

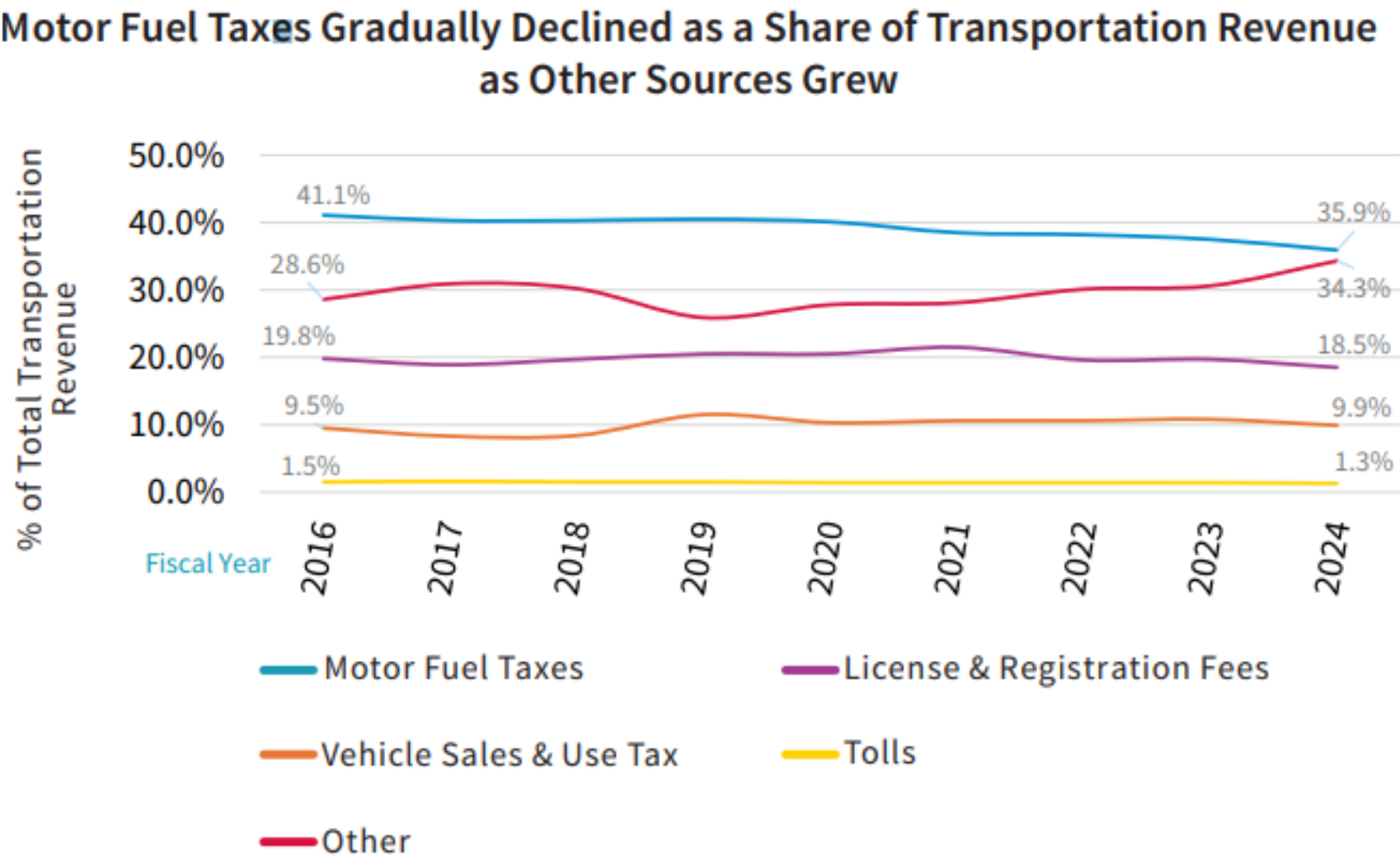


State Trends in Transportation Funding

Douglas Shinkle, Transportation Director
National Conference of State Legislatures



State Transportation Revenue Sources 2024

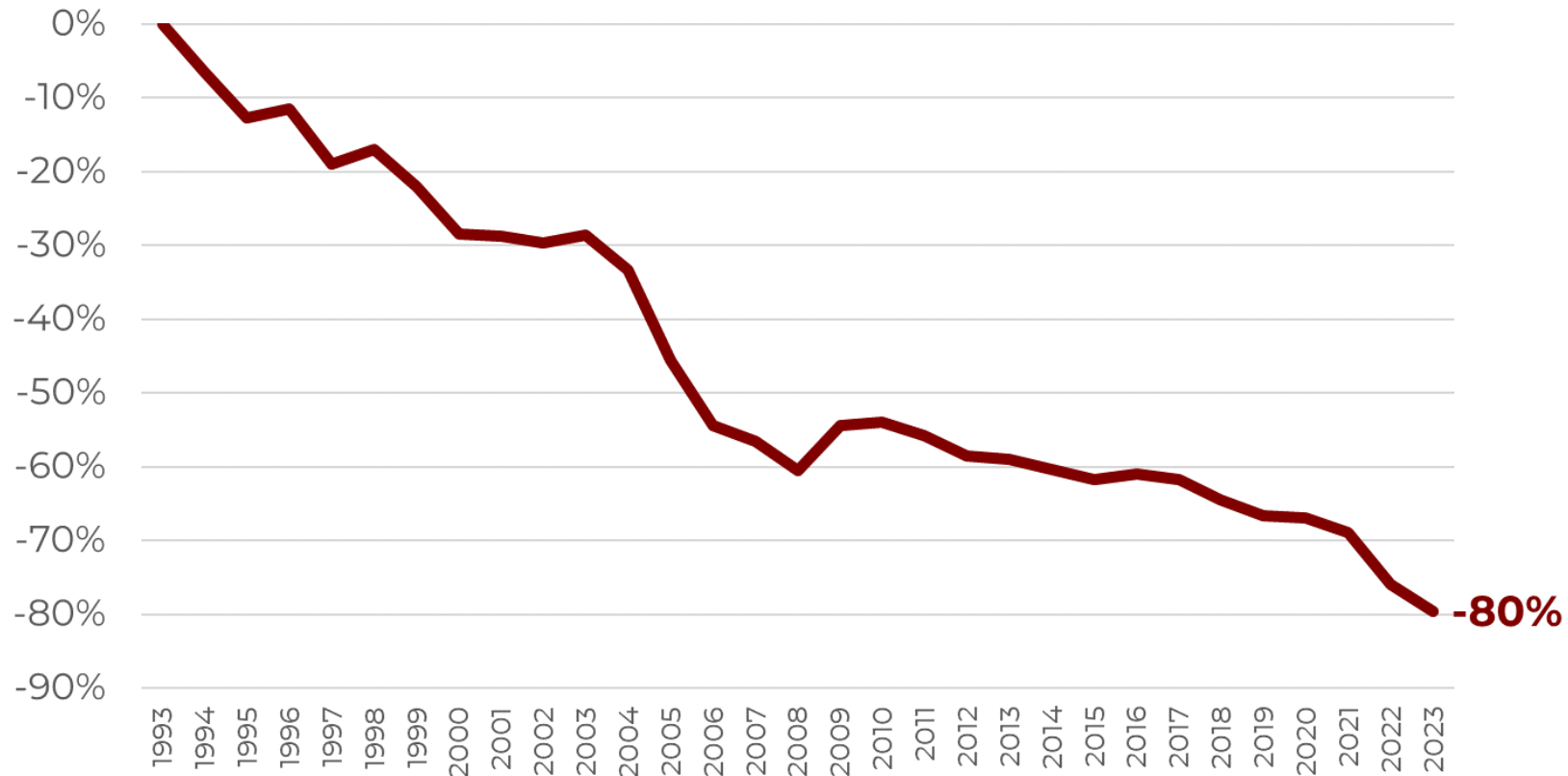


Source: National Association of State Budget Officers (2024)

Dwindling Purchasing Power of the Gas Tax – Last 30 Years

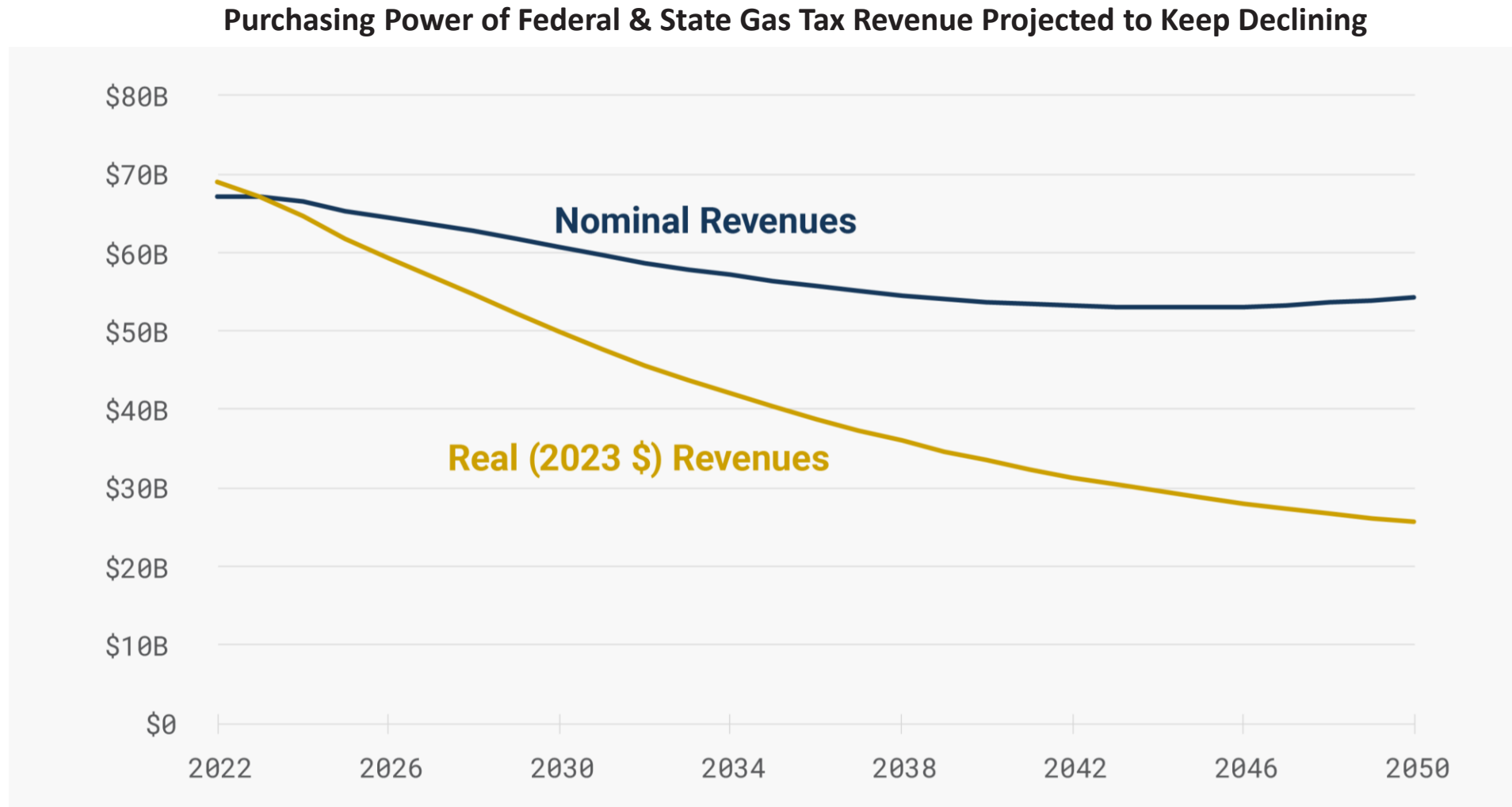
Purchasing Power of Federal Gas Tax Has Fallen Dramatically Because of Inflation and Fuel-Efficiency Gains

Cumulative Decline Since Last Federal Gas Tax Increase in 1993



Source: Institute on Taxation and Economic Policy (ITEP) analysis of data from the Federal Highway Administration (FHWA) and Energy Information Administration (EIA).

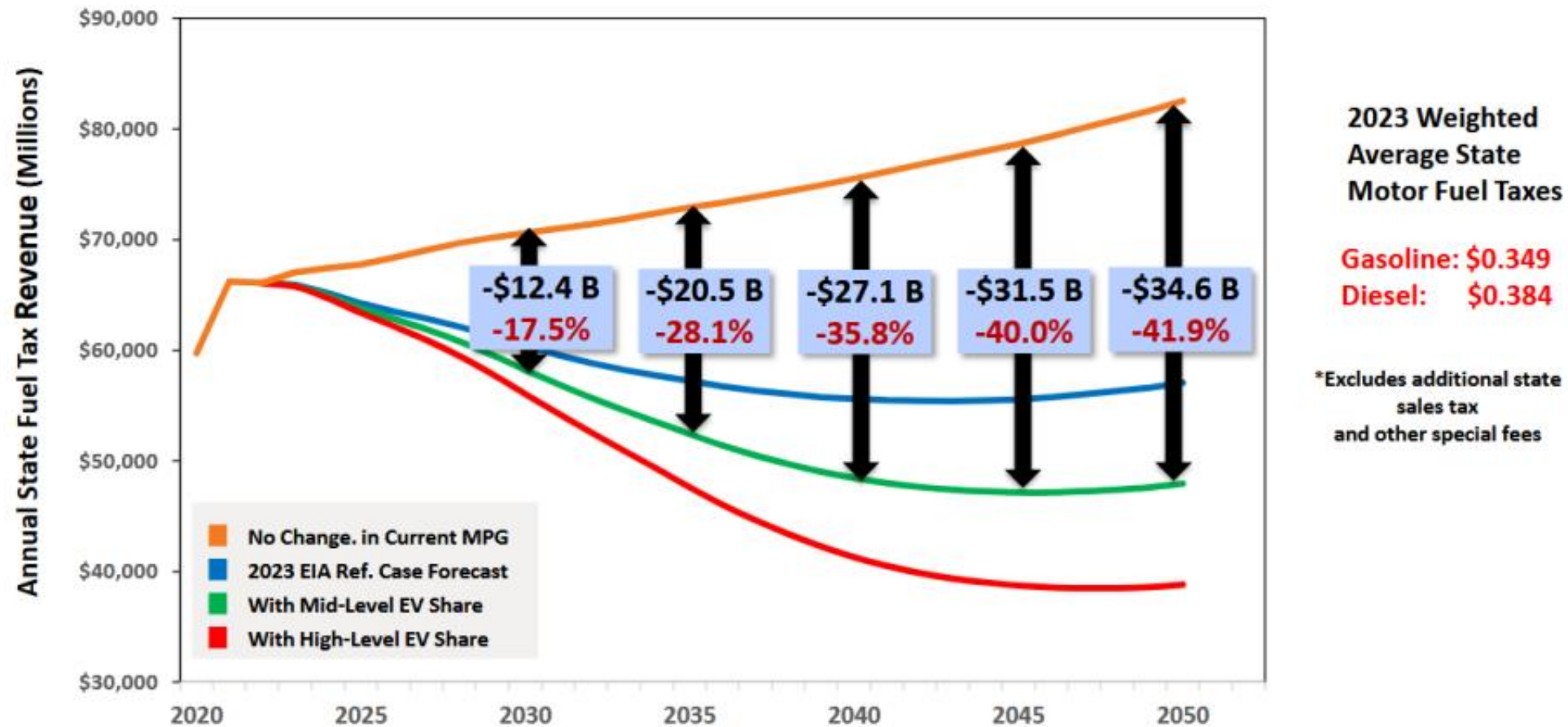
Dwindling Purchasing Power of the Gas Tax – Next 30 Years



Source: Tax Foundation (2024)

Estimated Annual State Fuel Tax Revenue

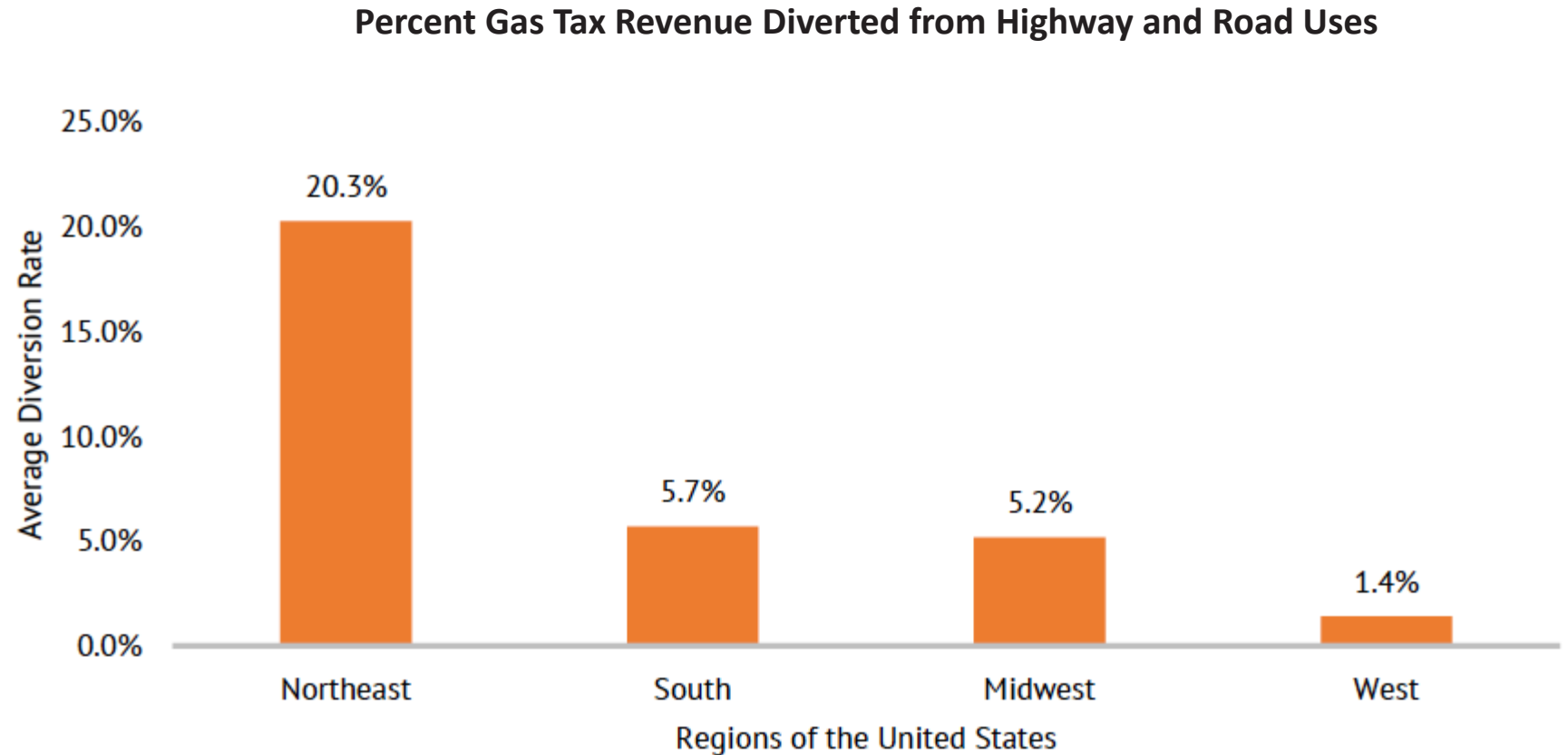
Impacts With “Mid-Level” EV Penetration



Source: Reason Foundation

Gas Tax Revenue Doesn't Always go to Transportation

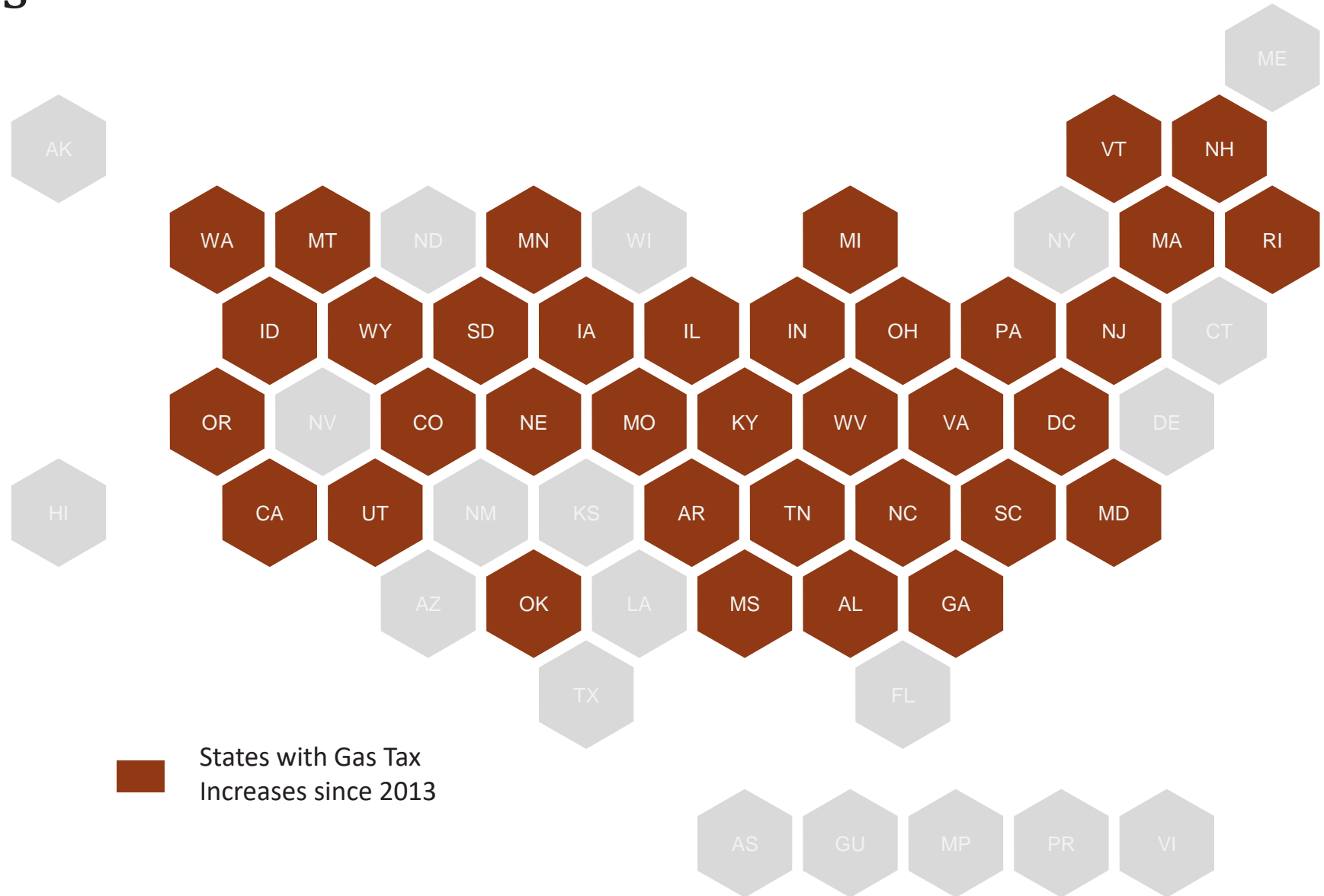
- 25 states divert some of their gas tax to expenses unrelated to roads, which includes transit and bike/pedestrian infrastructure.
- Common non-transportation diversions include law enforcement, education, tourism and environmental programs.



Source: Reason Foundation (2020)

State Gas Tax Changes

- Since 2013, 35 states & D.C. have increased their gas tax.
- 24 states & D.C. have indexed or variable-rate gas taxes.
- State gas tax ranges from \$0.09 in Alaska to \$0.60 in California.¹



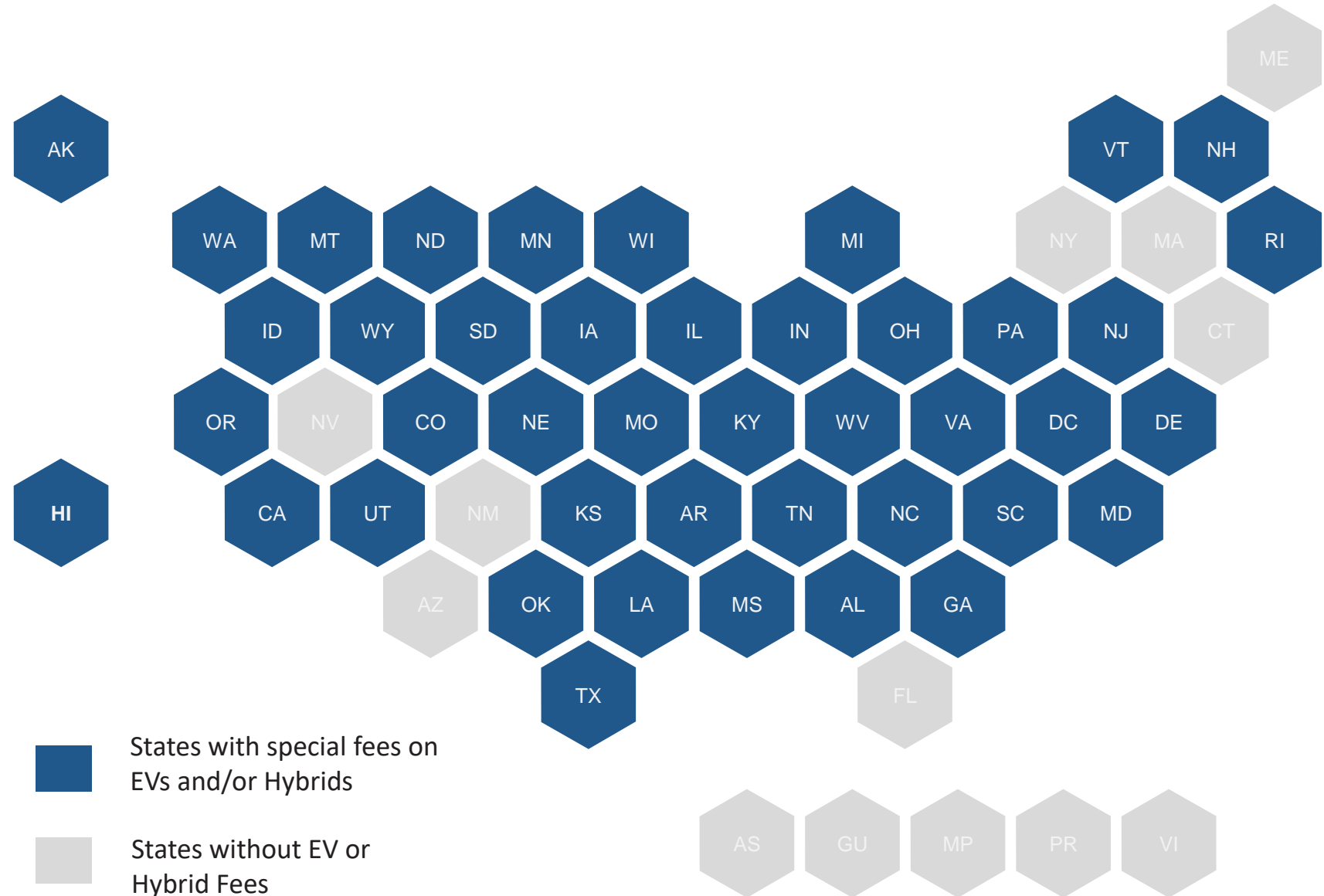
¹ Source: Federation of Tax Administrators (2025)

State Transportation Funding Sources

- Fuel Taxes
- Sales Taxes on Fuel
- Vehicle Registration
- Weight Fees
- Traffic Camera Fees
- Tolls
- General Funds
- Interest Income
- Inspection Fees
- Advertising
- Impact Fees
- License of Permit Fees
- Weight-Distance Tax
- Loan Fees
- State Lottery
- Excise Taxes
- Ad Valorem Taxes
- Sales Tax
- Oil Company Taxes
- Fares
- Logo Signing
- Situs Tax
- Rail Service Fees
- Toll Road Leases
- Use Tax
- Fines
- Tobacco Tax
- Rail Regulation Fees
- Corporate Taxes
- Container Fees
- Land Sales
- Advertising Revenue
- Service Payments
- Contractor's Tax
- Oil Tax
- Investment Income
- Surcharge Fees
- Payroll Tax
- Right-of-way
- Service Concessions
- Loan Repayment
- Mass-Transit Tax
- MBUF/RUC/VMT Fees
- Highway Litter Control Fund
- Mineral Royalties
- Short-term Lease/Borrowing
- Parking Meters
- Casino Revenue
- Hotel Revenue
- Delivery Fees
- TNC Fees (Uber/Lyft)
- EV Charging Fees
- Vehicle or Rental Car Sales Tax
- Documentary Stamp Revenue
- Boarding Funding Obligations

State Electric Vehicle (EV) & Hybrid Vehicle Registration Fees

- 42 states and D.C. have higher annual registration fees for EVs.
- EV fees range from \$50 (Colorado, Hawaii, South Dakota) to \$290 (New Jersey by 2028).
- 32 states and D.C. have a higher fee for plug-in and/or non-plug-in hybrids.
- Hybrid fees range from \$23.25 (Utah) to \$200 (Wyoming).



Road Usage Charges (RUC)

Also known as: mileage-based user fee (**MBUF**) and vehicle miles traveled fee (**VMT**)

What is a RUC?

- Roadway consumption tax that uses distance in miles as the measure of use instead of fuel.
- A per-mile charge.

Four states operate voluntary RUC programs:

1. Oregon
2. Utah
3. Virginia
4. Hawaii



RUC Program Overviews



Oregon

- **Program:** OReGO
- **In Operation Since:** 2015
- **Eligible Vehicles:** All vehicles rated 20 mpg or better
- **Rate:** 2.3 cents per mile
- **Enrollees:** ~800 vehicles
- **Mileage Collection Method:** Wireless telematics, odometer capture or a plug-in device (with or without GPS).



ROAD USAGE CHARGE

Utah

- **Program:** UDOT RUC
- **In Operation Since:** 2020
- **Eligible Vehicles:** EVs only (and grandfathered hybrid vehicles)
- **Enrollees:** ~9,800 vehicles
- **Rate:** 1.11 cents per mile up to \$143.25
- **Mileage Collection Method:** Currently offers both wireless telematics or odometer self-reporting every 3 months



Hawaii

- **Program:** Hawaii RUC
- **In Operation Since:** 2025
- **Eligible Vehicles:** EVs only
- **Enrollees:** ~14,500 vehicles
- **Rate:** < 1 cent per mile up to \$50 until 2028
- **Mileage Collection Method:** Odometer readings taken at safety inspections

Virginia RUC Program

- **Created by Virginia's Legislature:** SB 890 (2020) established a voluntary RUC program.
- **Effective Date:** July 1, 2022.
- **Eligible Vehicles:** Fuel efficient vehicles (rated 25 mpg+) and EVs.
- **Number of Enrollees:** ~23,000
- **Rate:** Estimated 1 cent per mile for EVs
- **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, or telematics for equipped EVs.
 - 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.





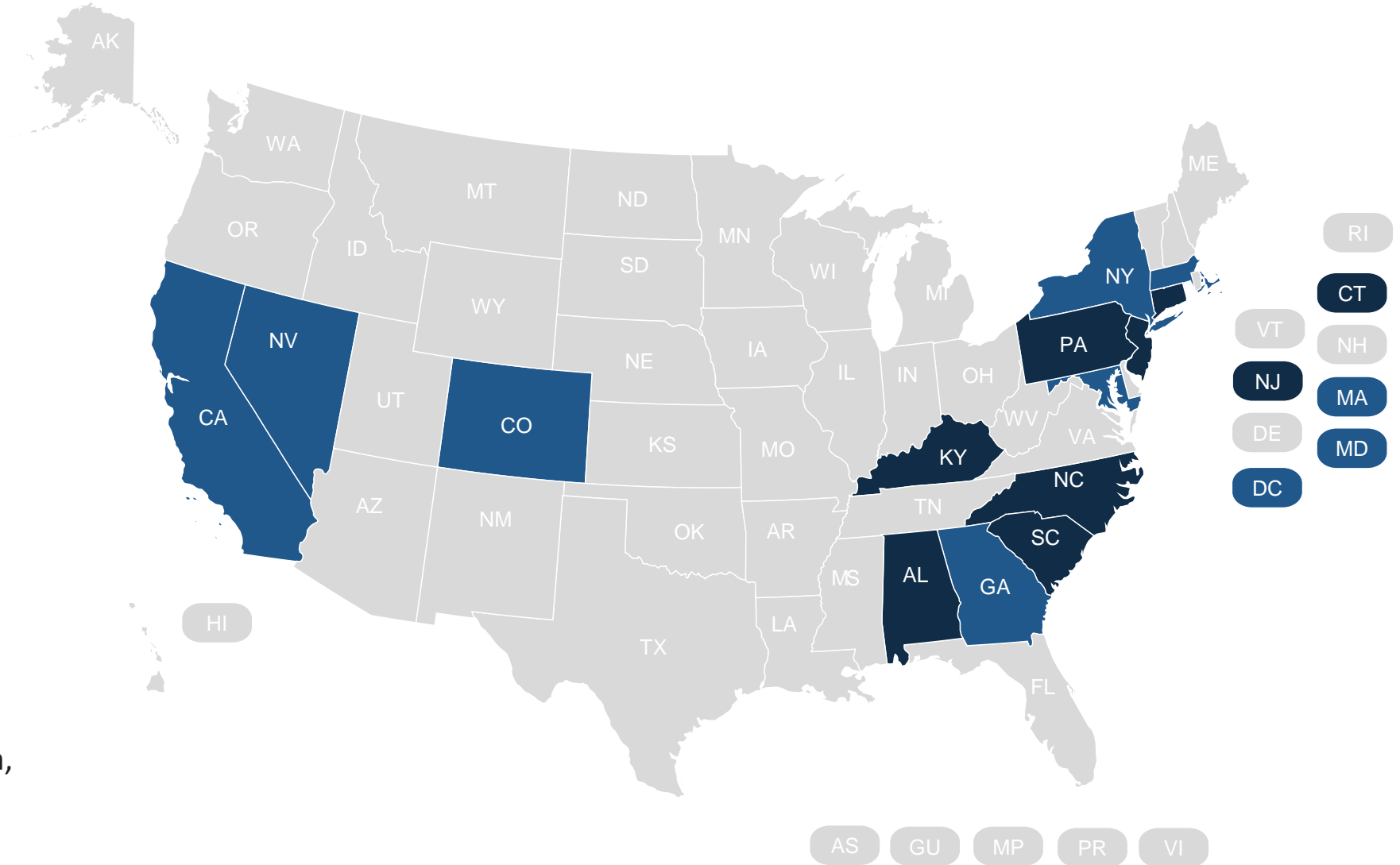
Transportation Network Company (TNC) Fees

At least 13 states and D.C. charge additional fees for TNC rides or fares

Example TNCs
(Rideshare companies)



-  States with fees on TNCs
-  States with fees on TNCs dedicated to transportation, all or in part



Enacted Delivery Fees

Colorado (SB 260, 2021)

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



- Colorado amended the law to exempt businesses with \$500,000 or less in annual sales from collecting the fee.
- Generates funds for the Highway Users Tax Fund (HUTF) for use by local governments, Multimodal Transportation and Mitigation Options Fund, and enterprise funds for statewide bridge and tunnel improvement, clean transit, clean fleet, community access and air pollution mitigation.

Minnesota (HF 2887, 2023)

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

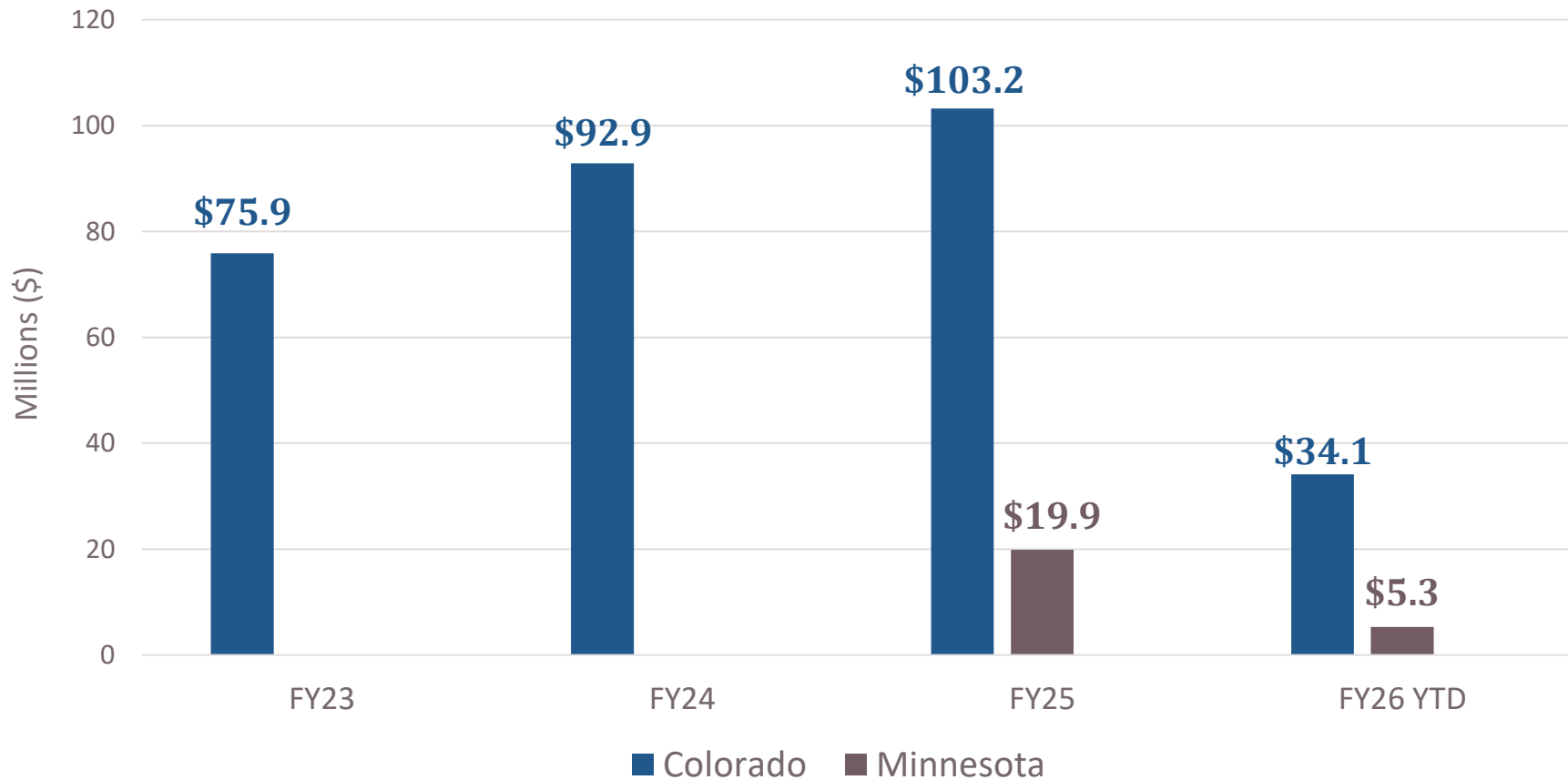


- Exempts baby products, medical devices, prepared food, food and food ingredients.
- Exemptions for small businesses (<\$1 million annual sales), MnDOT-permitted delivery vehicles and food and beverage service providers.
- Proceeds deposited into Transportation Advancement Account and Food Delivery Support Account, which provides road and project funding for local jurisdictions.

Enacted Delivery Fees - Revenue Generation

Colorado has fewer exemptions and greater revenue collection

Delivery Fee Revenue Generation



Colorado's fee took effect in FY23, while Minnesota only has one full year of implementation.

Minnesota exempts a variety of goods and providers, while Colorado maintains only a broad exemption for small businesses.

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

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

- Rates can be tied to the energy in a gallon of gasoline.
- Apply to public or non-residential charging, though 80% of charging occurs at home.
- Transparent to charging customers with line item on receipt.
- Capture payment from out-of-state drivers.
- Potential complexities coordinating with utility providers.

**Per-kWh Fees
Range From:**

1.7 ¢ in PA, to

5 ¢ in MN

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/transportation/state-road-usage-charge-toolkit>
- **States Look to Mileage Based Fees to Replace Gas Tax Revenue** - <https://www.ncsl.org/transportation/states-look-to-mileage-based-fees-to-replace-gas-tax-revenue>
- **Recent Legislative Actions Likely to Change Gas Taxes** - <https://www.ncsl.org/transportation/recent-legislative-actions-likely-to-change-gas-taxes>
- **Variable Rate Gas Taxes** - <https://www.ncsl.org/transportation/variable-rate-gas-taxes>
- **Electric Vehicle and Plug-in Hybrid Fees** - <https://www.ncsl.org/transportation/special-registration-fees-for-electric-and-hybrid-vehicles>
- **States Use Managed Lanes to Raise Revenue and Reduce Congestion** - <https://www.ncsl.org/transportation/states-use-managed-lanes-to-raise-revenue-and-reduce-congestion>
- **Transportation Funding and Finance State Bill Tracking Database** - <https://www.ncsl.org/transportation/transportation-funding-and-finance-legislation-database>

Thank you!



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