



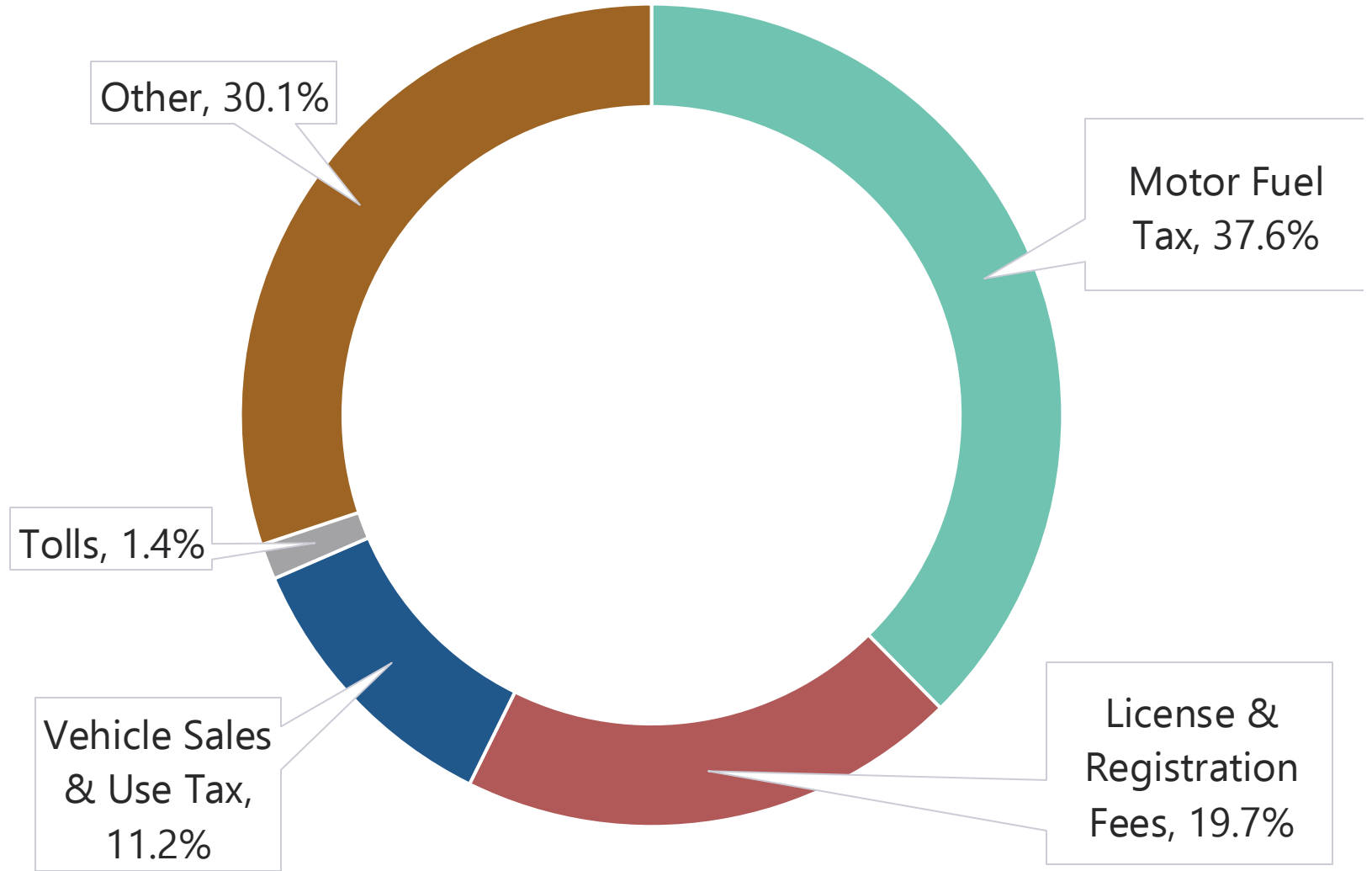
# State Transportation Funding Trends

Douglas Shinkle, Transportation Program Director, NCSL  
Aug. 19, 2024

# State Transportation Revenue Sources

(2023)

Motor Fuel Taxes comprised 41.1% of state transportation revenue in 2016, compared to 37.6% in 2023.

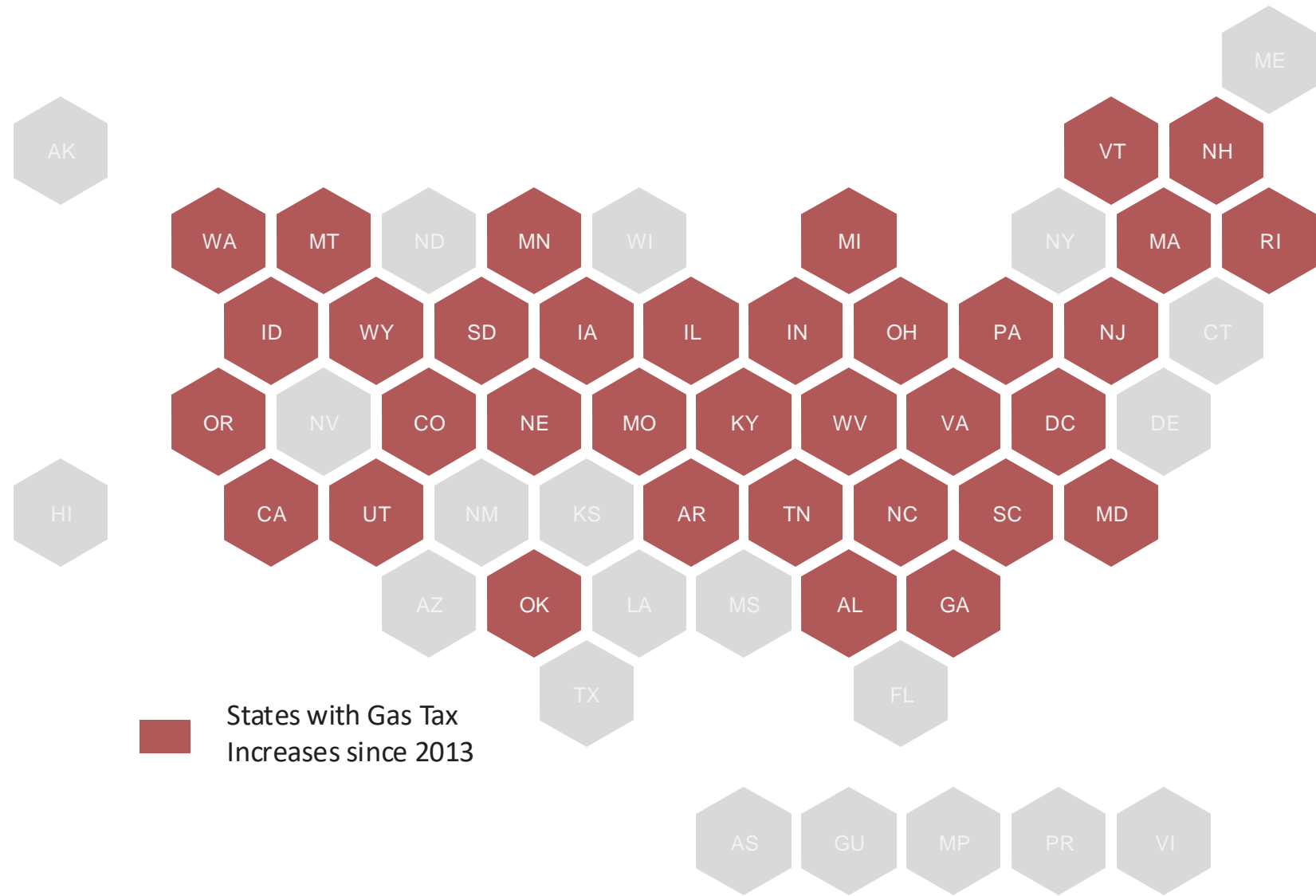


Source: National Association of State Budget Officers

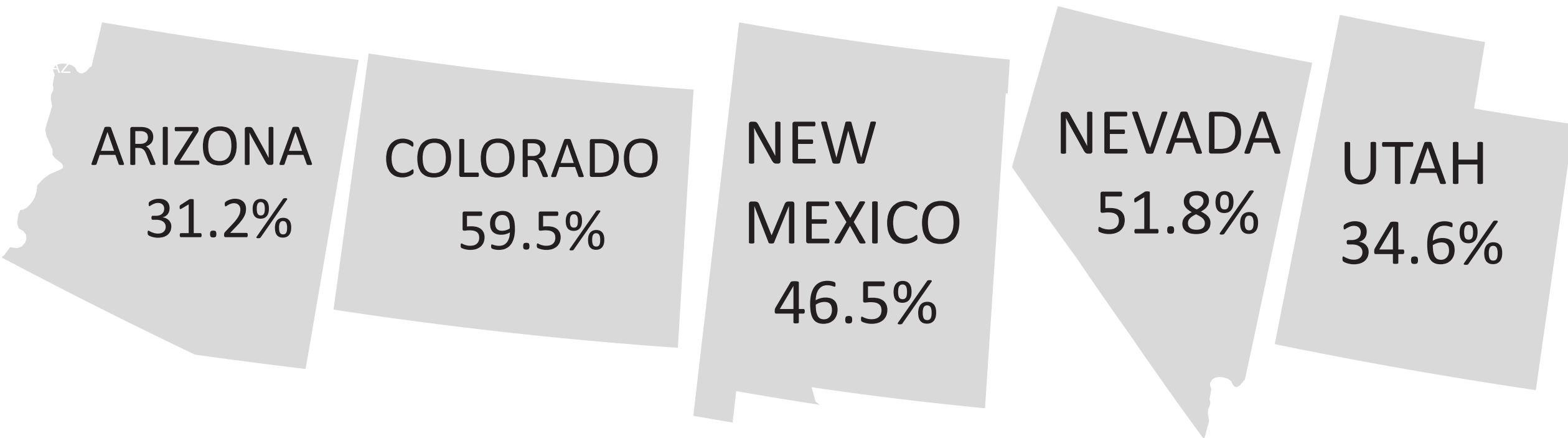
# State Gas Tax Changes

## State Actions

- Since 2013, 34 states & D.C. have increased their gas tax.
- 24 states & D.C. have indexed or variable-rate gas taxes.



# Total Percentage of Transportation Fund Revenue from Gas Tax (FY23)

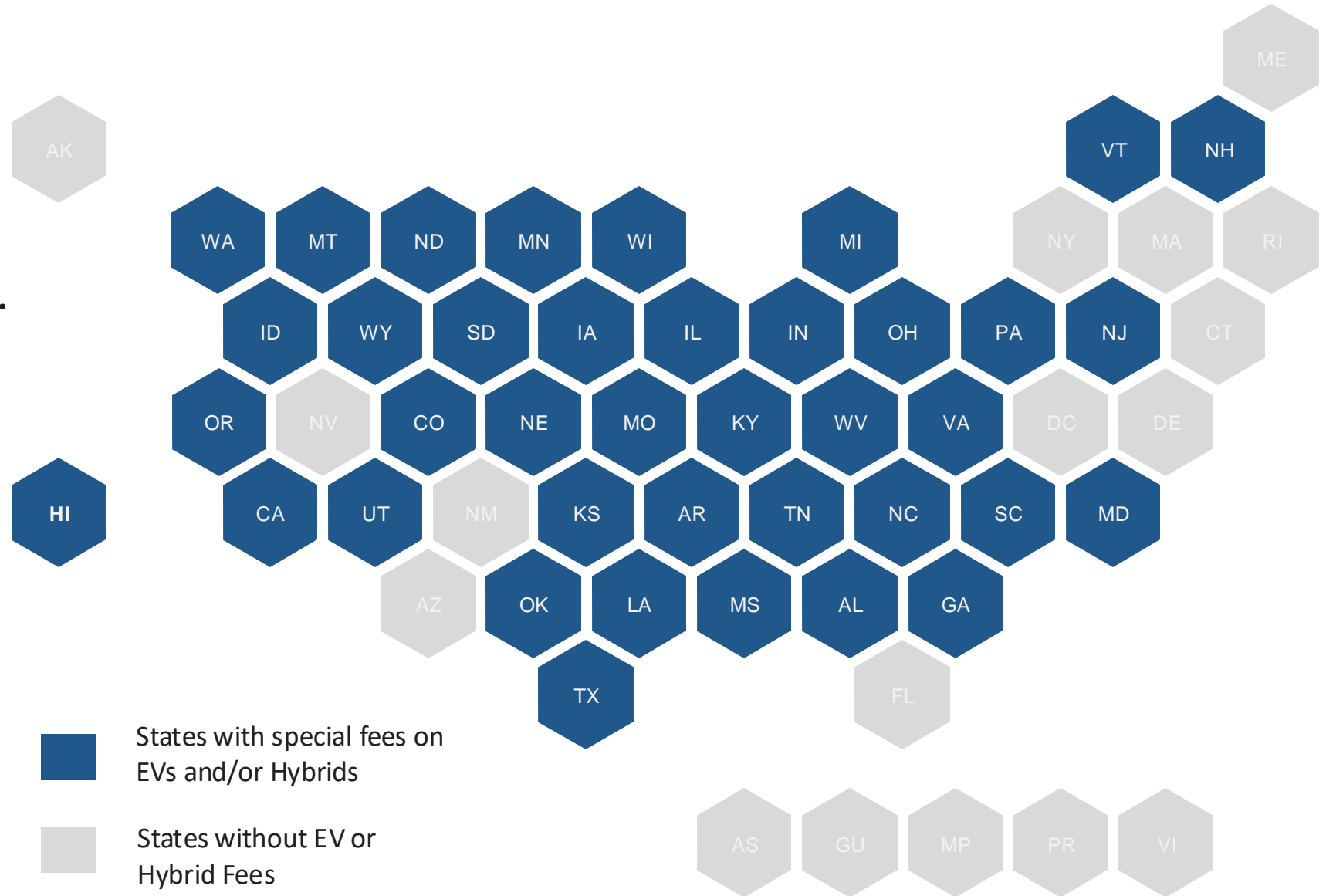


Source: FY23 estimates from National Association of State Budget Officers (NASBO).

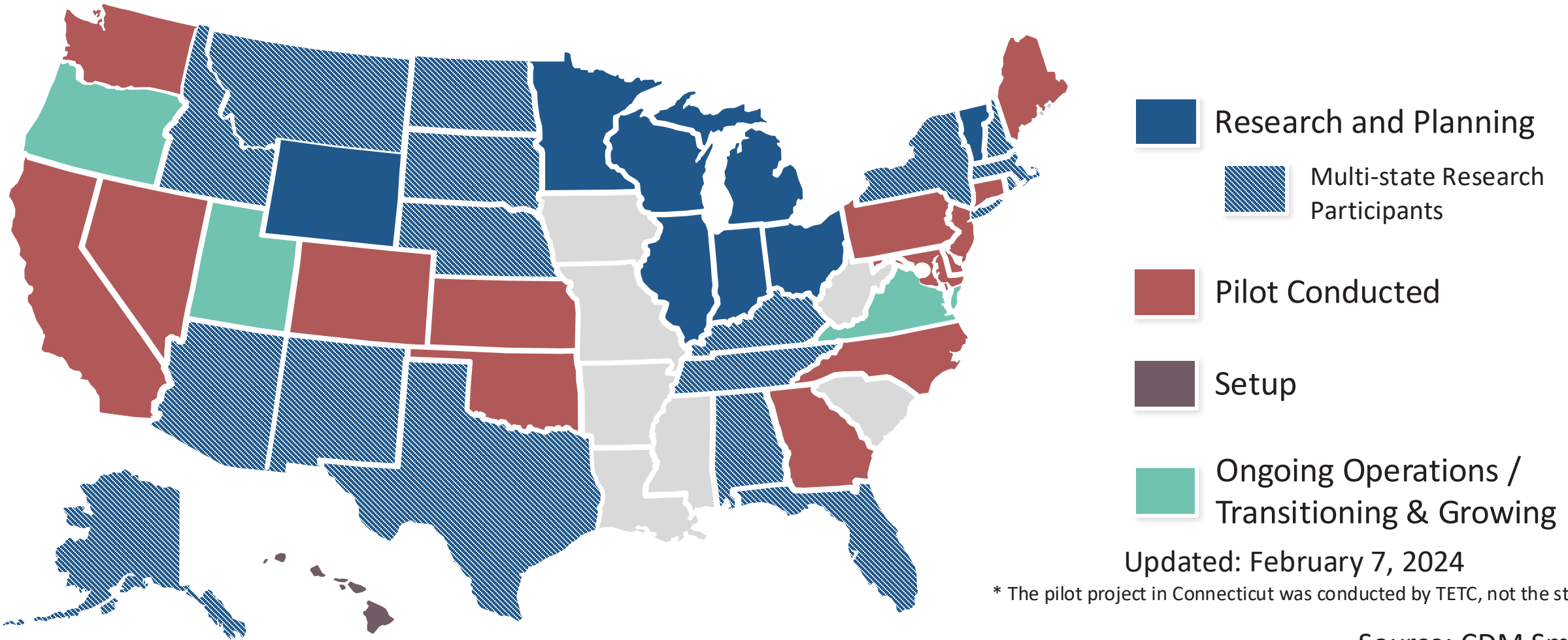
# States with Fees on Plug-In Hybrid and/or Electric Vehicles

## State Actions

- 39 states have EV annual registration fees.
- 22 states plug-in hybrid fee.
- EV fees range from the lowest at \$50 (Colorado, Hawaii, South Dakota) to the highest at \$290 (New Jersey by 2028)



# Road Usage Charges (RUC)



Source: CDM Smith

# State RUC Programs



## Utah

- **Created by Utah's Legislature:** SB 136 established a voluntary RUC program.
- **Effective Date:** January 2020.
- **Eligible Vehicles:** Alternative fuel vehicles including full electric vehicles, plug-in hybrid and gasoline hybrid vehicles.
- **Payment and Vendor Options:** One firm—DriveSync—offers reporting and payment services. Smartphone required. Device required if vehicle has On Board Diagnostic (OBD) technology. It is NOT required if vehicle has embedded telematics technology.
- **Other Provisions:**
  - On Jan. 1, 2023, the RUC rate is one-cent per mile. The RUC cap is \$130.25 for an annual and \$100.75 for a six-month registration. The RUC rate increases incrementally in subsequent years.
  - RUC participants can never be charged more than the annual registration fee and receive monthly invoices.
  - Vehicle owners with privacy concerns may opt for short-term data retention or choose instead to pay the flat EV registration fee.



## Oregon

- **Created by Oregon's Legislature:** SB 810 (2013) directed ODOT to establish the nation's first fully operational RUC program.
- **Effective Date:** OReGO, the RUC program, went live in July 2015.
- **Eligible Vehicles:** Electric, plug-in, compressed natural gas and propane vehicles
- **Payment and Vendor Options:** Three firms—Azuga, Emovis and ODOT—offer reporting and payment services.
- **Other Provisions:**
  - Vehicles achieving at least 40 mpg, as well as electric vehicles, are exempt from paying supplemental registration fees by enrolling (\$33 for vehicles with fuel efficiency at or above 40 mpg and \$110 for electric vehicles).
  - The per-mile rate is set at 5% of the per-gallon license tax (currently 1.9 cents per mile). OReGO participants receive a credit for fuel tax they pay.

# State RUC Programs Cont.

## Hawaii

- **Created by Hawaii's Legislature:** SB 1534 (2023) established a mandatory RUC program.
- **Effective Date:** July 1, 2025.
- **Eligible Vehicles:** Only electric vehicles.
- **Payment and Vendor Options:** Fee is calculated based on the vehicle's two most recent odometer readings, which are done during annual vehicle safety inspection. Road user fee must be paid concurrent with annual registration renewal. Fee is capped at \$50 annually.
- **Other Provisions:**
  - Mileage Rate is .08 cents a mile.
  - Until June 30, 2028, electric vehicle owners may pay a \$50 registration surcharge as opposed to participating in the RUC program.
  - Revenue collected will be deposited into the state highway fund.
  - Hawaii DOT must submit plan to the Legislature by Dec. 2025 for transitioning all vehicles in Hawaii to a road usage charge.



# State RUC Programs



## Virginia

- **Created by Virginia's Legislature:** SB 890 (2020) established a voluntary RUC program.
- **Effective Date:** Virginia's voluntary mileage choice program went live on July 1, 2022.
- **Eligible Vehicles:** Fuel efficient (25 mpg average) and electric vehicles.
- **Payment and Vendor Options:** One firm—Emovis—offers reporting and payment services.
- **Other Provisions:**
  - Drivers with eligible vehicles may choose to participate in the mileage use fee program instead of paying an annual flat highway use fee.
  - Mileage choice program participants have option to choose a mileage reporting device with or without GPS capability.
  - The mileage choice fee is calculated by dividing the highway use fee by the average number of miles traveled by a passenger vehicle (11,600 miles) in the Commonwealth to determine a per-mile fee. Mileage choice participants will never pay more than their annual highway use fee.



# Delivery Fees



## Colorado (SB 260, 2021)

Enacted 27 cent fee on all retail and food deliveries at point of sale.

- In first year, fee generated \$75.9 million.
- Fees are collected by the retailer.
- Generated funds for Highway Users Tax Fund (HUTF) for use by local governments.
- Generated funds for Statewide Bridge and Tunnel Enterprise
- Generated funds for Clean Transit Enterprise.



## Minnesota (HF 2887, 2023)

Enacted 50 cent fee for each retail delivery purchases over \$100 that includes at least one taxable item.

- Estimated to generate \$59 million in first year.
- Exempts baby products, medical devices, prepared food, food and food ingredients.
- Exemptions for small businesses, MnDOT permitted delivery vehicles and food and beverage service providers.
- Proceeds deposited into Transportation Advancement Account and Food Delivery Support Account.
- Transportation Advancement Account provides road and project funding for local jurisdictions.

# Kilowatt Hour Charges i.e. EV Public Charging Station Fees

Eight states—Georgia, Iowa, Kentucky, Montana, Oklahoma, Pennsylvania, Utah and Wisconsin—have laws taxing electricity consumed at public EV charging stations. Revenue is mostly dedicated to transportation infrastructure.

## **Kentucky (HB 8, 2022)**

- Creates a 3 cent-per-kWh excise tax and a 3-cent surtax on power used to charge electric vehicles, beginning in 2023. The tax rate will then be adjusted each year based on changes in the National Highway Construction Cost Index (NHCCI), and funds from the tax will be deposited into the state's road fund.

## **Iowa (HF 767, 2019)**

- Created a 2.6-cents-per-kWh tax on energy delivered outside of a private residence beginning July 1, 2023.
- Credits revenue to two separate funds, both of which improve and maintain roads in the state.

## **Oklahoma (HB 2234, 2021)**

- Creates a new 3-cents-per-kWh tax on electricity used for EV charging at public charging stations beginning January 1, 2024. The tax does not apply to private residential charging.
- The new law provides for the state's EV fees to be deposited into a new Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Revolving Fund until 2027, after which 15% of these revenues will be diverted directly to county governments. The fund will be used for road and bridge infrastructure.

# NCSL Transportation Funding Resources

- **NCSL Alternative Transportation User Fees Foundation Partnership** - <https://www.ncsl.org/transportation/ncsl-alternative-transportation-user-fees-foundation-partnership>
- **State Road Usage Charge Toolkit**- <https://www.ncsl.org/research/transportation/state-road-user-charge-pilot-results-and-legislative-action.aspx>
- **Recent Legislative Actions Likely to Change Gas Taxes**- <https://www.ncsl.org/research/transportation/2013-and-2014-legislative-actions-likely-to-change-gas-taxes.aspx>
- **Variable Rate Gas Taxes**- <https://www.ncsl.org/research/transportation/variable-rate-gas-taxes.aspx>
- **Electric Vehicle and Plug-in Hybrid Fees** - <https://www.ncsl.org/research/energy/new-fees-on-hybrid-and-electric-vehicles.aspx>
- **Transportation Funding and Finance State Bill Tracking Database**- <https://www.ncsl.org/research/transportation/ncsl-transportation-funding-finance-legis-database.aspx>



# Thank you for joining today!



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