



MODEL STATUTORY LANGUAGE:

Helping Ensure Electric & Hybrid Vehicles Are Fully Contributing to the Maintenance of America's Transportation Network

September 2017

BACKGROUND

State transportation officials are faced with the very real challenge that electric and hybrid electric vehicles cause wear and tear on their highway networks, but use very little, if any, gasoline or diesel fuel. Since most state agencies rely on motor fuel taxes and fees to fund their highway programs, the owners of these vehicles enjoy the benefits of the road network without fully contributing to the maintenance and improvement of the system through the traditional motor fuel tax. Although the overall number of electric and hybrid electric vehicles is a small part of the total U.S. vehicle fleet, the development and purchase of these vehicles is expected to grow in the future.

This report includes model language for legislation to raise state transportation revenues through registration fees on electric and hybrid electric vehicles. It was compiled by the Transportation Investment Advocates Council.

Currently, Currently, 19 states— California, Colorado, Georgia, Idaho, Indiana, Michigan, Minnesota, Missouri, Nebraska, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Virginia, Washington, West Virginia, Wisconsin, and Wyoming—have enacted statutes to raise transportation revenue from electric vehicle registration fees.

The model language is intended to be used as a starting point for legislation to enact a similar user fee in other states. It is broken into four sections:

- Definitions of alternative fuel, electric and hybrid vehicles, as well as vehicle type/class;
- Purpose of the fee;
- Fee structure and indexing to state motor fuel taxes; and
- Disposition of revenue.

Some sections of the report are underlined and in purple. They are variables that can be filled in with the most appropriate information for the state. This includes the amount of fees being charged, activation dates of the legislation, and specific state statute information.

An addendum provides additional information on existing electric vehicle fees and the range of options currently in use.

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To learn more about how you can support the Center or join the Advocates Council, contact TIAC Manager Carolyn Kramer at ckramer@artba.org or 202.289.4434.

ELECTRIC VEHICLE FEE MODEL STATUTORY LANGUAGE

(1) Definitions.

(A) As used in this section, the term:

(i) 'Alternative fuel' means any fuel used to power a motor vehicle besides gasoline and diesel. This includes electricity, solar power, and any other source of energy not otherwise taxed under the motor fuel laws as defined in section ([STATE MOTOR FUEL LAW SECTION](#)) which is used to power a motor vehicle, including gasoline as defined in section ([MOTOR FUEL DEFINITIONS SECTION](#)) or diesel fuel as defined in section ([MOTOR FUEL DEFINITIONS SECTION](#)).

(ii) 'Electric vehicle' means a motor vehicle powered solely by a form of electricity.

(iii) 'Hybrid electric vehicle' means a motor vehicle with a hybrid propulsion system that operates on both electricity and a gasoline or diesel fuel.

(iv) 'Noncommercial vehicles' include:

a) Class 1 vehicles, including passenger cars, light trucks, vans, and motorcycles (with or without sidecar).

b) Any Class 1 vehicle with commercial licenses plates, including taxis, hearses, and 2-axle limousines.

(v) Commercial vehicles include:

a) Single unit vehicles with five or more axles;

b) Five or more axle single-trailer trucks; and

c) Five or more axle multi-trailer trucks.

(B) The fees in this section only apply to vehicles that have the capacity to drive at speeds greater than 35 miles-per-hour.

(2) The fees under this section are imposed to provide funds to mitigate the impact of vehicles on state roads and highways, and are separate and distinct from other vehicle license fees. Proceeds from the fee must be used for highway and street purposes, and must be deposited in the [state motor vehicle fund](#) created in ([TRANSPORTATION FUND STATUTE](#)).

(3) (A) Fees

(i) If the vehicle is a hybrid electric vehicle, there is an additional registration fee of [\\$XXX](#) for noncommercial vehicles and [\\$XXX](#) for commercial vehicles.

(ii) If the vehicle is an electric vehicle, there is an additional registration fee of [\\$XXX](#) for noncommercial vehicle and [\\$XXX](#) for commercial vehicles.

(B) The fees in this section shall be automatically adjusted according to the percent change in state motor fuel taxes for the applicable year. The adjustment shall be calculated and the fee adjusted annually if needed, beginning [MONTH DATE, YEAR](#).

(C) The fees under this section are due at the time of initial registration or registration renewal.

(4) Fees in this section shall be collected by the county treasurer and remitted to the State Treasurer for credit to the [State Transportation Fund](#). Proceeds from these fees must be used for highway and street purposes.

APPENDIX

Current State Electric/Hybrid Vehicle Fees

State	Electric Vehicle Fee	Hybrid Vehicle Fee	Frequency	Indexed
California	\$100		Annual	
Colorado	\$50		Annual	
Georgia	\$200 (noncommercial) \$300 (commercial)		Annual	Percent change of increase or decrease in fuel efficiency from the previous year as measured by using the average of combined miles per gallon published in the United States Department of Energy Fuel Economy Guide, additionally multiplied by the increase or decrease in the Consumer Price Index percentage for the applicable year.
Idaho	\$140		Annual	
Indiana	\$150	\$50	Annual	
Michigan	\$100 (noncommercial) \$200 (commercial)	\$30 (noncommercial) \$100 (commercial)	Annual	If the state gas tax is increased above 19 cents per gallon, electric/hybrid vehicle fees are increased: (a) For a hybrid electric vehicle, \$2.50 per each 1 cent above 19 cents per gallon. (b) For a non-hybrid electric vehicle, \$5.00 per each 1 cent above 19 cents per gallon.
Minnesota	\$75		Annual	
Missouri	\$75 (passenger) Up to \$1,000 (commercial vehicles 18,000-36,000 lbs.)	Decal required for models 2018 or newer.	Annual	
Nebraska	\$75		Annual	
North Carolina	\$130		Annual	Adjusts based on changes to CPI.
Oklahoma	\$100	\$30	Annual	
Oregon	\$110		Annual	

State	Electric Vehicle Fee	Hybrid Vehicle Fee	Frequency	Indexed
South Carolina	\$120	\$60	Biennial	
Tennessee	\$100		Annual	Biennially
Virginia	\$64		Annual	
Washington	\$100	\$50 (plug-in)	Annual	
West Virginia	\$200	\$100	Annual	
Wisconsin	\$100	\$75	Annual	
Wyoming	\$50		Annual	

Variables

(1) Definition-Fees

This document’s definition of ‘commercial’ and ‘noncommercial’ vehicles is taken from Federal Highway Administration’s Vehicle Classes with Definitions and the Massachusetts Department of Transportation Vehicle Class/Type Classifications.

Some states, including Missouri, expand the fee categories to include multiple vehicle class/types beyond the two included in this document.

Missouri Special Fuel Annual Decal Fees	
Type	Fee
Passenger Motor Vehicle	\$75
Commercial Motor Vehicles	
18,000 pounds or less	\$75
18,001 pounds through 36,000 pounds (Farm plates—F tab on plate)	\$100
18,001 pounds through 36,000 pounds	\$150
Greater than 36,000 pounds (Farm plates—F tab on plate)	\$250
Greater than 36,000 pounds	\$1,000
Buses	
School buses	\$75
Local, commercial, and transit buses	\$150

(2) (A) Fees

The fees states charge for both electric and hybrid vehicles varies greatly. The lowest fee for electric vehicles is \$50 (Colorado and Wyoming), with the highest being \$300 (in Georgia, for commercial vehicles).

Missouri’s electric vehicle fee is included in the state’s overall alternative fuel fee, which could go as high as \$1,000. Currently there are no electric vehicles that fall into that weight class—the heaviest commercial electric vehicle’s fee would be \$150.

(2) (B) Indexing

A variable-rate tax is a tax which adjusts the flat charge based off of the wholesale price, general economic inflation, or a combination of the two. A variable-rate is an alternative to a flat tax which does not respond to external economic factors, such as the rising cost of construction due to inflation.

A variable-rate tax can be implemented in several ways. Some states determine the state gas tax by charging a percentage of the gasoline price at the wholesale level. Several states charge a combination of this percentage-based tax in addition to a flat excise tax on gasoline. Other states consult direct measures of inflation to determine the tax, such as the Consumer Price Index (CPI), Corporate Average Fuel Economy (CAFÉ), standards or changes to state population or the number of vehicles on the road. All of these states recalculate the amount charged by the tax on a regular basis to accommodate any economic changes.

Four states index their electric and/or hybrid vehicle fees.

Georgia- Adjusts fees based off the percent change of increase or decrease in fuel efficiency from the previous year as measured by using the average of combined miles per gallon published in the United States Department of Energy Fuel Economy Guide. The amount is multiplied by the increase or decrease in the Consumer Price Index (CPI) percentage for the applicable year. The adjustment is made on an annual basis, with current legislation on indexing to CPI set to expire in 2018.

Michigan- If the state gas tax is increased above 19 cents per gallon, electric/hybrid vehicle fees are increased:

- (a) For a hybrid electric vehicle, \$2.50 per each 1 cent above 19 cents per gallon.
- (b) For a non-hybrid electric vehicle, \$5 per each 1 cent above 19 cents per gallon.

North Carolina- Fee indexed annually to changes in the Consumer Price Index.

Tennessee- \$100 annual registration fee for electric vehicles, adjusted biennially to changes in inflation documented in the Consumer Price Index for all urban consumers.