

# **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

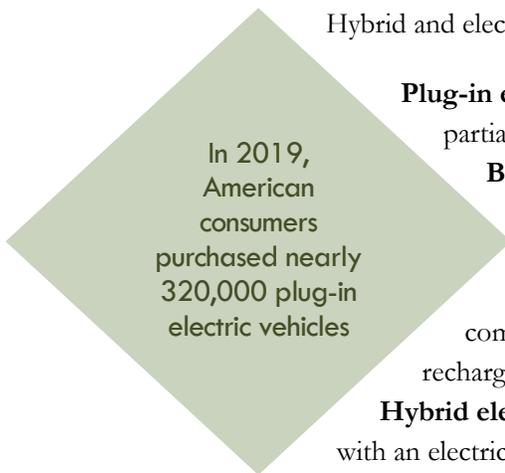
## A GROWING SECTOR

Electric vehicles represent 1.7 percent of the nation's light-duty automotive fleet, but several states are exhibiting modest increases in new purchases. In 2019, American consumers purchased nearly 320,000 plug-in electric vehicles, and according to the U.S. Department of Energy, more than 43,000 public charging stations 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, 47 states offer incentives, such as tax credits or reduced registration fees, for electric vehicles and 30 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:



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consumers  
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electric vehicles

**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>

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

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

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

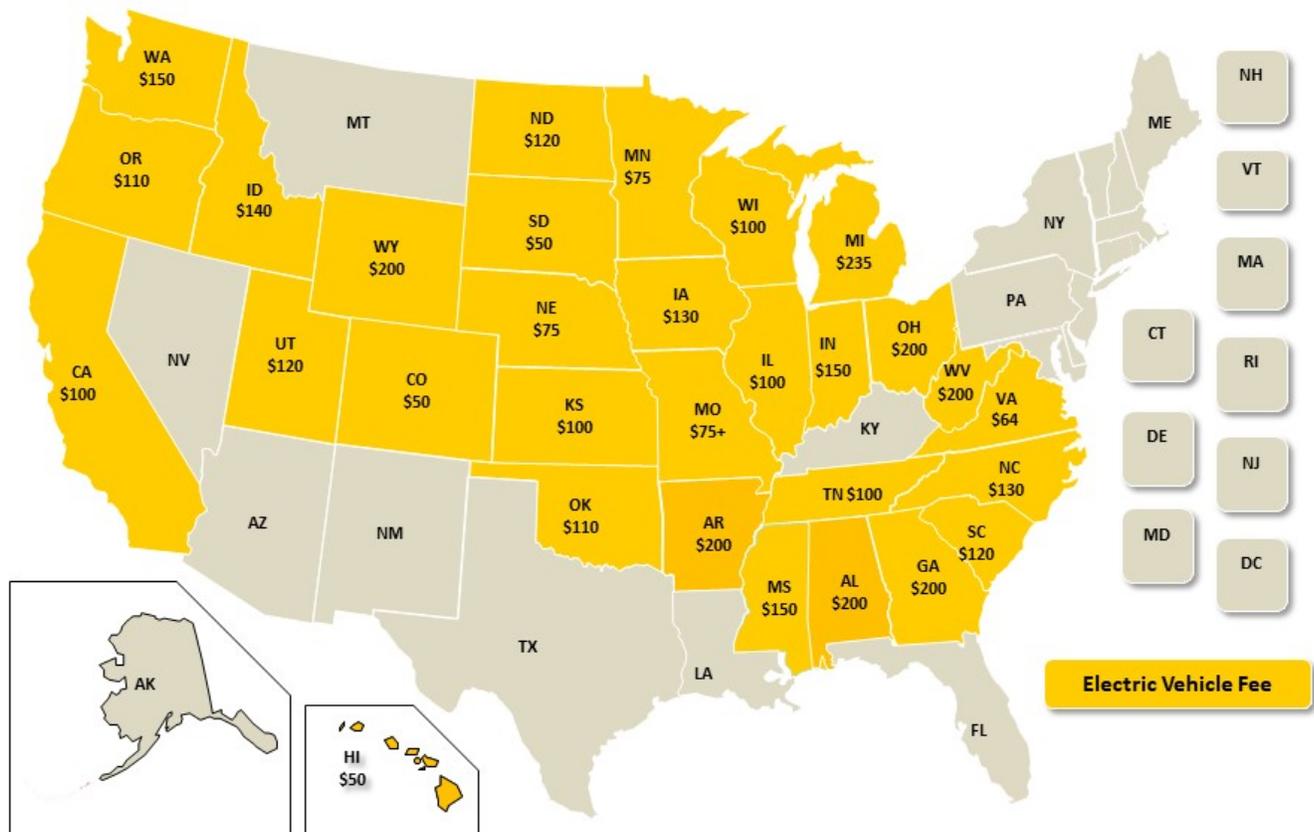
<sup>3</sup> Alliance of Automobile Manufacturers, *State Facts: Montana*

## ELECTRIC VEHICLE FEES

As of October 2021, 30 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.

### 30 States Have an Electric Vehicle Fee



Source: TIAC, "State Electric Vehicle Fees," May 2021



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

### Alabama

Ala. Code § 40-12-242 /HB 2 (2019)

- \$200 additional annual fee for battery electric vehicles (BEVs).
- \$100 additional annual fee for plug-in hybrid vehicles (PHEVs).
- Starting in 2023, the fee will increase by \$3 every four years.

- The fees will be reduced by any forthcoming federal fee or surcharge up to \$50 per year for BEVs and \$25 for PHEVs provided those federal fees are used for highway transportation purposes in the state.

**EV Fee Distribution:**

- The first \$150 of fee revenues from BEVs and first \$75 of fee revenues from PHEVs is allocated as follows:
  - 66.67% to the state.
  - 25% to counties.
  - 8.33% to cities.
- The remainder is deposited into the Rebuild Alabama Fund, which funds electric vehicle charging infrastructure through the Electric Transportation Infrastructure Grant Program until total registrations of BEVs and PHEVs exceed 4% of total vehicle registrations. Once this threshold is reached, fees drop to \$150/year for BEVs, \$75 for PHEVs with revenues divided between the state, counties, and cities as noted above to fund construction, maintenance and repair of public roads, highways and bridges, and for any other purpose for which the Rebuild Alabama Fund may lawfully be used.

**Arkansas**

Ark. Stat. Ann. § 27-14-614 /SB 336 (2019)

- \$200 additional annual fee for electric vehicles.
- \$100 additional annual fee for hybrid vehicles. EV fees (Ala. Code § 40-12-242 /HB 2 (2019))

**EV Fees Distribution:**

Revenues are considered “special revenues,” distributed to the State Highway and Transportation Department Fund.

**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.

**EV Fees Distribution:**

Following deductions from DMV administrative costs, revenues are deposited into the Road Maintenance and Rehabilitation Account.

**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.

**EV Fee Distribution:**

- 60% of fee revenues (\$30 of \$50 additional fee) are deposited into the Highway Users Tax Fund.
- 40% of fee revenues (\$20 of \$50 additional fee) are deposited into the Electric Vehicle Grant Fund, which administers grants to install charging stations and to offset station operating costs.

**Georgia**

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

- The current additional annual fees reflect a statutory base fee that is automatically adjusted according to a statutory formula (effective July 2016). The fees applicable to vehicles registered by July 1, 2019, and later are as follows:
- \$212.78 for noncommercial alternative fueled vehicles (\$200 base fee).

**EV Fee Distribution:**

Revenues must be used exclusively for “transportation purposes,” including roads, bridges, public transit, rails, airports, buses, seaports; accompanying infrastructure and services necessary to provide access to these facilities; and paying general obligation debt and other multiyear financing obligations.

**Hawaii**

Hawaii Rev. Stat. §249-31/SB 409 (2019)

- \$50 annual surcharge for electric vehicles.

**EV Fee Distribution:**

Revenues are deposited into the State Highway Fund.

**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.

### **EV Fee Distribution:**

All fees deposited into the Highway Distribution Account as follows:

- 40% to localities for construction and maintenance of highways and bridges and to fund requirements on unpaid bonds.
- 60% to the state highway account for construction and improvement of state highways.

### **Illinois**

625 ILCS 5 3-805/SB 1939 (2019)

- \$100 additional annual fee for electric vehicles.
- Before 2020, the electric vehicle registration fee could not exceed a \$35 biennial rate, or \$18 per year. Beginning Jan. 1, 2020, the registration fee for electric vehicles will equal those for traditional motor vehicles.

### **EV Fee Distribution:**

\$1 of the additional fee is allocated to the Secretary of State Special Services Fund and the remainder deposited into the Road Fund.

### **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.

### **EV Fee Distribution:**

Revenues are deposited into the Local Road and Bridge Matching Grant Fund for projects undertaken by local units to repair/increase road and/or bridge capacity.

### **Iowa**

SF 767 (2019)

- \$65 additional annual fee for battery electric vehicles (BEVs).

- \$32 additional annual fee for plug-in hybrid electric motor vehicles (PHEVs).
- In 2021, the fee increases to \$97 for BEVs and \$48.75 for PHEVs.
- In 2022, the fee increases to \$130 for BEVs and \$65 for PHEVs.

**EV Fee Distribution:**

Revenues are deposited into the Road Use Tax Fund.

**Kansas**

Kan. Rev. Stat. § 8-143; HB 2214 (2019)

- \$100 total annual registration fee for all-electric vehicles.
- \$50 total annual registration fee for electric hybrid and plug-in electric hybrid vehicles.
- Because the state’s EV fees are total, not additional, electric and hybrid vehicles are not charged a separate or passenger vehicle registration fee, but instead are charged an increased fee of \$100 for all-electric vehicles and \$50 for hybrid electric vehicles.

**EV Fee Distribution:**

- The majority of fee revenues are deposited into the State Highway Fund.

**Michigan**

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

- Michigan indexes its EV fees based on the motor vehicle fuel tax. Each 1 cent fuel tax increase above 19 cents increases the BEV annual fee by \$5 and the PHEV annual fee by \$2.50. The current fees, calculated using a 26.3 cent per gallon gasoline motor vehicle fuel tax, are as follows:
- \$135 additional annual fee for “electric vehicles,” or BEVs, up to 8,000 pounds (\$100 base fee).
- \$47.50 additional annual fee for certain PHEVs up to 8,000 pounds (\$30 base fee).
- \$235 additional annual fee for “electric vehicles,” or BEVs over 8,000 pounds (\$200 base fee).
- \$117.50 additional annual fee for certain PHEVs over 8,000 pounds (\$100 base fee).
- “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.

**EV Fee Distribution:**

- Some revenues are deposited into the Michigan Transportation Fund for road maintenance carried out by cities, villages and counties.
- Other revenues are deposited into the Scrap Tire Regulation Fund.

## 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.

### EV Fee Distribution:

- Revenues are deposited into the Highway User Tax Distribution Fund.

## 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.

### EV Fee Distribution:

- Revenues are apportioned for the same purposes and in the same proportion as specified for gasoline and diesel fuel taxes during the previous state fiscal year and such funds must be used solely for the repair and maintenance of roads, streets and bridges.

## 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.

### EV Fee Distribution:

- Revenues are deposited into the State Highway Fund.

## 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.

### EV Fee Distribution:

- Revenues deposited into the Highway Trust Fund.

## North Carolina

N.C. Gen. Stat. §20-87(13)/SB 402 (2013)/ HB 97 (2015)

- \$130 additional annual fee for plug-in electric vehicles

### EV Fee Distribution:

- 85% of revenues are deposited into the Highway Fund to supports existing transportation system, including resurfacing highways, replacing bridges, paving secondary roads.
- 15% of revenues are deposited into the Highway Trust Fund.

## North Dakota

N.D. Cent. Code § 39-04-19.2/SB 2061 (2019)

- \$120 additional annual road use fee for electric vehicles.
- \$50 additional annual road use fee for plug-in hybrid vehicles.

### EV Fee Distribution:

- Revenues are deposited into the highway tax distribution fund.

## Ohio

Ohio Rev. Code § 4503.10/HB 62 (2019)

- \$200 additional annual fee for plug-in electric motor vehicles.
- \$100 additional annual fee for hybrid motor vehicles.

**EV Fee Distribution:**

- 55% of revenues are deposited into the highway operating fund;
- 45% of revenues are deposited into the gasoline excise tax fund and are allocated as follows:
  - 19.3% to municipalities.
  - 16.7% to counties.
  - 9% to townships.

**Oklahoma**

(Enr. HB 2234, to be codified as Title 68 Sec. 6501-6509)

- Annual license fee for all electric vehicles (except PHEVs), in addition to other registration fees, depending on vehicle weight:
  - Under 6000 lbs. (Class 1) – \$110
  - 6000 – 10000 lbs. (Class 2) – \$158
  - 10000 – 26000 lbs. (Class 3-6) – \$363
  - Over 26000 lbs. (Class 7-8) – \$2250
- There is a similar but reduced fee schedule for plug-in hybrids (PHEVs):
  - Under 6000 lbs. (Class 1) – \$82
  - 6000 – 10000 lbs. (Class 2) – \$118
  - 10000 – 26000 lbs. (Class 3-6) – \$272
  - Over 26000 lbs. (Class 7-8) – \$1687

**EV Fee Distribution**

- 100% of funds from these fees go to a new Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Revolving Fund until July 1, 2027.
- After this date:
  - 85% goes to the revolving fund
  - 15% is apportioned to the counties of the state

**Oregon**

HB 2017 (2017)

- \$110 additional annual fee electric vehicles
- Electric vehicle owners can opt to participate in the state’s road usage charge program, OReGO, in lieu of the annual fee.

**EV Fee Distribution:**

- Revenues support state and local transportation systems through road and bridge improvements, enhanced safety measures, and increased transit options.

## **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.

### **EV Fee Distribution:**

- Revenues are deposited into the Infrastructure Maintenance Trust Fund, to be used exclusively for repairs, maintenance, and improvements to the existing transportation system.

## **South Dakota**

HB 1053

- EV owners must pay an additional \$50 annual fee at the time of registration. This does not apply to hybrid vehicles.

### **EV Fee Distribution**

- All fees are deposited into the state highway fund.

## **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.

### **EV Fee Distribution:**

- Revenues are deposited into the highway fund.

## Utah

Utah Code §41-1a-1206/SB 136 (2018)

- \$90 additional annual fee for electric motor vehicles.
- \$90 additional annual fee for vehicles fueled by a source other than motor fuel, diesel fuel, natural gas or propane.
- \$39 additional annual fee for plug-in hybrid electric motor vehicles.
- \$15 additional annual fee for hybrid electric motor vehicles.
- Fees increase in 2021 to \$120 for all-electric or other non-fossil fuel powered motor vehicles, \$20 for hybrid electric motor vehicles, and \$52 for plug-in hybrid motor vehicles.
- Beginning Jan. 1, 2022, fees will be indexed to the consumer price index.
- Electric vehicle owners can opt to participate in the state's road usage charge program in lieu of the annual fee.

### EV Fee Distribution:

- Revenues are deposited in the Transportation Fund.

## 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.

### EV Fee Distribution:

- Revenues are deposited into the Highway Maintenance and Operating Fund and must be used for district transportation purposes.

## Washington

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

- \$150 additional annual registration fee for electric vehicles (initially \$100 as enacted in 2012).
- \$75 additional Hybrid Vehicle Transportation Electrification fee to fund electric vehicle charging stations (enacted in 2019).
- The state imposes two separate additional fees on electric vehicle owners. A 2019 ballot measure, Initiative 976, attempted to limit total annual registration fees for electric vehicles to \$30. In October 2020, the Washington Supreme Court ruled that Initiative 976 is unconstitutional.

**EV Fee Distribution:**

- Of the funds collected through the \$150 EV registration fee, 70% goes to the motor vehicle fund, 15% goes to the transportation improvement account, and 15% goes to the rural arterial trust account.
- The \$75 Hybrid Vehicle Transportation Electrification fee goes toward electric vehicle charging stations.

**West Virginia**

W. Va. Code §17A-10-3c/SB 1006 (2017)

- \$200 additional annual fee on electric vehicles.
- \$100 additional annual fee on vehicles operating on a combination of electricity and petrochemical fuels.

**EV Fee Distribution:**

- Revenues from fees on vehicles operated on hydrogen, natural gas or a combination of electricity and petrochemicals are deposited into the State Road Fund, which pays the principal and interest due on state bonds issued for the fund, funding the administration expenses for the Division of Highways, and state road maintenance, construction and improvement.
- Revenues from fees on electric vehicles are deposited into the state's Transportation Fund.

**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.

**EV Fee Distribution:**

- \$75 annual fee for hybrid electric vehicles and \$100 for nonhybrid electric vehicle is disbursed to the state's Transportation Fund.

## Wyoming

Wyo. Stat. §31-3-102(a)(xxiii)/HB 9 (2015)/ HB 2 (2016)/HB 166 (2019)

- \$200 total annual fee for plug-in electric vehicles.
- While the state initially enacted a one-time \$50 decal fee in 2015, the legislature clarified its intent that the fee be annual in 2016 and increased the fee amount in 2019. HB 2 (2016)

### **EV Fee Distribution:**

Revenues are deposited into the state highway fund.