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Transportation Interim Committee

Travis Brown

FINAL REPORT TO THE 68TH MONTANA LEGISLATURE

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES



P.O. Box 201706
Helena, MT 59620-1706
Phone: (406) 444-3064
Fax: (406) 444-3971

WEBSITE: WWW.LEG.MT.GOV/COMMITTEES/INTERIM/TIC/

TABLE OF CONTENTS

Introduction	1
EV Categories	1
Electric Transportation in Montana	1
Additional Registration and Electric Vehicle Fees.....	3
Road User Charges	15
Per-Kilowatt-Hour Charge at Public Charging Stations.....	16
Federal Guidance for Electric Vehicles	17
National Electric Vehicle Infrastructure Funding	20
Appendix A: 2020-2022 Transportation Interim Committee Members	i
Senate Members.....	i
House Members.....	i
Appendix B: Draft Legislation.....	ii
Electric Vehicle Registration – PD 003	ii
Electric Vehicle Recharge Tax at Public Charging Stations – PD 007	iv

This report is a summary of the work of the Transportation Interim Committee, specific to the Transportation Interim Committee's 2021-2022 studies outlined in the Transportation Interim Committee's 2021-2022 work plan. Members received additional information and public testimony on the subject, and this report is an effort to highlight key information and the processes followed by the Transportation Interim Committee in reaching its conclusions. To review additional information, including audio, minutes, and exhibits, visit the Transportation Interim Committee website.

A full report, including links to the documents referenced in this print report, is available at the Transportation Interim Committee website: <https://leg.mt.gov/committees/interim/tic/>.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

INTRODUCTION

Electric vehicle (EV) sales represent less than 2% of all light-duty car sales in the United States, but as sales increase, some states are concerned increased EV adoption will lower gasoline tax revenues. The total number of plug-in electric vehicles sold in the U.S. is estimated at 1.6 million, including more than 164,000 cars sold during the first eight months of 2020. Roughly 320,000 plug-in electric vehicles were sold in 2019. The repairs and improvements to the nation's highways have traditionally been funded primarily through federal and state taxes collected at the pump. Because electric vehicles do not require gasoline to operate, they do not contribute to the upkeep of highways through a gas tax.

Many states face declining gas tax revenue—not only because of electric vehicles—forcing state policymakers to consider other ways to pay for the nation's transportation infrastructure. The Transportation Interim Committee discussed three different types of fees for electric vehicles, including increased registration fees, a road use charge for electric vehicles, per-kilowatt-hour at public charging stations and increasing registration fees on EVs.¹

EV CATEGORIES

Hybrid and electric vehicles generally fall into the following categories:

- **Plug-in electric vehicles (PEV).** This is a general term for any car that runs at least partially on battery power and is charged using electricity.
- **Battery electric vehicles (BEV).** BEVs, such as the Tesla, run entirely on an electric motor and rechargeable battery. This is also referred to as an all-electric vehicle.
- **Plug-in hybrid electric vehicles (PHEV).** PHEVs, such as the Chevrolet Volt, combine two propulsion modes in one vehicle. They have an electric motor and rechargeable battery, but they can switch to gasoline when the battery power is depleted.
- **Hybrid Electric vehicles (HEV).** HEVs, such as the Toyota Prius, use a gasoline engine with an electric motor. Although these vehicles have an electric motor and battery, they do not need to be plugged in to be recharged.

ELECTRIC TRANSPORTATION IN MONTANA

Montana does not incentivize electric vehicle ownership or charging station construction or provide specific EV charging rates. Montana does not levy electric vehicle fees.²

As of January 2022, there were 2,895 light-duty EVs registered in Montana. Of these, 1,893 were battery electric vehicles and 1,002 were plug-in hybrid electric vehicles. Flathead County, Missoula County, and Gallatin County are the top three

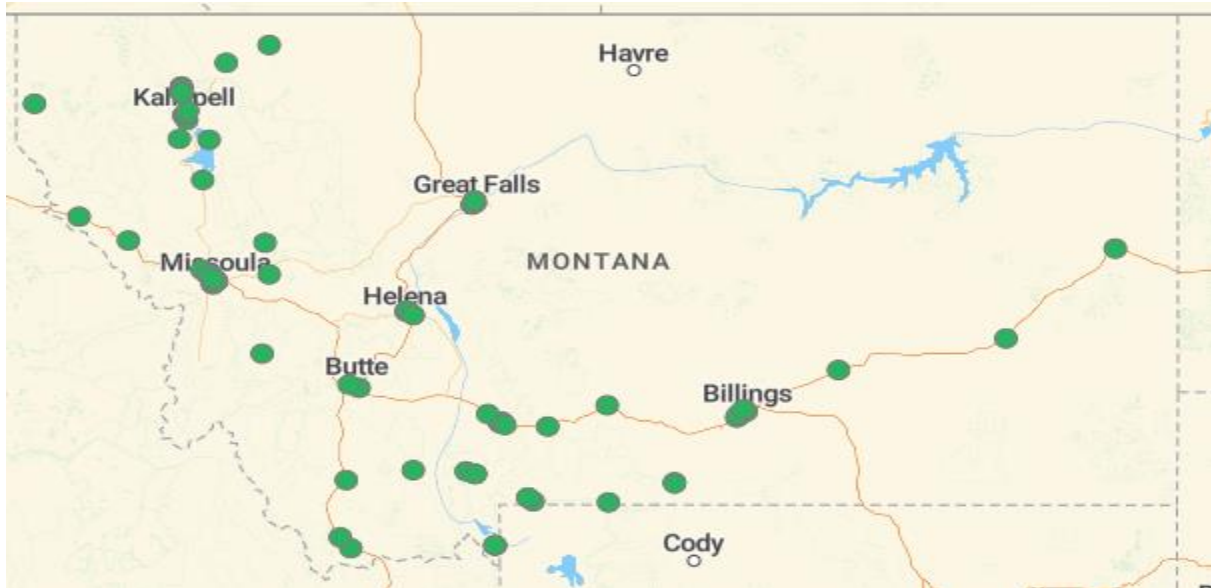
¹ National Conference of State Legislatures - <https://www.ncsl.org/research/energy/new-fees-on-hybrid-and-electric-vehicles.aspx>

² *Id.*

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

counties for EV registration in the state. Non-Tesla vehicles make up just over half of the EVs registered. EVs represent about 0.18% of all light-duty vehicles registered in the state.³

According to the U.S. Department of Energy, Montana has approximately 85 charging stations.⁴ The locations of the charging station are scattered across the state.



The Montana Department of Environmental Quality (DEQ) released its electric vehicle charging infrastructure deployment plan in July 2022. The plan focuses on supporting long-distance EV travel and establishing a plan to develop a network of EV charging stations along key travel corridors.

³ Montana Electric Vehicle Infrastructure Deployment plan, Montana Department of Environmental Quality, https://deq.mt.gov/files/Energy/Documents/Alternative%20Fuels/DRAFT_Montana_NEVI_EV_Deployment_Plan_Public_Comment.pdf

⁴ U.S. Department of Energy, https://afdc.energy.gov/fuels/electricity_locations.html#/analyze?fuel=ELEC&country=US®ion=US-MT&show_map=true

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

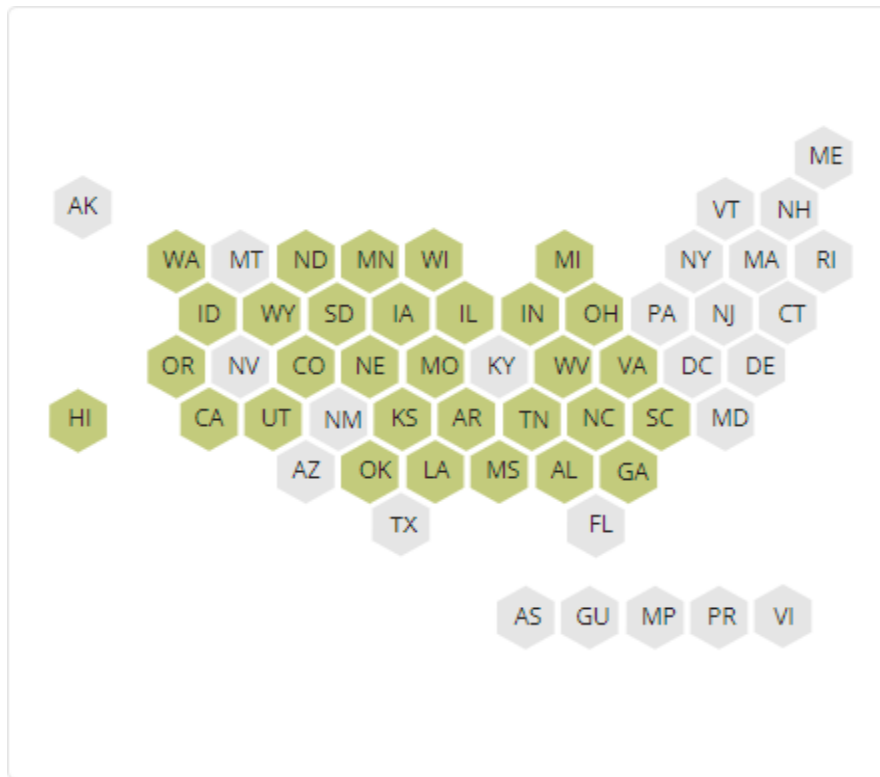


ADDITIONAL REGISTRATION AND ELECTRIC VEHICLE FEES

Thirty states have laws requiring a special registration fee for plug-in electric vehicles. Of those, 14 states also assess a fee on plug-in hybrid vehicles. These fees are typically in addition to traditional motor vehicle registration fees. Revenue from these additional fees is most often directed toward a state transportation fund. However, a few states also allocate some fee revenue to support electric vehicle infrastructure. At least five states structure the additional registration fees to grow over time by tying the fees to the consumer price index or another inflation-related metric. These states are striving to avoid the declining purchasing power of gas taxes due to years of fixed-rate structures.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

States With Fees on Plug-In Hybrid or Electric Vehicles



Alabama

- **EV fees** (Ala. Code § 40-12-242 /[HB 2](#) (2019))
 - \$200 additional annual fee for battery electric vehicles (BEVs).
 - \$100 additional annual fee for plug-in hybrid electric vehicles (PHEVs).
 - Starting in 2023, the fee will increase by \$3 every four years.
 - The fees will be reduced by any forthcoming federal fee or surcharge up to \$50 per year for BEVs and \$25 for PHEVs provided those federal fees are used for highway transportation purposes in the state.
- **Total fees**
 - Annual fees of \$265-\$273 for battery electric vehicles in addition to all other fees and taxes.
 - Annual fees of \$165-\$173 for plug-in hybrid electric vehicles in addition to all other fees and taxes.

EV Fee Distribution:

- The first \$150 of fee revenues from BEVs and the first \$75 of fee revenues from PHEVs is allocated as follows:
 - 66.67% to the state.
 - 25% to counties.
 - 8.33% to cities.
- The remainder is deposited in the Rebuild Alabama Fund, which funds electric vehicle charging infrastructure through the Electric Transportation Infrastructure Grant Program until total registrations of BEVs and PHEVs exceed

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

4% of total vehicle registrations. When this threshold is reached, fees drop to \$150 per year for BEVs and \$75 per year for PHEVs, with revenues divided between the state, counties, and cities as noted above to fund construction, maintenance, and repair of public roads, highways, and bridges, and for any other purpose for which the Rebuild Alabama Fund may lawfully be used.

Arkansas

- **EV fees** (Ark. Stat. Ann. § 27-14-614 /[SB 336](#) (2019))
 - \$200 additional annual fee for electric vehicles.
 - \$100 additional annual fee for hybrid electric vehicles.
- **Total fees**
 - Annual fees of \$217, \$225, or \$230 for electric vehicles depending on vehicle weight in addition to all other fees.
 - Annual fees of \$117, \$125, or \$130 for hybrid electric vehicles depending on vehicle weight in addition to all other fees.

EV Fee Distribution:

- Revenues are considered "special revenues," distributed to the State Highway and Transportation Department Fund.

California

- **EV fees** (Cal. Veh. Code § 9250.6/[SB 1](#) (2017))
 - \$100 additional annual fee for a zero-emission vehicle model year 2020 or later.
 - Effective January 2021 and every year after, the fee will increase in accordance with the consumer price index.
- **Total fees**
 - Annual fees of \$153 in addition to all other fees, including a Transportation Improvement fee.

EV Fee Distribution:

- Following deductions from Department of Motor Vehicles administrative costs, revenues are deposited in the Road Maintenance and Rehabilitation Account.

Colorado

- **EV fees** (Colo. Rev. Stat. §42-3-304(25)(a)/[HB 1110](#) (2013))
 - \$50 additional annual fee for plug-in hybrid electric vehicles.
- **Total fees**
 - Annual fees include the \$50 annual fee in addition to traditional registration fees, which vary by vehicle weight and type.

EV Fee Distribution:

- 60% of fee revenues (\$30 of \$50 additional fee) are deposited in the Highway Users Tax Fund.
- 40% of fee revenues (\$20 of \$50 additional fee) are deposited in the Electric Vehicle Grant Fund, which administers grants to install charging stations and to offset station operating costs.

Georgia

- **EV fees** (Ga. Code Ann. §40-2-151(19)(A)(i)/[HB 170](#) (2015))

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

- The [current additional annual fees](#) reflect a statutory base fee that is automatically adjusted according to a statutory formula (effective July 2016). The fees applicable to vehicles registered July 1, 2019, and later are as follows:

- \$212.78 for noncommercial alternative fueled vehicles (\$200 base fee).

- **Total fees**

- Annual fees of \$232.78 for noncommercial alternative fueled passenger vehicles.

- **EV Fee Distribution:**

- Revenues must be used exclusively for the following:
 - "transportation purposes," including roads, bridges, public transit, rails, airports, buses, and seaports;
 - accompanying infrastructure and services necessary to provide access to these facilities; and
 - paying general obligation debt and other multiyear financing obligations.

Hawaii

- **EV fees** (Hawaii Rev. Stat. §249-31/[SB 409](#) (2019))

- \$50 annual surcharge for electric vehicles.

- **Total fees**

- Annual fees of \$95 in addition to other taxes.

- **EV Fee Distribution:**

- Revenues are deposited in the State Highway Fund.

Idaho

- **EV fees** (Idaho Code §49-457/HB 312 (2015)/[HB 20](#) (2017))

- \$140 additional annual fee for all-electric vehicles.
- \$75 additional annual fee for plug-in hybrid electric vehicles.

- **Total fees**

- Annual fees of \$209, \$197, or \$185 for all-electric vehicles.
- Annual fees of \$144, \$132, or \$129 for plug-in hybrid electric vehicles.

- **EV Fee Distribution:**

- All fees deposited in the Highway Distribution Account are as follows:
 - 40% to localities for construction and maintenance of highways and bridges and to fund requirements on unpaid bonds.
 - 60% to the state highway account for construction and improvement of state highways.

Illinois

- **EV fees** ([625 ILCS 5 3-805](#)/SB 1939 (2019))

- \$100 additional annual fee for electric vehicles.
- Before 2020, the electric vehicle registration fee could not exceed a \$35 biennial rate, or \$18 per year. Beginning January 1, 2020, the registration fee for electric vehicles will equal those for traditional motor vehicles.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

- **Total fees**

- Annual fees of \$251 for electric vehicles.

EV Fee Distribution:

- \$1 of the additional fee is allocated to the Secretary of State Special Services Fund and the remainder deposited in the Road Fund.

Indiana

- **EV fees** (Ind. Code Ann. § 9-18.1-5-12/[HB 1002](#) (2017))

- \$150 additional annual fee for all-electric vehicles.
- \$50 additional annual fee for hybrid electric vehicles.
- The fee is indexed to the same inflation mechanism as the motor fuel tax.

- **Total fees**

- Annual fees of \$86.35 for hybrid electric vehicles in addition to all other fees.
- Annual fees of \$186.35 for all-electric vehicles in addition to all other fees.

EV Fee Distribution:

- Revenues are deposited in the Local Road and Bridge Matching Grant Fund for projects undertaken by local units to repair or increase road or bridge capacity.

Iowa

- **EV fees** (SF 767 (2019))

- \$65 additional annual fee for battery electric vehicles (BEVs).
- \$32 additional annual fee for plug-in hybrid electric vehicles (PHEVs).
- In 2021, the fee increases to \$97 for BEVs and \$48.75 for PHEVs.
- In 2022, the fee increases to \$130 for BEVs and \$65 for PHEVs.

- **Total fees**

- Annual fees include EV fees in addition to applicable registration fees.

EV Fee Distribution:

- Revenues are deposited in the Road Use Tax Fund. Iowa Code Ann § 321.145.

Kansas

- **EV fees** ([Kan. Rev. Stat. § 8-143](#); [HB 2214](#) (2019))

- \$100 total annual registration fee for all-electric vehicles.
- \$50 *total* annual registration fee for hybrid electric and plug-in hybrid electric vehicles.

- **Total fees**

- Because the state's EV fees are total, not additional, electric vehicles and hybrid electric vehicles are not charged a separate vehicle registration fee or a passenger vehicle registration fee, but instead are charged an increased fee of \$100 for all-electric vehicles and \$50 for hybrid electric vehicles.

EV Fee Distribution:

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

- The majority of fee revenues are deposited in the State Highway Fund. Kan Stat. Ann. § 8-145.

Louisiana

- **EV fees** ([Louisiana HB 1031/ La. Stat. tit. 32 § 461](#))
 - \$110 additional annual fee for electric vehicles.
 - \$60 additional annual fee for hybrid electric vehicles.
 - These fees are effective January 1, 2023.
- **Total fees**
 - Fees of at least \$198.50 for electric vehicles in addition to other applicable taxes.
 - Fees of at least \$148.50 for hybrid electric vehicles in addition to other applicable taxes.

EV Fee Distribution:

- Per La. Stat. tit. 32 § 461, 70% of the tax proceeds will go toward road and bridge projects slated in the Department of Transportation's Highway Priority Program. The remaining 30% will be deposited in the Parish Transportation Fund for use by local governments.

Michigan

- **EV fees** (Mich. Comp. Laws Ann. §257.801(7)/[HB 4736](#) (2015))
 - Michigan indexes its EV fees based on the motor vehicle fuel tax. Each 1 cent fuel tax increase above 19 cents increases the BEV annual fee by \$5 and the PHEV annual fee by \$2.50. The current fees, calculated using a 26.3 cent per gallon gasoline motor vehicle fuel tax, are as follows:
 - \$135 additional annual fee for "electric vehicles," or BEVs, up to 8,000 pounds (\$100 base fee).
 - \$47.50 additional annual fee for certain PHEVs up to 8,000 pounds (\$30 base fee).
 - \$235 additional annual fee for "electric vehicles," or BEVs over 8,000 pounds (\$200 base fee).
 - \$117.50 additional annual fee for certain PHEVs over 8,000 pounds (\$100 base fee).
- **Total fees**
 - Annual fees include the EV fees in addition to traditional fees, which vary depending on vehicle price.

EV Fee Distribution:

- Some revenues are deposited in the Michigan Transportation Fund for road maintenance carried out by cities, villages, and counties.
- Other revenues are deposited in the Scrap Tire Regulation Fund.

Minnesota

- **EV fees**(Minn. Stat. Ann. §168.013/[HF 3](#) (2017))
 - \$75 additional annual fee for nonhybrid, "all-electric" vehicles.
- **Total fees**
 - Annual fees of \$85 in addition to 1.25% of the vehicle's base value for all-electric vehicles.

EV Fee Distribution:

- Revenues are deposited in the Highway User Tax Distribution Fund.

Mississippi

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

- **EV fees** (Miss. Code Ann. §§27-19-21; 23/[HB 1](#) (2018 First Extraordinary Session))
 - \$150 additional annual fee for electric vehicles.
 - \$75 additional annual fee for hybrid electric vehicles.
 - Beginning July 1, 2021, fees will be indexed to inflation.
- **Total fees**
 - Annual fees of \$165 for electric vehicles in addition to other applicable taxes.
 - Annual fees of \$90 for hybrid electric vehicles in addition to other applicable taxes.

EV Fee Distribution:

- Revenues are apportioned for the same purposes and in the same proportion as specified for gasoline and diesel fuel taxes during the previous state fiscal year, and these funds must be used solely for the repair and maintenance of roads, streets, and bridges.

Missouri

- **EV fees** (Mo. Ann. Stat. §142.869/[SB 619](#) (1998))
 - \$75 additional annual fuel decal fee for alternative fueled passenger motor vehicles up to 18,000 lbs.
 - \$37.50 additional annual fee for plug-in hybrid electric vehicles.
- **Total fees**
 - Annual fees of \$93.25 up to \$126.25 for alternative fueled passenger vehicles, depending on the vehicle's taxable horsepower.
 - Annual fees of \$55.75 up to \$88.75 for plug-in hybrid electric vehicles, depending on the vehicle's horsepower.

EV Fee Distribution:

- Revenues are deposited in the State Highway Fund.

Nebraska

- **EV fees** ([Neb. Rev. Stat. §60-3,191/LB 289](#) (2011))
 - \$75 additional annual fee for alternative fuel vehicles.
- **Total fees**
 - Annual fees of \$90 for alternative fuel vehicles in addition to all other annual fees and taxes.

EV Fee Distribution:

- Revenues deposited in the Highway Trust Fund.

North Carolina

- **EV fees** (N.C. Gen. Stat. §20-87(13)/[SB 402](#) (2013)/[HB 97](#) (2015))
 - \$130 additional annual fee for plug-in hybrid electric vehicles.
- **Total fees**
 - Annual fees of \$166 for plug-in hybrid electric vehicles.

EV Fee Distribution:

- 85% of revenues are deposited in the Highway Fund to support existing transportation systems, including resurfacing highways, replacing bridges, and paving secondary roads.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

- 15% of revenues are deposited in the Highway Trust Fund.

North Dakota

- **EV fees** (N.D. Cent. Code § 39-04-19.2/[SB 2061](#) (2019))
 - \$120 additional annual road use fee for electric vehicles.
 - \$50 additional annual road use fee for plug-in hybrid electric vehicles.
- **Total fees**
 - Annual fees of \$143 for plug-in hybrid electric vehicles, which vary depending on vehicle weight and year of registration.
 - Annual fees of \$213 for electric vehicles, which vary depending on vehicle weight and year of registration.

EV Fee Distribution:

- Revenues are deposited in the Highway Tax Distribution Fund.

Ohio

- **EV fees** ([Ohio Rev. Code § 4503.10/](#)[HB 62](#) (2019))
 - \$200 additional annual fee for plug-in hybrid electric vehicles.
 - \$100 additional annual fee for hybrid electric vehicles.
- **Total fees**
 - Annual fees of \$231 for plug-in electric vehicles.
 - Annual fees of \$131 for hybrid electric vehicles.

EV Fee Distribution:

- 55% of revenues are deposited in the Highway Operating Fund;
- 45% of revenues are deposited in the Gasoline Excise Tax Fund and are allocated as follows:
 - 19.3% to municipalities.
 - 16.7% to counties.
 - 9% to townships.

Oklahoma

- **EV Fees** ([Enr. HB 2234](#), to be codified as Title 68 Sec. 6501-6509)
 - Annual license fee for all electric vehicles (except PHEVs), in addition to other registration fees, [depending on vehicle weight](#):
 - Under 6,000 lbs. (Class 1) – \$110
 - 6,000 – 10,000 lbs. (Class 2) – \$158
 - 10,000 – 26,000 lbs. (Class 3-6) – \$363
 - Over 26,000 lbs. (Class 7-8) – \$2,250
 - There is a similar but reduced fee schedule for plug-in hybrid electric vehicles (PHEVs):
 - Under 6,000 lbs. (Class 1) – \$82
 - 6,000 – 10,000 lbs. (Class 2) – \$118
 - 10,000 – 26,000 lbs. (Class 3-6) – \$272

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

- Over 26,000 lbs. (Class 7-8) – \$1,687

- **Total Fees**

- EV and PHEV fees are in addition to traditional registration fees. Total fees for most passenger EVs and PHEVs (Class 1) would be either \$206 or \$178, respectively.

- **EV Fee Distribution** ([Enr. HB 2234](#))

- 100% of funds from these fees go to a new Driving on Road Infrastructure with Vehicles of Electricity (DRIVE) Revolving Fund until July 1, 2027.
- After this date:
 - 85% goes to the revolving fund.
 - 15% is apportioned to the counties of the state.

Oregon

- **EV fees** (Or. Rev. Stat. § 803.422/Or. Rev. Stat. § 319.885; 890/HB 2017 (2017))

- Additional fees are assigned by miles per gallon (mpg) as follows:
 - \$18 for vehicles with 0-19 mpg.
 - \$23 for vehicles with 23-29 mpg.
 - \$33 for vehicles with 40 mpg or greater.
 - \$110 additional annual fee for electric vehicles.
- Note that these fees increase in 2021.
- Electric vehicle owners can opt to participate in the state's road usage charge program, [OReGO](#), in lieu of the annual fee.

- **Total fees**

- Annual fees of \$153 for electric vehicles.

- **EV Fee Distribution:**

- Revenues support state and local transportation systems through road and bridge improvements, enhanced safety measures, and increased transit options.

South Carolina

- **EV fees** (S.C. Code Ann. §56-3-645/[HB 3516](#) (2017))

- \$120 additional biennial fee for electric vehicles.
- \$60 additional biennial fee for hybrid electric vehicles.

- **Total EV fees**

- Biennial fees of \$156-\$160 for electric vehicles.
- Biennial fees of \$96-\$100 for hybrid electric vehicles.

- **EV Fee Distribution:**

- Revenues are deposited in the Infrastructure Maintenance Trust Fund to be used exclusively for repairs, maintenance, and improvements to the existing transportation system. [S.C. Code Ann. §57-11-20\(A\)](#).

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

South Dakota

- **EV Fees** ([HB 1053](#))
 - EV owners must pay an additional \$50 annual fee at the time of registration. This does not apply to hybrid electric vehicles.
- **Total Fees**
 - The \$50 annual EV fee is on top of other fees, which vary by vehicle weight. For noncommercial vehicles, total fees for an EV would range from \$86 - \$194.

EV Fee Distribution

- All fees are deposited in the State Highway Fund.

Tennessee

- **EV fees** (Tenn. Code Ann. §55-4-116/[HB 534](#) (2017))
 - \$100 additional annual fee for electric vehicles.
- **Total fees**
 - Annual fees of \$123.75 for electric vehicles.

EV Fee Distribution:

- Revenues are deposited in the Highway Fund. [Ten. Code Ann. § 55-6-107](#).

Utah

- **EV fees** (Utah Code §41-1a-1206/[SB 136](#) (2018))
 - \$90 additional annual fee for electric vehicles.
 - \$90 additional annual fee for vehicles fueled by a source other than motor fuel, diesel fuel, natural gas, or propane.
 - \$39 additional annual fee for plug-in hybrid electric vehicles.
 - \$15 additional annual fee for hybrid electric vehicles.
 - Fees increase in 2021 to \$120 for all-electric or other nonfossil fuel powered vehicles, \$20 for hybrid electric vehicles, and \$52 for plug-in hybrid electric vehicles.
 - Beginning January 1, 2022, fees will be indexed to the consumer price index.
 - Electric vehicle owners can opt to participate in the state's [road usage charge program](#) in lieu of the annual fee.
- **Total fees**
 - Annual fees of \$134 for electric vehicles.
 - Annual fees of \$83 for plug-in hybrid electric vehicles.
 - Annual fees of \$59 for hybrid electric vehicles.
 - Note that there is also an option to pay a six-month registration fee as opposed to an annual fee. Fee amounts for the six-month registration can also be found at Utah Rev. Code 41-1a-1206.

EV Fee Distribution:

- Revenues are deposited in the Transportation Fund. [Utah Code §41-1a-1201](#).

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

Virginia

- **EV fees** (Va. Code §58.1-2249(b)/[SB 127](#) (2014))
 - \$64 additional annual license tax for alternative fuel vehicles or electric vehicles.
 - Note that Virginia's EV fee can decrease to \$50 if the receiving jurisdiction does not use the fee revenues for transportation purposes.
- **Total fees**
 - Annual fees of \$104.75 or \$109.75 depending on vehicle weight.

EV Fee Distribution:

- Revenues are deposited in the Highway Maintenance and Operating Fund and must be used for district transportation purposes.

Washington

- **EV fees** (Wash. Rev. Code §46.17.323/[HB 2042](#) (2019); 2019 [Ballot Initiative 976](#))
 - \$150 additional annual registration fee for electric vehicles (initially \$100 as enacted in 2012).
 - \$75 additional Hybrid Vehicle Transportation Electrification fee to fund electric vehicle charging stations (enacted in 2019).
 - The state imposes two separate additional fees on electric vehicle owners. A 2019 ballot measure, Initiative 976, attempted to limit total annual registration fees for electric vehicles to \$30. In October 2020, the Washington Supreme Court [ruled that Initiative 976 is unconstitutional](#).
- **Total fees**
 - Annual fees totaling \$255 for electric vehicles.

EV Fee Distribution:

- Of the funds collected through the \$150 EV registration fee, 70% goes to the Motor Vehicle Fund, 15% goes to the Transportation Improvement Account, and 15% goes to the Rural Arterial Trust Account.
- The \$75 Hybrid Vehicle Transportation Electrification fee goes toward electric vehicle charging stations.

West Virginia

- **Traditional fees** ([Registration Fees Brochure](#))
 - \$51.50
- **EV fees** (W. Va. Code §17A-10-3c/[SB 1006](#) (2017))
 - \$200 additional annual fee on electric vehicles.
 - \$100 additional annual fee on vehicles operating on a combination of electricity and petrochemical fuels.
- **Total fees**
 - Annual fees of \$251.50 for electric vehicles.
 - Annual fees of \$151.50 for hybrid electric vehicles electric vehicles.

EV Fee Distribution:

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

- Revenues from fees on vehicles operated on hydrogen, natural gas, or a combination of electricity and petrochemicals are deposited in the State Road Fund, which pays the principal and interest due on state bonds issued for the fund, funding the administration expenses for the Division of Highways, and state road maintenance, construction, and improvement.
- Revenues from fees on electric vehicles are deposited in the state's Transportation Fund.

Wisconsin

- **EV fees** (Wis. Stat. Ann. §341.25/[Act 59 §1895M](#) (2017); [Act 9 § 1987](#) (2019))
 - \$100 additional annual fee on nonhybrid electric vehicles.
 - \$75 additional annual fee on hybrid electric vehicles.
- **Total fees**
 - Annual fees of \$185 for nonhybrid electric vehicles.
 - Annual fees of \$160 for hybrid electric vehicles.

EV Fee Distribution:

- \$75 annual fee for hybrid electric vehicles and \$100 for nonhybrid electric vehicles is disbursed to the state's Transportation Fund.

Wyoming

- **EV fees** (Wyo. Stat. §31-3-102(a)(xxiii)/[HB 9](#) (2015)/[HB 2](#) (2016)/[HB 166](#) (2019))
 - \$200 total annual fee for plug-in hybrid electric vehicles.
 - While the state initially enacted a one-time \$50 decal fee in 2015, the legislature clarified its intent that the fee be annual in 2016 and increased the fee amount in 2019.
- **Total fees**
 - Because the state's EV fees are total, not additional, plug-in hybrid electric vehicles are not charged a separate vehicle registration fee or a passenger vehicle registration fee, but instead are charged an increased fee of \$200.

EV Fee Distribution:

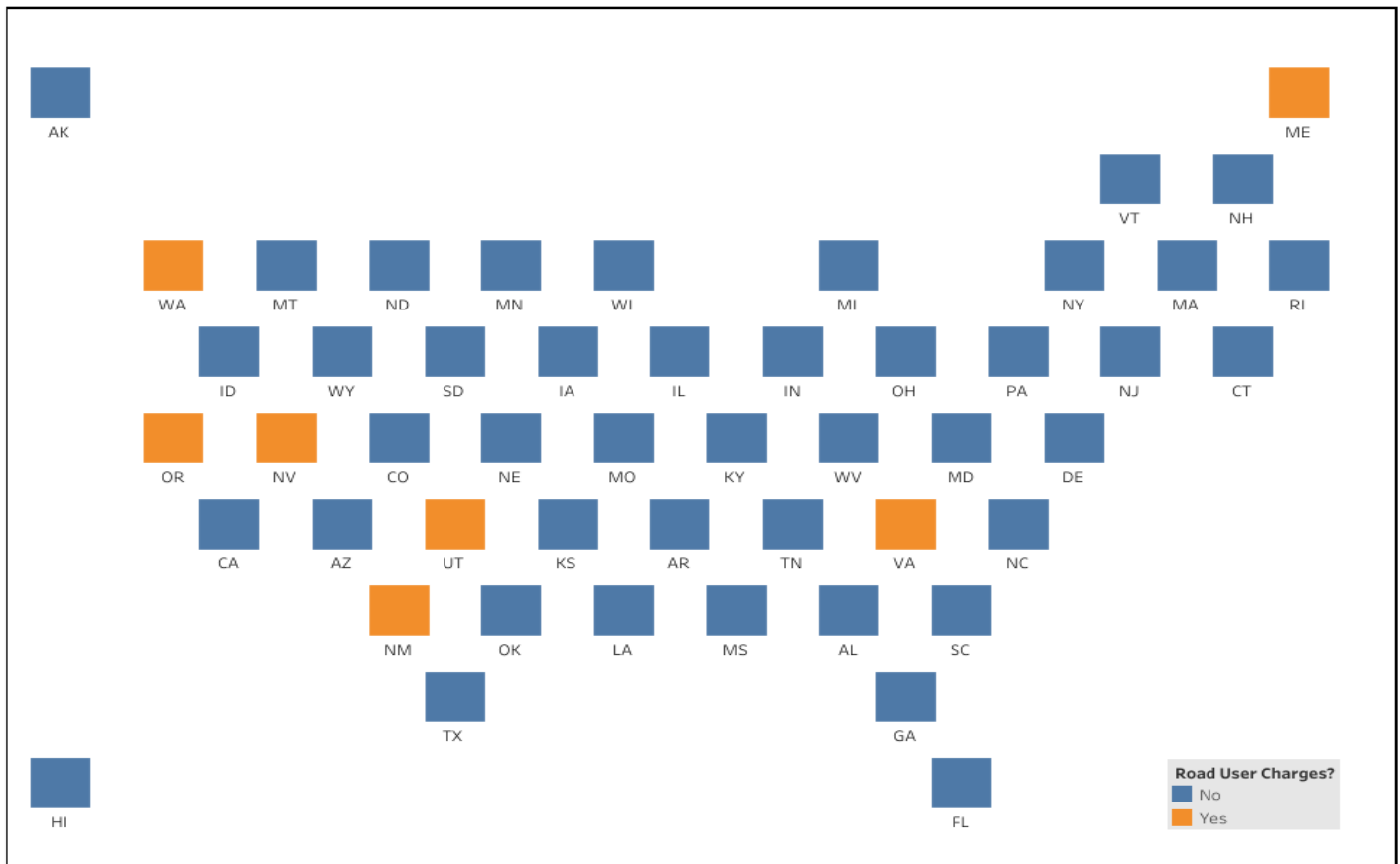
- Revenues are deposited in the State Highway Fund. See Wyo. Stat. §31-17-303.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

ROAD USE CHARGES

State legislatures continue to debate Road Use Charges (RUC) legislation. In 2019 and 2020, at least 19 states—Hawaii, Idaho, Illinois, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Mexico, New York, Oregon, Texas, Utah, Vermont, Virginia, and Washington—considered 34 pieces of legislation addressing RUC. Of those, at least seven states—Maine, Nevada, New Mexico, Oregon, Utah, Virginia, and Washington—have enacted eight pieces of legislation. Five states—Illinois, Massachusetts, Michigan, New York, and Vermont—currently have seven pending pieces of legislation, including carryover bills from 2019.

States with Road User Charges



A few of the most recent notable state actions to study and establish RUC programs include the following:

- The Nevada legislature directed ([AB 483](#)) the state Department of Motor Vehicles to conduct a pilot program on annual vehicle miles traveled charging, as adjusted by type of vehicle and fuel system.
- Oregon lawmakers modified ([HB 2881](#)) eligibility and other requirements in 2019 to enroll in their voluntary RUC program, known as [OReGO](#), by exempting vehicles achieving at least 40 mpg from an additional registration surcharge of \$33 and by exempting electric vehicles from a registration surcharge of \$110 if they enroll in OReGO. The legislature also increased the minimum fuel economy that new vehicles participating in

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

OReGO must achieve from 17 mpg to 20 mpg. OReGO's enrollment cap was also removed, and the per-mile rate charged to participants was adjusted to 5% of the per-gallon license tax. Currently, the per-mile rate is set at 1.8 cents per mile, according to [OReGO](#).

- Utah's legislature established ([SB 72](#)) a RUC program that went live on January 1, 2020. The legislation also requires the Utah Department of Transportation to submit annual reports on [Utah's RUC program](#) and submit a plan to enroll all vehicles by December 31, 2031. [Eligible vehicles](#) include fully electric vehicles, plug-in hybrid electric vehicles, and gasoline hybrid electric vehicles. Participation is voluntary and eligible vehicle car owners must opt-in. By doing so, they agree to pay a 1.5 cent per mile charge in lieu of an alternative fuel vehicle registration fee of \$90 in 2020, which will rise to \$120 beginning in 2021.
- The Virginia General Assembly established ([SB 890](#)) a mileage-based user fee (MBUF) program in 2020. Eligible participants include owners of electric vehicles, alternative fuel vehicles, or a fuel-efficient vehicle subject to a "Highway Use Fee." Drivers of any fuel-efficient, alternative fuel, or electric vehicle may enroll in the MBUF and not pay a newly created annual highway use fee. Additionally, owners of other fuel-efficient vehicles, defined as vehicles with a combined fuel economy of at least 25 mpg, may enroll.
- The Washington legislature required ([HB 1160](#)) the state Department of Transportation to submit recommendations that considered the impacts of RUC on low-income households, vulnerable populations, and displaced communities. The law also established a [RUC working group](#) and required a [final report](#) on implementation that was submitted in January 2020 to the governor, the legislature, and the Federal Highway Administration. The report addressed topics such as privacy, rate-setting, compatibility with tolling systems, and out-of-state drivers and had a recommendation to assess equity impacts of RUC on certain communities, including low-income residents, the elderly and persons with disabilities, and rural and displaced populations.

PER-KILOWATT-HOUR CHARGE AT PUBLIC CHARGING STATIONS

At least four states—Iowa, Kentucky, Oklahoma, and Pennsylvania—have enacted legislation to tax electricity consumed at public EV charging stations.⁵

Iowa

§ 452A.41

- 2.6-cents-per-kWh tax on energy delivered or placed in a battery outside of a residence beginning July 1, 2023.
- Revenue will be credited in part to the [Revitalize Iowa's Sound Economy Fund](#), which promotes economic development through establishment, construction, and improvement of roads and streets.

⁵ NCSL internal memo July 15, 2022

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

- Remaining revenue will be credited to the Secondary Road Fund (I.C.A. § 331.429), which maintains, repairs, and provides general funding to secondary roads in the state.

Kentucky

[HB 8](#)

- 3-cents-per-kWh excise tax and a \$.03 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 in the state's Road Fund.
- The State Road Fund, defined in [KRS 48.010 \(15\)\(g\)](#), consists of revenues from excise or license taxes on motor fuels as well as revenues from fees or taxes associated with registering or operating vehicles for use on public highways.

Oklahoma

[HB 2234](#)

- 3-cents-per-kWh tax on electricity used for EV charging at public charging stations.
- Tax does not apply to private residential charging.
- EV fees are deposited in 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 DRIVE fund will be used for road and bridge infrastructure and will supplement the state's current ROADS fund.

Pennsylvania

[Con. Stat. 75. § 9004](#)

- 0.0172-cents-per-kWh as of 2022.
- Computed by the Department of Revenue annually on a gallon equivalent basis.
- Revenue collected is used to fund highway and bridge construction, maintenance, and improvement and to provide revenue for State Police Highway Patrol Operations and Department of Transportation activities.

At least two more states, Nevada and Minnesota, considered a per-kWh tax on EV charging. Nevada's [SB 384](#) (failed, 2021) would have imposed a new 0.07 cent tax on electricity from both private and public charging equipment. Revenues would have been directed to the Nevada State Highway Fund, though some revenues may have also been distributed to local governments. Minnesota's [SB 1602 \(pending, 2022\)](#) would impose a \$0.051-cents-per-kWh tax on EV charging, with funds distributed to the state Highway User Tax Distribution Fund.

At least a couple other states have taken steps toward a per-kWh tax for EV charging, but only the states above have officially introduced or passed legislation. The Wyoming legislature [drafted legislation for 2022](#) that would impose a 0.15-cent-per-kWh tax on EV charging, though it does not appear to have been introduced. Vermont has been studying the impacts and feasibility of [alternative road funding](#) mechanisms. The Vermont Department of Public Service has published an evaluation of these different mechanisms, including a [per-kWh charging tax](#); the state estimates a tax of 0.034 cents per kWh would be sufficient to replace forgone gas tax revenues.

FEDERAL GUIDANCE FOR ELECTRIC VEHICLES

The federal government has not proposed any legislation that would replace the lost revenue provided by the federal gas tax. The federal government is studying vehicle miles traveled (VMT) or a road user charge. While the federal government has not made a definitive decision relating to EVs, they are showing interest in the vehicle miles traveled option by implementing pilot programs to study the effectiveness of the tax. VMT also seems like the best option because the federal government does not have the option to increase EV registration fees and has acknowledged that most EV owners charge at home and would not pay a tax at a public charging station.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

Infrastructure Investment and Jobs Act Studies Road User Fees

The Infrastructure Investment and Jobs Act (IIJA) directs the U.S. Department of Transportation to establish a national per-mile road usage fee pilot program while continuing to support state-level pilots. Mileage-based user fees, also known as vehicle miles traveled (VMT) fees, charge drivers a fee based on the number of miles driven as opposed to taxing motor fuel, the primary revenue source for federal and most state's transportation infrastructure spending. IIJA-authorized pilot programs will replace the existing [Surface Transportation System Funding Alternatives Program](#), which was established in 2015, to provide grants to states to explore alternatives to motor fuel taxes.

The Biden administration has set the ambitious goal of a 50% electric vehicle sales share by 2030. Several major U.S. auto manufacturers have signaled their intention to help meet that target. EVs sold in the U.S. are expected to double between 2021 and 2024, with EVs representing a growing share of cars on the road. Many states rely on state-level gas taxes to fund transportation infrastructure, in addition to federal support. However, as EV ownership rises, transportation infrastructure will require an alternative source of dedicated revenue at both the state and federal levels.

State Pilot Program Background

Federal surface transportation legislation from 2015 established the Surface Transportation System Funding Alternatives (STSFA) program, which has provided \$95 million in grants to individual states and coalitions of states, with a minimum 50% matching requirement for grantees. The STSFA program intended to inform Congress about whether mileage-based user fees could be a viable replacement for the gas tax. In addition to designing and implementing the pilot programs, the program required grantees to conduct outreach to raise public awareness about the need for alternative highway funding sources and to provide recommendations for a future user-based road fee program.

STSFA funded pilots in 13 individual states and two coalitions of states: the [Western Road Usage Charge Consortium \(RUC West\)](#) and the [Eastern Transportation Coalition](#), which aim to test the feasibility of regional mileage-based user fee systems.

Six states have ongoing pilot programs funded by STSFA. [Oregon](#) and [Utah](#) have the most advanced pilot projects, in which drivers can avoid paying registration fees by paying mileage-based user fees, with revenue directed to transportation infrastructure projects.

Some of the primary **challenges** for mileage fees that arose during STSFA pilots and ought to inform IIJA pilots and any broader mileage-based user fee programs in the future are as follows:

- **Privacy:** State pilot administrators found that drivers are concerned about the government tracking their location. Technology to track miles driven does not have to include GPS data, and technology that does track location can be subject to various privacy policies.
- **Equity:** Some state transportation officials noted that the public believed rural drivers would pay more than their fair share under a mileage-based user fee system. Several states reported disparities in fees paid by rural drivers compared to other drivers are greater under gas taxes than mileage-based user fees.
- **Administrative costs:** Pilot administrators noted potentially expensive aspects of mileage-based user fees, including start-up costs of a new system, operating costs and data processing, and enforcement costs with certain mileage tracking technology.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

While funding for STSFA pilots through the FAST Act in 2015 has come to a close, these programs are eligible for continued funding through the IIJA.

Details of the IIJA Pilot Programs

The IIJA includes funding for two mileage-based user fee pilot programs: additional grants for state-level pilot programs and the establishment of a new national pilot program.

Strategic Innovation for Revenue Collection (IIJA Section 13001)—\$75 million over 5 years

This updated version of the STSFA will provide grants for state-level user fee pilot programs, but it will also expand eligibility to local governments and metropolitan planning organizations. The new version of the grant also increases the federal share for new pilot projects to 80%, with a 70% share for recipients who have already received STSFA grant money. IIJA Section 1301 also explicitly requires the United States Department of Transportation (USDOT) to submit a report to Congress in 2024 with recommendations on a national alternative revenue mechanism based on results from the state pilots.

National Motor Vehicle Per-Mile User Fee Pilot (IIJA Section 13002)—\$50 million over 5 years

This new program directs the USDOT to carry out a nationwide pilot, soliciting volunteer participants from all 50 states, including commercial and passenger vehicles. The legislation requires the pilot program to offer different methods for participants to track their mileage and directs the USDOT to set annual per-mile fees for different types of vehicles. Within 90 days of the bill's passage, the USDOT must establish a Federal System Funding Alternative Advisory Board to provide recommendations for developing and implementing the pilot program and carrying out a public awareness campaign. One year after participants begin the federal pilot program, the USDOT and the United States Department of the Treasury will submit their first annual report to Congress with a comprehensive analysis of the pilot program.

The IIJA laid out suggested technology to track mileage for the national pilot, including the following:

- **Smartphone applications:** Apps can use GPS tracking but do not have to do so.
- **Telemetric data collected by automakers:** Telematics transmit data about vehicles to manufacturers through the Internet. They require cooperation from manufacturers, and not all cars have telemetric data capability.
- **Motor vehicle data obtained by car insurance companies or fueling stations.**
- **Other methods used in STSFA pilots:** Under STSFA, some states allowed participants to manually report odometer readings periodically.

The USDOT [has stated](#) that the next milestones for the state and national pilot are still to be determined. In the coming months, the agency will likely release comprehensive guidance for grant applicants.

Electric Vehicle Tax Credits

On August 16, 2022, President Biden signed the Inflation Reduction Act into law, which included tax credit for electric vehicles. EVs placed into service after December 31, 2022, will receive up to \$7,500 EV tax credit for 10 years or until December 2032. The amount of the credit is based on a calculation considering factors like the vehicle's sourcing and assembly. Additionally, used EVs (previously owned vehicles that are at least two years old) will now have a separate tax

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

credit of up to \$4,000 or 30% of the price of the vehicle, whichever is less. However, a previously owned EV cannot qualify if it is purchased for resale.

The Inflation Reduction Act also imposes income limits on who can claim the credit. To qualify for the tax credit, a single person's modified gross income must be below \$150,000. Married couples must make less than \$300,00 jointly, and a head of household must make less than \$225,000. Vehicle price and type also matter. Vans, pickups, and SUVs with an MSRP of more than \$80,000 will not qualify for the credit. Clean cars only qualify if the MSRP is less than \$55,000. If you buy a used clean vehicle (two years or older), it will only qualify for the tax credit if it costs \$25,000 or less. Manufacturers that produce more than 200,000 EVs would not qualify for the EV tax credit. However, vehicle final assembly must take place in North America to qualify for the tax credit.

NATIONAL ELECTRIC VEHICLE INFRASTRUCTURE FUNDING

The Infrastructure Investment and Jobs Act passed in 2021 provides \$7.5 billion to build a national network of EV chargers. Montana expects to receive about \$43 million over five years. Montana may apply for grants of the \$2.5 billion available for EV charging.⁶

The Infrastructure Investment and Jobs Act established the National Electric Vehicle Infrastructure Program (NEVI). Of the \$42 million available to Montana over the next five years, the federal cost will be 80%. The Montana Department of Transportation and the Montana Department of Environmental Quality are collaborating to administer the program and ensure the 20% cost share is provided for by private entities. Assuming the average cost per 150 kW station from the table below, the requirements that there be four stations per location, an anticipated 20% cost share from a private partner, and an 80% federal cost share, Montana could fund approximately 40 charging locations over the next five years.⁷

Charging Unit Type	Dual-plug unit hardware cost (average)	Per unit installation cost (average)	Utility upgrade costs	Total cost (average)
Level 2	\$400-\$6,500 ¹	\$5,500 ²	Included in installation cost (if any)	~ \$9,000
Level 3 (50 kW)	\$28,000 ³	\$46,000 ⁴	\$8,300 ⁵	~ \$82,000
Level 3 (150 kW)	\$75,000-100,000 ⁶	\$48,000 ⁷	\$100,000 ⁸	~ \$235,000

⁶ Department of Transportation.

⁷ Department of Environmental Quality, March 9, 2022, memo to the Transportation Interim Committee.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

APPENDIX A:

2020-2022 TRANSPORTATION INTERIM COMMITTEE MEMBERS

Before the close of each legislative session, the House and Senate leadership appoint lawmakers to interim committees. The members of the Transportation Interim Committee, like most other interim committees, serve one 20-month term. Members who are reelected to the Legislature, subject to overall term limits and if appointed, may serve again on an interim committee. This information is included in order to comply with 2-15-155, MCA.

Senate Members

Senator Diane Sands, Chair

4487 Nicole Ct.
Missoula, MT 59803-2791
Ph: (406) 396-9859
Email: senatorsands@gmail.com

Senator Gordon Vance, Vice Chair

P.O. Box 1
Belgrade, MT 59714-0001
Ph: (406) 587-8608
Email: vancesd34@gmail.com

Senator Duane Ankney

P.O. Box 2138
Colstrip, MT 59323-2138
Ph: (406) 740-0629
Email: goodwind1.duane@gmail.com

Senator Mike Fox

233 Fox Dr.
Hays, MT 59527
Ph: (406) 399-0479
Email: fbuffalo@yahoo.com

House Members

Representative Neil Duram

P.O. Box 1226
Eureka, MT 59917-1226
Ph: (406) 471-2356
Email: neil.duram@mtleg.gov

Representative Dave Fern

211 Dakota Ave.
Whitefish, MT 59937
Ph: (406) 212-0674
Email: fern@montanasky.net

Representative Denley Loge

1296 Four Mile Rd.
St. Regis, MT 59866
Ph: (406) 649-2368
Email: denleylogehd14@gmail.com

Representative Rynalea Whiteman Pena

P.O. Box 655
Lame Deer, MT 59043-0655
Ph: (406) 477-8713
Email: pena_rynalea@yahoo.com

Interim Committee Staff

Joseph Carroll, Attorney | Travis Brown, Legislative Research Analyst | Alexis Newcomer, Secretary

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

APPENDIX B: DRAFT LEGISLATION

Electric Vehicle Registration – PD 003

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AN ANNUAL FEE ON ELECTRIC VEHICLES REGISTERED IN THE STATE; PROVIDING DEFINITIONS; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Definitions. As used in in this part, unless the context clearly indicates otherwise, the following definitions apply:

- (1) "Class 1 vehicle" means a vehicle having an unladen gross weight of less than 6,000 pounds.
- (2) "Class 2 vehicle" means a vehicle having an unladen gross weight of at least 6,000 pounds but not more than 10,000 pounds.
- (3) "Class 3 vehicle" means a vehicle having an unladen gross weight of greater than 10,000 pounds but not more than 26,000 pounds.
- (4) "Class 4 vehicle" means a vehicle having an unladen gross weight in excess of 26,000 pounds.
- (5) (a) "Electric vehicle" means a 100%-electric motor vehicle that is originally equipped that:
 - (i) draws propulsion energy solely from a battery with at least 20 kilowatt hours of capacity that can be recharged from any external source of electricity;
 - (ii) has at least four wheels; and
 - (iii) is manufactured primarily for use on public streets, roads, and highways.
- (b) The term does not include:
 - (i) a low-speed electric vehicle; or
 - (ii) a medium-speed electric vehicle.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

(6) "Plug-in hybrid" means an electric motor vehicle that is originally equipped that:

(a) draws propulsion from an internal combustion engine and a battery with at least 5 kilowatt hours of capacity that can be recharged from an external source of electricity;

(b) has at least four wheels; and

(c) is manufactured primarily for use on public streets, roads, and highways.

(2) The term electric vehicle does not include:

(a) a low-speed electric vehicle; or

(b) a medium-speed electric vehicle

NEW SECTION. Section 2. Additional electric vehicle registration fees. In addition to the registration fees required pursuant to the provisions of Title 61, chapter 3, at the time of initial registration and renewal registration for an electric vehicle, there is an additional fee based on the weight of the electric vehicle as provided:

(1) The annual registration fees for electric vehicles other than plug-in hybrid electric vehicles are as follows:

(a) \$130 for class 1 vehicles;

(b) \$190 for class 2 vehicles;

(c) \$340 for class 3 vehicles; and

(d) \$1,100 for class 4 vehicles.

(2) The annual registration fees for plug-in hybrid vehicles are as follows:

(a) \$70 for class 1 vehicles;

(b) \$100 for class 2 vehicles;

(c) \$210 for class 3 vehicles; and

(d) \$700 for class 4 vehicles.

NEW SECTION. Section 3. Fees collected. County treasurers shall collect the fees provided for in [section 2] pursuant to 15-1-504 and deposit them in the highway restricted account provided for in

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

15-70-126.

NEW SECTION. **Section 4. Codification instruction.** [Sections 1 through 3] are intended to be codified as an integral part of Title 61, chapter 3, part 5, and the provisions of Title 61, chapter 3, part 5, apply to [sections 1 through 3].

NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2023.

Electric Vehicle Recharge Tax at Public Charging Stations – PD 007

A BILL FOR AN ACT ENTITLED: “AN ACT ESTABLISHING A TAX ON ELECTRIC VEHICLE CHARGING STATIONS; AMENDING SECTION 69-8-803, MCA; PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; AND PROVIDING AN EFFECTIVE DATE.”

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in this part, unless the context clearly indicates otherwise, the following definitions apply:

(1) "Charging station" means equipment that transfers electric current to the power system of an electric vehicle and the real property in which the equipment is affixed.

(2) "Charging station operator" means a person, firm, general partnership, limited partnership, limited liability partnership, corporation, limited liability company, or other lawfully recognized business entity that operates a charging station.

(3) "Public charging station" means a charging station that is a for-profit business using a metered system to deliver electric current to an electric vehicle and charges the customer either for the electricity transferred or for the duration of time during which the transfer of electricity takes place.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

(4) "Public legacy chargers" means public charging stations operating before July 1, 2023, that have never measured electricity transferred from the charging station to a vehicle or are incapable of measuring the time elapsed while actively charging a vehicle and placing a fee on the charging session.

NEW SECTION. Section 2. Public charging station tax. (1) There is a tax of 3 cents a kilowatt hour or its equivalent on the electric current used to charge or recharge the battery or batteries of an electric vehicle at public charging stations.

(2) The tax authorized by this section is based on the rate of tax and electricity transferred during the charging process, and it does not include any fees or charges associated with the method of payment for the charging services.

NEW SECTION. Section 3. Public charging station rate disclosure. A public charging station operator shall disclose at the charging station site the rate for electric power transferred to an electric vehicle.

NEW SECTION. Section 4. Public charging station operator statements and tax payments. (1) All public legacy chargers must register with the department of transportation 15 days after [the effective date of this act].

(2) Public charging stations that begin operation after [the effective date of this act] must register with the department of transportation no later than 15 days after the first day of operation.

(3) A public charging station tax and required reports must be filed with the department of transportation no later than the 25th day of the month following the month during which the charging for an electric vehicle occurred.

(4) Public charging stations are exempt from remitting the tax levied in [section 2] until July 1, 2025.

(5) Public legacy chargers that have never charged a fee for their use are exempt from remitting the tax levied in [section 2] until July 1, 2025.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

(6) The revenue derived from [section 2] must be deposited in the highway restricted account provided for in 15-70-126.

NEW SECTION. Section 5. Authority to promulgate rules and regulations. (1) The department of transportation shall promulgate rules to credit Montana residents for any tax collected under [section 2], not to exceed the total amount of registration fees for electric vehicles paid by a taxpayer during the year in which the taxpayer claims the credit.

(2) The department of transportation may promulgate rules and regulations to carry out the purpose of [sections 1 through 6].

NEW SECTION. Section 6. Public charging station inspection. (1) The department of labor and industry may inspect the premises and equipment of any charging station operator to enforce compliance with this section.

(2) The department of labor and industry may:

- (a) require third-party testing and calibration of charging stations;
- (b) assess charging station operator costs incurred by the department of labor and industry to enforce testing, calibration, and inspection requirements; and
- (c) promulgate rules to implement the provisions of this section and set fees necessary to carry out the duties and responsibilities of this section.

Section 7. Section 69-8-803, MCA, is amended to read:

"69-8-803. Electric vehicle charging stations -- service entity requirements. (1) A public utility may allow an electric vehicle charging station that meets the requirements in subsection (2) to be interconnected to its distribution system.

(2) A public utility may sell power to an entity to service electric vehicle charging stations that:

- (a) procure power supplied by the public utility for the purpose of electric vehicle charging; and
- (b) service electric vehicle charging stations within the public utility's service territory.

ELECTRIC VEHICLES IN MONTANA AND OTHER STATES

(3) Entities operating electric vehicle charging stations are not public utilities.

~~(4) Charges pertaining to fueling electric vehicles may not be based on the cost of electricity.~~

NEW SECTION. **Section 8. Codification instruction.** [Sections 1 through 6] are intended to be codified as an integral part of Title 15, chapter 70, and the provisions of Title 15, chapter 70, apply to [sections 1 through 6].

NEW SECTION. **Section 9. Effective date.** [This act] is effective January 1, 2025.