactured primarily for use on public streets, roads and highways and is required to have a license tag under Miss. Code Ann. §§27-19-1 et seq.

## Missouri

Mo. Ann. Stat. §142.869/SB 619 (1998)

- \$75 annual fee for alternative fueled passenger motor vehicles
- \$37.50 annual fee for PHEVs
- “Plug-in electric hybrid” means any hybrid vehicle made by a manufacturer with a model year of 2018 or newer, that has not been modified from the original manufacturer specifications, with an internal combustion engine and batteries that can be recharged by connecting a plug to an electric power source.

## Nebraska

Neb. Rev. Stat. §60-3,191/LB 289 (2011)

- \$75 annual fee for alternative fuel vehicle

- “Alternative fuel” includes electricity, solar power and any other source of energy not otherwise taxed under the motor fuel laws as defined in section 66-712 which is used to power a motor vehicle. Alternative fuel does not include motor vehicle fuel as defined in section 66-482, diesel fuel as defined in section 66-482 or compressed fuel as defined in section 66-6,100.

## North Carolina

N.C. Gen. Stat. §20-87(13)/SB 402 (2013)

- \$100 annual fee for plug-in electric vehicles
- “Plug-in electric vehicle” means a four-wheeled motor vehicle that meets each of the following requirements:
- Is made by a manufacturer primarily for use on public streets, roads and highways and meets National Highway Traffic Safety Administration standards included in 49 C.F.R. § 571.
- Has not been modified from original manufacturer specifications with regard to powertrain or any manner of powering the vehicle.
- Is rated at not more than 8,500 pounds unloaded gross vehicle weight.
- Has a maximum speed capability of at least 65 miles per hour.
- Draws electricity from a battery that has all the following characteristics:
- A capacity of not less than four-kilowatt hours
- Capable of being recharged from an external source of electricity
- HB 97 (2015) Annual fee increased to \$130

## Oklahoma

HB 1449 (2017)

- \$100 annual fee for electric vehicles
- \$30 annual fee for hybrid vehicles
- “Electric vehicle” means a vehicle that is propelled solely by electrical energy and is not capable of using gasoline, diesel or any other fuel for propulsion.
- “Hybrid vehicle” means a vehicle that is capable of being propelled at least in part by electrical energy using a battery storage system of at least 4 kilowatt-hours, is capable of being recharged from an external source of electricity and is also capable of using gasoline, diesel fuel or alternative fuel to propel the vehicle.
- The Oklahoma Supreme Court struck down HB 1449 on Oct. 24, 2017.
  - The court concluded this object of the bill was to generate revenue and thus was a revenue bill and not for another purpose.
  - The bill did not meet the constitutional mandates that govern the passage of a revenue bill due to two constitutional violations in the State of Oklahoma:
    - HB 1449 failed to receive three-fourths of the legislative vote.
    - HB 1449 was passed less than a week before the end of the legislative session.

## Oregon

HB 2017 (2017)

- \$110 annual fee for plug-in hybrid electric vehicles, beginning Jan. 1, 2020

- “Plug-in hybrid electric vehicle” means a hybrid electric motor vehicle that:
- Has zero evaporative emissions from its fuel system.
- Has an onboard electrical energy storage device with useful capacity of 10 or more miles of urban dynamometer driving schedule range, as described by the U.S. Environmental Protection Agency, on electricity alone.
- Is equipped with an onboard charger.
- Is rechargeable from an external connection to an off-board electrical source.
- Meets the super ultra-low emission vehicle standards for exhaust emissions, as defined by the Environmental Quality Commission by rule.
- Has a warranty of at least 15 years and 150,000 miles on emission control component.
- Can attain a speed of 55 miles per hour or more.

## South Carolina

S.C. Code Ann. §56-3-645/HB 3516 (2017)

- \$120 biennial fee for vehicles operated exclusively by electricity, hydrogen or any fuel other than motor fuel
- \$60 biennial fee for hybrid vehicles
- “Hybrid vehicle” means a motor vehicle powered by a combination of motor fuel and electricity, hydrogen or any fuel other than motor fuel.
- "Motor fuel" means gasoline, diesel fuel, substitute fuel, renewable fuel, alternative fuel and blended fuel.

## Tennessee

Tenn. Code Ann. §55-4-116/HB 534 (2017)

- \$100 annual fee for electric vehicles
- “Electric vehicle" means a passenger or commercial motor vehicle with an electric motor as its sole means of propulsion.

## Utah

Utah Code §41-1a-1206/SB 136 (2018)

- \$60 annual fee for electric motor vehicles in 2019
  - Fee increases to \$90 in 2020
  - Fee increases to \$120 in 2021, and thereafter
- \$10 annual fee for hybrid electric motor vehicles in 2019
  - Fee increases to \$15 in 2020
  - Fee increases to \$20 in 2021, and thereafter
- \$26 annual fee for plug-in hybrid electric motor vehicles in 2019
  - Fee increases to \$39 in 2020
  - Fee increases to \$52 in 2021, and thereafter
- \$60 annual fee for vehicles fueled by a source other than motor fuel, diesel fuel, natural gas or propane in 2019
  - Fee increases to \$90 in 2020
  - Fee increases to \$120 in 2021, and thereafter
- Beginning Jan. 1, 2022, both fees will be indexed to the consumer price index.
- "Electric motor vehicle" means a motor vehicle that is powered solely by an electric motor drawing current from a rechargeable energy storage system.

- "Hybrid electric motor vehicle" means a motor vehicle that draws propulsion energy from onboard sources of stored energy that are both:
  - An internal combustion engine or heat engine using consumable fuel.
  - A rechargeable energy storage system where energy for the storage system comes solely from sources onboard the vehicle.
- "Plug-in hybrid electric motor vehicle" means a hybrid electric motor vehicle that has the capability to charge the battery or batteries used for vehicle propulsion from an off-vehicle electric source, such that the off-vehicle source cannot be connected to the vehicle while the vehicle is in motion.

## Virginia

Va. Code §58.1-2249(b)/SB 127 (2014)

- \$64 annual license tax for alternative fuel vehicles or electric motor vehicles
- Hybrid vehicles are excluded.
- "Alternative fuel vehicle" means a vehicle equipped to be powered by a combustible gas, liquid or other source of energy that can be used to generate power to operate a highway vehicle and that is neither a motor fuel nor electricity used to recharge an electric motor vehicle or a hybrid electric motor vehicle.
- "Electric motor vehicle" means a motor vehicle that uses electricity as its only source of motive power.
- If the jurisdiction receiving the revenues from this fee does not use the funds for transportation purposes, the fee within that jurisdiction will fall to \$50 in subsequent years.

## Washington

Wash. Rev. Code §46.17.323/HB 2660 (2012)

- \$100 annual fee for electric vehicles
- "Electric vehicle" means a vehicle that uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and is capable of traveling at least 30 miles using only battery power.
- The fee will expire if the legislature imposes a vehicle miles traveled fee or tax in the state.

HB 5897 (2015)

- Annual fee increased to \$150

## West Virginia

W. Va. Code §17A-10-3c/SB 1006 (2017)

- \$100 annual fee for plug-in hybrid vehicles
- \$200 annual fee for electric, hydrogen or natural gas-powered vehicles
- \$100 annual fee for vehicles operating on a combination of electricity and petrochemical fuels

W. Va. Code §11-6D-2



- “Plug-in hybrid vehicles” means a vehicle that can operate solely on electric power and that can recharge its battery from an on-board generation source and an off-board electricity source.

## **Wisconsin**

Wis. Stat. Ann. §341.25/Act 59 §1895 (2017)

- \$75 annual fee for hybrid electric vehicles
- \$100 annual fee for nonhybrid electric vehicles
- “Hybrid electric vehicle” means a vehicle that can use gasoline, diesel fuel or alternative fuel to propel the vehicle but that is propelled to a significant extent by an electric motor that draws electricity from a battery that has a capacity of not less than 4 kilowatt hours and may be capable of being recharged from an external source of electricity.
- “Nonhybrid electric vehicle” means a vehicle that is propelled solely by electrical energy and that is not capable of using gasoline, diesel fuel or alternative fuel to propel the vehicle.

## **Wyoming**

Wyo. Stat. §31-3-102(a)(xxiii)/HB 9 (2015)

- \$50 one-time, decal fee for plug-in electric vehicles
- "Plug-in electric vehicle" means any motor vehicle which can be recharged from any external source of electricity, including a wall socket, and the electricity stored in the rechargeable battery drives or contributes to drive the wheels of the vehicle.

HB 2 (2016)

- Clarifies the legislative intent that the fee should be annual, not one-time.