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## **STATES' FEES FOR ELECTRIC AND HYBRID VEHICLES**

Although electric vehicles comprise less than 0.5 percent of all vehicles in operation, they are increasing in number, to 2.4 percent of new vehicle registrations in the first half of calendar year 2021.<sup>1</sup> To make up for traditional motor fuel tax revenue not received for these vehicles, an increasing number of states — 30 to date — have imposed separate fees on electric vehicles, hybrid-electric vehicles, or both. This memorandum summarizes these fees on passenger vehicles and provides additional information on them. The states with these fees were identified using information from the National Conference of State Legislatures (NCSL).<sup>2</sup> Statutory and other sources are listed at the end of this memorandum.

### **Amounts of Fees**

Annual fees for electric and hybrid vehicles range from \$30 to \$200. Of the states that collect specific fees for electric and hybrid vehicles, only Kansas' fee is in lieu of rather than in addition to basic fees imposed at registration on all passenger vehicles. The fees listed exclude registration fees applied to all vehicles; the standard fees are discussed below.

Terms used for electric and hybrid vehicles and their definitions are not consistent from state to state, and some states apply fees to all types of vehicles using fuels not classified and taxed as motor fuels. Kansas applies these fees to "electric hybrid or plug-in electric hybrid vehicles" and "all-electric vehicles." The fees listed below use those categories as much as possible. Not all of the 30 states have a fee for both types.

### ***Electric Vehicles***

- \$50 – Colorado, Hawaii, South Dakota.
- \$60 – South Carolina.
- \$75 – Minnesota, Nebraska.
- \$90 – Missouri.

1 <https://www.experian.com/blogs/insights/2021/10/ev-registrations-grow-first-half-2021-non-electric-remains-dominant/>.

2 "Special Fees on Plug-In Hybrid and Electric Vehicles," October 12, 2021, <https://www.ncsl.org/research/energy/new-fees-on-hybrid-and-electric-vehicles.aspx>, accessed January 2022.

- \$100 – California, Illinois, Kansas, Michigan ( $\geq 8,000$  lbs., \$200), Tennessee, Wisconsin.
- \$109 – Virginia. This is the current rate based on the formula in law: 85 percent of motor fuel taxes paid for a vehicle with a combined fuel economy of 23.7 miles per gallon (mpg) for the average number of miles traveled by a passenger vehicle in the Commonwealth, as determined by the Commissioner of the Department of Motor Vehicles.
- \$110 – Oklahoma ( $\geq 6,000$  lbs., \$158).
- \$115 – Oregon. Oregon also imposes a fee on traditional-fueled vehicles based on mpg:  $\leq 19$  mpg, \$20; 20-39 mpg, \$25;  $\geq 40$  mpg, \$35.
- \$120 – North Dakota, Utah.
- \$130 – Iowa, North Carolina.
- \$140 – Idaho.
- \$150 – Indiana, Mississippi, Washington.
- \$200 – Alabama, Arkansas, Georgia, Ohio, West Virginia, Wyoming.

### ***Hybrid Vehicles***

- \$30 – Michigan ( $\geq 8,000$  lbs., \$100), South Carolina (\$60 biennial fee).
- \$45 – Missouri.
- \$50 – Colorado, Indiana, Kansas, North Dakota.
- \$52 – Utah.
- \$65 – Iowa.
- \$75 – Idaho, Mississippi, Nebraska, Wisconsin.
- \$82 – Oklahoma ( $\geq 6,000$  lbs., \$118).
- \$100 – Alabama, Arkansas, Ohio, West Virginia.

### ***Uses of the Fees Specific to Electric and Hybrid Vehicles***

Of the 30 states, 22 direct fees collected for electric and hybrid vehicles to their equivalents of the Kansas State Highway Fund, according to NCSL. Other states direct the revenues elsewhere, with some dividing them.

- Use for electric vehicle infrastructure – Oklahoma.
- Divide between the general transportation fund and fund for electric vehicle infrastructure – Colorado, Washington.
- Divide between the general transportation fund and a different special fund – Alabama (with local transportation fund and electric vehicle infrastructure fund), Idaho (with local highway funds), Michigan (with a scrap tire regulation fund), Ohio (with a fund allocated to municipalities, counties, and townships).
- Place into a different special fund – Indiana (local road and bridge matching grant fund).

### ***Dates of Enactment of the Initial Electric Vehicle Fees***

Most of states currently requiring fees for electric vehicles, hybrid vehicles, or both enacted those fees in the past few years.

2011 – Nebraska.

2013 – Colorado, North Carolina.

2014 – Virginia.

2015 – Georgia, Michigan.

2016 – Wyoming.

2017 – California, Idaho, Indiana, Minnesota, Oregon, South Carolina, Tennessee, West Virginia, Wisconsin.

2018 – Mississippi, Utah.

2019 – Alabama, Arkansas, Hawaii, Illinois, Iowa, Kansas, North Dakota, Ohio, Washington.

2021 – Oklahoma, South Dakota.

Missouri began imposing fees on alternative fuel vehicles in 1998 and added hybrid vehicle fees in 2018. In 2020, Virginia reduced its registration fees but enacted its Highway Use Fee and Mileage-based User Fee Program, tying fees to vehicle mpg.

## ***Adjustments to the Fees***

Statutes of 10 of the 30 states provide for some sort of automatic adjustment to the fees on electric or hybrid vehicles.

- **Adjustments based on inflation.** California, Colorado, Indiana, Mississippi, and Utah base adjustments on changes in the inflation rate, generally using the Consumer Price Index (CPI) with some specifying the CPI for All Urban Consumers (CPI-U).
  - California specifies the California Consumer Price Index.
  - Colorado limits an annual increase to 5 percent, regardless of whether inflation exceeds that rate.
  - Indiana’s adjustment averages changes in CPI-U and Indiana personal income.
- **Adjustments based on fuel efficiency.** Georgia law states the fee is to be adjusted by multiplying the percentage of increase or decrease in U.S. average mpg against the current fee. An alternative fuel logo or emblem on a license plate allows the vehicle to use lanes reserved for motorcycles and high-occupancy vehicles.
- **Adjustment based on fuel tax rates.** Michigan law states adjustments will be based on increases in the state fuel tax, by \$2.50 for a hybrid vehicle and \$5.00 for each all-electric vehicle for each 1 cent above 19 cents per gallon in fuel tax. The statutory state fuel tax is now 26.3 cents per gallon on gasoline and also on diesel fuel.
- **Adjustments of a set amount.** Alabama law states its fees will increase \$3 every four years, starting in 2023. Colorado increases its added “road usage equalization fee” of \$4 (\$3 for a hybrid) in 2022-2023 by \$4 or more each subsequent year. Missouri law specifies its alternative vehicle fees will increase by 20 percent a year for 5 years, correlating with increases in its motor fuel taxes.

## ***Base Registration Amounts***

More than half of the states with fees for electric vehicles, hybrid vehicles, or both have flat fees for registration of passenger vehicles. In some states, however, those flat fees vary based on various factors. Unless specified otherwise, all fees listed are annual. This memorandum does not address other fees or taxes, such as the Kansas motor vehicle tax, that may be charged at vehicle registration.

- **Based on weight.** Arkansas (<=3,000 lbs, \$17; 3,001-4,500 lbs, \$25; >=4,501 lbs, \$0); Kansas (<=4,500 lbs, \$30; >4,500 lbs, \$40); Virginia (<=4,000 lbs, \$23; >4,000 lbs, \$28).
- **Based on vehicle age.** Idaho (1-2 years old, \$69; 3-6 years old, \$57; 7+ years old, \$45); Oklahoma (registration years 1-4, \$85; years 5-8, \$75; years 9-12, \$55; years 13-16, \$35; years 17 and subsequent, \$15).

- **Based on value.** Nebraska (\$15 + \$5-\$30 based on base value when new).
- **Based on age of the registrant.** South Carolina (age 65 or older or “handicapped,” \$36; age 64, \$36; age 63 and younger, \$40).
- **Based on a combination:**
  - Colorado – weight (<=2,000 lbs, \$6; <=4,500 lbs, \$6 + \$0.20/100 lbs or fraction thereof) + vehicle age (<7 years old, \$12; 7-10 years old, \$12; >=10 years, \$7).
  - Hawaii – flat fee + weight tax of \$0.0125/lb, minimum \$12.
  - Iowa – 1 percent of value + \$0.40/100 lbs.
  - Minnesota - \$10 +1.25 percent (if first registered before November 15, 2020) or 1.285 percent (if first registered after that date) of manufacturer’s suggested retail price, adjusted by age (second year, 90 percent of price, decreasing in increments of 10 percent to 10 percent in the tenth year) to \$25 for the eleventh and succeeding years.
  - North Dakota – gross weight + years the vehicle has been registered, decreased as the vehicle ages (3,200-4,499 lbs, years 1-6, \$93; years 7-9, \$81; years 10-12, \$69; years 13+, \$57).
  - Oregon – flat fee + miles per gallon (for a 2-year registration: <=19 mpg, \$126; 20-39 mpg, \$136; 40+ mpg, \$156).
  - South Dakota – weight (<=2,000 lbs, \$36; 2,001-4,000 lbs, \$72; 4,001-6,000 lbs,\$108; >6,000 lbs, \$144) + age (70 percent if vehicle is >=10 years old as of January 1 of the license fee year).

### **Applicability of Fees to Other Alternative Fuels**

While most of the state statutes specified “electric vehicle,” “hybrid vehicle,” or a similar term, some apply special fees to vehicles powered by more types of alternative fuels:

- California applies its fee to a “zero emission vehicle,” defined as “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.”
- Missouri, which has an “alternative fuel decal fee,” defines “alternative fuel” as “electricity, liquefied petroleum gas (LPG or LP gas), compressed natural gas product, or a combination of liquefied petroleum gas and a compressed natural gas or electricity product used in an internal combustion engine or motor to propel any form of vehicle, machine, or mechanical contrivance.”
- Nebraska law states “Alternative fuel includes electricity, solar power, and any other source of energy not otherwise taxed under the motor fuel laws which is used to power a motor vehicle.”

- Virginia grants authority to its Commissioner of the Department of Motor Vehicles to determine “a rate equivalent to that levied on gasoline and gasohol on all other alternative fuel used to operate a highway vehicle.” “Alternative fuel” is a “combustible gas, liquid or other energy source 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.”

### Statutes and Additional Sources

Alabama	Ala. Code § 40-12-242
Arkansas	A.C.A. §§ 27-14-601, 27-14-614
California	Cal.Vehicle Code §§ 9250.6, 9250.8
Colorado	C.R.S.A. §§ 42-1-102, 42-3-304, 42-3-306
Georgia	Ga. Code Ann., §§ 40-2-151, 40-2-86.1
Hawaii	HRS § 249-31; <a href="https://www.hawaiicounty.gov/departments/finance/vehicle-registration-licensing/motor-vehicles-fee-information">https://www.hawaiicounty.gov/departments/finance/vehicle-registration-licensing/motor-vehicles-fee-information</a>
Idaho	I.C. §§ 49-402, 49-457
Illinois	625 ILCS 5/3-805, 5/3-806, 5/1-217
Indiana	IC 9-18.1-5-2, 6-6-1.6-2, 6-6-1.6-3
Iowa	I.C.A. §§ 321.109, 321.116
Kansas	KSA 8-143, 8-145
Michigan	M.C.L.A. 257.801.
Minnesota	M.S.A. § 168.013
Mississippi	§§ 27-19-21, 27-19-23
Missouri	V.A.M.S. 142.869, 301.055; <a href="https://dor.mo.gov/motor-vehicle/fuel-decals.html">https://dor.mo.gov/motor-vehicle/fuel-decals.html</a>
Nebraska	Neb.Rev.St. §§ 60-3,143, 60-3,190, 60-3,191
North Carolina	N.C.G.S.A. § 20-87
North Dakota	NDCC, 39-04-19, 39-04-19.2
Ohio	R.C. § 4503.10; <a href="https://www.bmv.ohio.gov/doc-fees.aspx">https://www.bmv.ohio.gov/doc-fees.aspx</a>
Oklahoma	68 Okl.St. Ann. § 6511; 47 Okl.St. Ann. § 1132; 2021 Okla. Sess. Law Serv. Ch. 157 (H.B. 2234)
Oregon	O.R.S. §§ 803.420, 803.422; <a href="https://www.oregon.gov/odot/dmv/pages/fees/vehicle.aspx">https://www.oregon.gov/odot/dmv/pages/fees/vehicle.aspx</a>
South Carolina	Code 1976 §§ 56-3-645, 56-3-620
South Dakota	SDCL §§ 32-5-6, 32-5-30, 32-5-188
Tennessee	T. C. A. §§ 55-4-116, 55-4-111
Utah	U.C.A. 1953 § 41-1a-1206
Virginia	VA Code Ann. §§ 46.2-770, 46.2-772; 58.1-2201, 58.1-2249
Washington	RCWA 46.17.323, 46.17.350
West Virginia	W. Va. Code, §§ 17A-10-3c, 17A-10-3
Wisconsin	W.S.A. 341.25

Wyoming	W.S.1977 §§ 31-3-101, 31-3-102
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All cited statutes and websites were accessed in January 2022.