

Alternative Fuel Vehicle User Fees - Examples from Other States

I. Summary of example laws from other states

Arkansas

- A.C.A. § 26-62-201 (eff. 7/1/93) establishes excise taxes on alternative fuels on a gasoline gallon equivalent basis. The Director of the Department of Finance and Administration determines what qualifies as an “alternative fuel”, but is required to find at least one type: natural gas fuels.
- The rate for each alternative fuel type is based on the number of vehicles licensed in the state using that type of fuel and ranges from \$0.050 to \$0.165 per gasoline gallon equivalent. (The per gallon gas tax in Arkansas is \$0.21 per gallon).

California - *see* Cal.Rev. & T.Code §§ 8651.5, 8651.6 (1/1/66, rates changed eff. 1/1/15))

- Excise taxes on alternative fuels are:
 - (i) \$0.0887 for each 126.67 cubic feet, or 5.66 pounds, of compressed natural gas used, measured at standard pressure and temperature;
 - (ii) \$0.1017 for each 6.06 pounds of liquid natural gas used; and
 - (iii) \$0.06 per gallon for propane.
- In addition, California provides the option of purchasing an annual decal in lieu of paying the excise tax. Rev. & T.Code § 8651.7 (eff. 1975). The decal is: \$36 for vehicles 4,000 pounds or less; \$72 for vehicles 4001-8000 lbs; \$120 if 8,001 - 12,000 lbs; and \$168 if 12,001 lbs or more.

Colorado

- C.R.S.A. § 42-3-304 (eff. 1/1/14) requires plug-in electric vehicle owners to pay an annual fee of \$50 at the time of registration in addition to other required registration fees.
- A decal must be attached to the upper right-hand corner of the front windshield to indicate that the fee has been paid.

Nebraska

- Neb. Rev. St. § 60-3,191 (eff. 1/1/12) requires a \$75 fee for the registration of an “alternative fuel” vehicle in addition to other required registration fees.
- Neb. Rev. St. § 60-306 provides that the phrase 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....”

North Carolina

- N.C.G.S.A. § 20-87(13) (eff. 1/1/14) requires “the owner of a plug-in electric vehicle that is not a low-speed vehicle and that does not rely on a nonelectric source of power” to pay an annual registration fee of \$100 in addition to other required registration fees.

Oregon

- Oregon’s Road Usage Charge System (eff. 7/1/15) will allow users to voluntarily pay a fee based on the miles driven rather than gallons of fuel purchased. Other states have

considered vehicle-miles driven taxes (VMT), but Oregon is the first statewide VMT program to be adopted.

- The road usage charge is 1.5 cents per mile.
- The number of vehicles in the program is limited to 5,000 cars and light-duty commercial vehicles.
- Credits are applied for the state tax paid on fuel purchased.
- Restrictions will be in place to safeguard all personally identifiable information.

Virginia

- VA Code Ann. § 58.1-2249 (eff. 2014) requires that:
 - “liquid alternative fuel” is taxed at the same rate as “the rate levied on gasoline and gasohol”
 - other alternative fuel vehicles and all-electric vehicles—hybrid vehicles are excluded—registered in the state pay an annual vehicle license tax of \$64.

Washington

- RCWA 46.17.323 (eff. 10/1/12) requires that all-electric vehicle owners pay an annual vehicle registration fee of \$100. The fee will expire if the legislature imposes a vehicle miles traveled fee or tax in the state.

II. Select text of laws from other states

Arkansas

A.C.A. § 26-62-201

(a)(1) There is hereby levied and imposed an excise tax per gallon equivalent at the rate set forth in subsection (b) of this section on each type of alternative fuels sold or used in this state for the purpose of propelling a motor vehicle or motor vehicles in this state or purchased for sale or use in this state for the purpose of propelling a motor vehicle or motor vehicles in this state.

(2) The Director of the Department of Finance and Administration shall determine the various types of alternative fuels being utilized in this state and the applicable rates to be imposed for each type fuel in accordance with the following provisions of this section, provided that the Director of the Department of Finance and Administration in his or her initial determination at a minimum shall find at least one (1) type of alternative fuels, specifically, natural gas fuels.

(b) The tax rate for each equivalent gallon for each type of alternative fuels shall be in accordance with the following table:

Number of Motor Vehicles Licensed in Arkansas Utilizing Alternative Fuels (for each type of alternative fuels)	Tax Rate Per Equivalent Gallon (for each type of alternative fuels)
0-- 999	\$0.050
1,000--1,499	\$0.085
1,500--1,999	\$0.105

2,000--2,499	\$0.125
2,500--2,999	\$0.145
3,000 & over	\$0.165

(c)(1)(A)(i) The tax rate set forth in subsection (b) of this section for each type of alternative fuels from July 1, 1993, through March 31, 1994, shall be determined and published by the Director of the Department of Finance and Administration prior to June 1, 1993, and such rates shall be effective for each type of alternative fuels through March 31, 1994.

(ii) The tax rate set forth in subsection (b) of this section for each type of alternative fuels shall be adjusted if necessary by the Director of the Department of Finance and Administration to be effective on April 1, 1994, and on April 1 of each year thereafter based upon the number of vehicles utilizing alternative fuels, by each type of alternative fuels, licensed in this state, as determined by the Director of the Department of Finance and Administration, as of December 31 of the preceding calendar year.

(B) If a change in the tax rate in accordance with subsection (b) of this section for any type of alternative fuels is required, the Director of the Department of Finance and Administration shall include this in the report required by this section, and the Director of the Department of Finance and Administration shall also notify each alternative fuels supplier of the new tax rate not later than thirty (30) days prior to the effective date of such change.

(2) Notwithstanding any other provision of this chapter, in determining the number of alternative fuels vehicles licensed in this state by each type of alternative fuels in order to determine the tax rate per equivalent gallon, there shall not be taken into account any alternative fuels vehicles owned, licensed, or used by the United States Government, or any agency or instrumentality thereof.

(d) It is the intent of the tax levy set forth in this section to tax each particular type of alternative fuels depending upon the number of alternative fuels vehicles using the particular type of alternative fuels licensed in Arkansas.

(e)(1) The Director of the Department of Finance and Administration may develop a procedure in which the type of alternative fuels or other type of fuel is noted on the certificate of title or certificate of registration of an alternative fuels vehicle.

(2) It is the intention of this subsection to develop a system for the Director of the Department of Finance and Administration and other officials of the State of Arkansas to know the precise number of vehicles using alternative fuels and other fuels licensed in this state, both in the aggregate and by the type of fuel propelling the vehicles.

(f) Not later than February 15 each year, the Director of the Department of Finance and Administration shall file a written report with the Director of State Highways and Transportation setting forth the number of vehicles using alternative fuels and other types of fuels licensed in this state as of the end of the preceding calendar year, both in the aggregate and by each type of fuel, and the amount of tax revenue received by the State of Arkansas on the tax levied by this chapter. The Director of the Department of Finance and Administration shall also state the tax rate for the next twelve (12) months, beginning as of the first day of April of each year for each type of alternative fuel.

(g) Sales to the United States Government are exempt from the tax levied by subsection (a) of this section.

(h) The tax levied herein shall not apply to alternative fuels imported into this state in the fuel supply tanks, including any additional containers, of motor vehicles being used solely for

noncommercial purposes if the aggregate capacity of the fuel supply tanks, including any additional containers, does not exceed thirty (30) equivalent gallons.

California

Cal.Rev. & T.Code § 8651.7. Owner or operator of vehicle propelled by liquified petroleum gas or liquid or compressed natural gas; annual flat rate fuel tax

(a) The owner or operator, except an interstate user, of a vehicle propelled by a system using liquefied petroleum gas, liquid natural gas, or compressed natural gas may pay the fuel tax for the use of those fuels by paying an annual flat rate fuel tax according to the following schedule:

Unladen weight	Fee
All passenger cars and other vehicles 4,000 lbs. or less	\$ 36
More than 4,000 lbs. but less than 8,001 lbs.	72
More than 8,000 lbs. but less than 12,001 lbs.	120
12,001 lbs. or more	168

(b) The annual flat rate fuel tax described in subdivision (a) shall be an annual tax. The annual period shall be that period from the end of the month in which the tax was paid to the end of the month prior in the following calendar year. When an owner or operator elects to pay the annual flat rate fuel tax on more than one vehicle, the owner or operator may request that the board prorate the tax due on a vehicle added during the annual period, so that all vehicles have the same annual period. In the year a vehicle is added, the annual flat rate fuel tax for that vehicle shall be calculated by dividing the fee set forth in subdivision (a) by 12 and multiplying the resulting amount by the number of months remaining before the beginning of the next annual period.

(c) The board shall adopt an identification procedure for vehicles with respect to which the annual flat rate tax described in subdivision (a) of this section has been paid.

Colorado

(25)(a) Beginning January 1, 2014, in addition to any other fee imposed by this section, county clerks and recorders shall annually collect a fee of fifty dollars at the time of registration on every plug-in electric motor vehicle. County clerks and recorders shall transmit the fee to the state treasurer, who shall credit thirty dollars of each fee to the highway users tax fund created in section 43-4-201, C.R.S., and twenty dollars of each fee to the electric vehicle grant fund created in section 24-38.5-103, C.R.S.

(b) The department of revenue shall create an electric vehicle decal, which a county clerk and recorder shall give to each person who pays the fee charged under paragraph (a) of this subsection (25). The decal must be attached to the upper right-hand corner of the front windshield on the motor vehicle for which it was issued. If there is a change of vehicle ownership, the decal is transferable to the new owner.

(c) As used in this section, “plug-in electric motor vehicle” means:

(I) A motor vehicle that has received an acknowledgment of certification from the federal internal revenue service that the vehicle qualifies for the plug-in electric drive vehicle credit set forth in 26 U.S.C. sec. 30D, or any successor section; or

(II) 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 wheels.

Nebraska

Neb.Rev.St. § 60-3,191

In addition to any other fee required under the Motor Vehicle Registration Act, a fee for registration of each motor vehicle powered by an alternative fuel shall be charged. The fee shall be seventy-five dollars. The fee shall be collected by the county treasurer and remitted to the State Treasurer for credit to the Highway Trust Fund.

North Carolina

N.C.G.S.A. § 20-87

(13) Additional fee for certain electric vehicles.--At the time of an initial registration or registration renewal, the owner of a plug-in electric vehicle that is not a low-speed vehicle and that does not rely on a nonelectric source of power shall pay a fee in the amount of one hundred dollars (\$100.00) in addition to any other required registration fees.

Virginia

VA Code Ann. § 58.1-2249

A. There is hereby levied a tax at the rate levied on gasoline and gasohol on liquid alternative fuel used to operate a highway vehicle by means of a vehicle supply tank that stores fuel only for the purpose of supplying fuel to operate the vehicle. There is hereby levied a tax at a rate equivalent to that levied on gasoline and gasohol on all other alternative fuel used to operate a highway vehicle. The Commissioner shall determine the equivalent rate applicable to such other alternative fuels.

<Subsec. B effective until December 31 of any year in which the General Assembly appropriates any of such additional revenues for any non-transportation-related purpose or transfers any of such additional revenues that are to be deposited into the Commonwealth Transportation Fund or any subfund thereof pursuant to general law for a non-transportation-related purpose>

B. In addition to any tax imposed by this article, there is hereby levied an annual license tax of \$64 per vehicle on each highway vehicle registered in Virginia that is an electric motor vehicle or an alternative fuel vehicle. However, no license tax shall be levied on any vehicle that (i) is subject to the tax on fuels levied pursuant to subsection A, (ii) is subject to the federal excise tax levied under § 4041 of the Internal Revenue Code, (iii) is a moped as defined in § 46.2-100, or (iv) is registered under the International Registration Plan. If such a highway vehicle is registered

for a period other than one year as provided under § 46.2-646, the license tax shall be multiplied by the number of years or fraction thereof that the vehicle will be registered. The revenues generated by this subsection shall be deposited in the Highway Maintenance and Operating Fund established pursuant to § 33.2-1530.

<Subsec. B effective on December 31 of any year in which the General Assembly appropriates any of such additional revenues for any non-transportation-related purpose or transfers any of such additional revenues that are to be deposited into the Commonwealth Transportation Fund or any subfund thereof pursuant to general law for a non-transportation-related purpose>

B. In addition to any tax imposed by this article, there is hereby levied an annual license tax of \$50 per vehicle on each highway vehicle registered in Virginia that is an electric motor vehicle. If such a highway vehicle is registered for a period other than one year as provided under § 46.2-646, the license tax shall be multiplied by the number of years or fraction thereof that the vehicle will be registered.

VA Code Ann. § 58.1–2201. Definitions

“Alternative fuel” means 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.

“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.

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“Electric motor vehicle” means a motor vehicle that uses electricity as its only source of motive power.

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“Hybrid electric motor vehicle” means a motor vehicle that uses electricity and another source of motive power.

Washington

RCWA 46.17.323. Electric vehicle registration renewal fee (Contingent expiration date)

(1) **Before accepting an application for an annual vehicle registration renewal for an electric vehicle** that uses propulsion units powered solely by electricity, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a one hundred dollar fee in addition to any other fees and taxes required by law. The one hundred dollar fee is due only at the time of annual registration renewal.

(2) This section only applies to:

(a) A vehicle that is designed to have the capability to drive at a speed of more than thirty-five miles per hour; and

(b) An annual vehicle registration renewal that is due on or after February 1, 2013.

(3)(a) The fee under this section is imposed to provide funds to mitigate the impact of vehicles on state roads and highways and for the purpose of evaluating the feasibility of transitioning from a revenue collection system based on fuel taxes to a road user assessment system, and is separate and distinct from other vehicle license fees. Proceeds from the fee must be used for highway purposes, and must be deposited in the motor vehicle fund created in RCW 46.68.070, subject to (b) of this subsection.

(b) If in any year the amount of proceeds from the fee collected under this section exceeds one million dollars, the excess amount over one million dollars must be deposited as follows:

- (i) Seventy percent to the motor vehicle fund created in RCW 46.68.070;
- (ii) Fifteen percent to the transportation improvement account created in RCW 47.26.084; and
- (iii) Fifteen percent to the rural arterial trust account created in RCW 36.79.020.