

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 107 Electric and Hybrid Vehicle License Fees

SPONSOR(S): Esposito

TIED BILLS: **IDEN./SIM. BILLS:** SB 28

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Modals Subcommittee		Hinshelwood	Hinshelwood
2) Ways & Means Committee			
3) Infrastructure Strategies Committee			

SUMMARY ANALYSIS

Florida has the second-highest number of registered electric vehicles (EVs) in the country. The combination of increasing market share of EVs and hybrid vehicles as well as more fuel-efficient internal combustion engine vehicles is expected to continue adversely impacting statewide and local fuel tax revenues, which provide funding for transportation expenditures. Over the next 20 years in Florida, the revenue loss due to increased EV market penetration is estimated to range from 5.6% to 20%, depending on the EV market penetration rate. At the local level, the loss of revenue could impact operations and maintenance of local roadways and public transportation. Currently, the typical Florida driver pays \$283 in motor fuel tax each year for transportation related projects.

At present, 33 states have implemented a registration fee supplement for EVs, and 18 of those states assess a lower fee on plug-in hybrid electric vehicles (PHEVs). These fees are typically in addition to traditional motor vehicle registration fees. Annual fees for EVs range from \$50 in Colorado, South Dakota, and Hawaii to \$225 in Washington. Fees for PHEVs range from \$48.75 in Iowa, to \$100 in Alabama, Arkansas, Ohio, and West Virginia; Wisconsin imposes a fee of \$160 on all hybrid EVs, not just PHEVs. At least six states (California, Colorado, Indiana, Michigan, Mississippi, and Utah) structure the additional registration fees to grow over time by tying the fees to the consumer price index or another inflation-related metric. Revenue from these fees is most commonly directed toward the state transportation fund, but a few states also use some of the fee revenue to support EV infrastructure or other priorities.

Florida does not currently impose additional registration fees on EVs or PHEVs.

The bill imposes an annual license fee of \$200 on EVs and \$50 on PHEVs. Beginning January 1, 2029, the annual license fees will increase to \$250 and \$100, respectively. However, an EV or a PHEV that uses a battery storage system of up to 5 kWh is exempt from the annual license fees imposed under the bill. The annual license fees imposed by the bill apply to an initial registration or renewal registration that has a renewal period beginning on or after October 1, 2024. Registration may be renewed biennially.

The bill requires that 64% of the annual license fees be deposited into the State Transportation Trust Fund and that 36% of such fees be allocated to local governments, which must use the funds for transportation expenditures.

The bill will likely have a recurring positive impact on state trust fund revenues and local government revenues. The bill will have a negative fiscal impact on the Department of Highway Safety and Motor Vehicles. The bill will have an indeterminate fiscal impact on the private sector.

The bill has an effective date of July 1, 2024. The bill provides that the annual license fee on EVs and PHEVs expires on June 30, 2034.

This bill imposes a new state tax or fee, requiring a two-thirds vote of the membership of the House. See Section III.A.2. of the analysis.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

BACKGROUND

Electric Vehicles and Revenue Impacts in Florida

Florida has the second-highest number of registered electric vehicles (EVs) in the country.¹ According to the Southern Alliance for Clean Energy, EVs made up nearly 3% of all cars sold in Florida from July 2020 to July 2021, and EV charging station deployment grew 54%.² In that same period, utility investment rose 815%, and government funding in Florida topped \$100 million through a combination of state-controlled Volkswagen Settlement Funds and federal Low or No Emission Vehicle Program grants.³ With the passage of the federal Infrastructure Investment and Jobs Act in 2021, Florida will receive an additional \$198 million over a five-year period from the National Electric Vehicle Infrastructure program to advance Florida's charging capacity for EVs.⁴

The combination of increasing market share of EVs and hybrid vehicles as well as more fuel-efficient internal combustion engine vehicles is expected to continue adversely impacting statewide and local fuel tax revenues.⁵ Over the next 20 years in Florida, the revenue loss due to increased EV market penetration is estimated to range from 5.6% to 20%, depending on the EV market penetration rate.⁶ At the local level, the loss of revenue could impact operations and maintenance of local roadways and public transportation.⁷

Average Fuel Tax Paid by Florida Drivers

Currently, the typical Florida driver pays \$283 in motor fuel tax each year – \$90 in federal fuel tax, \$123 in state fuel tax, and \$69 in local fuel tax – for transportation related projects.⁸ These amounts equate to approximately \$0.024 per mile.⁹

Transportation Funding Models for EVs and Plug-In Hybrid Electric Vehicles (PHEVs)

Special Registration Fee

Currently, 33 states have implemented a registration fee supplement for EVs, and 18 of those states assess a lower fee on PHEVs.¹⁰ (See chart below.) These fees are typically in addition to traditional motor vehicle registration fees.¹¹

¹ WUSF Public Media, *Florida, No. 2 in nation for electric cars, about to get a boost to its charger network* (Feb. 13, 2022), <https://wusfnews.wusf.usf.edu/environment/2022-02-13/florida-no-2-in-nation-for-electric-cars-about-to-get-a-boost-to-its-charger-network> (last visited Dec. 4, 2023). See also U.S. Department of Energy, *Electric Vehicle Registrations by State*, <https://afdc.energy.gov/data/10962> (last visited Dec. 4, 2023).

² Southern Alliance for Clean Energy, *Florida's Electric Vehicle Market is Ready for Lift Off* (Dec. 8, 2021), <https://cleanenergy.org/blog/floridas-electric-vehicle-market-is-ready-for-lift-off/> (last visited Dec. 4, 2023).

³ *Id.*

⁴ Florida Department of Transportation, *Florida's Electric Vehicle Infrastructure Deployment Plan* (Aug. 2022), https://www.fhwa.dot.gov/environment/nevi/ev_deployment_plans/fl_nevi_plan.pdf, p. 12 (last visited Dec. 4, 2023).

⁵ Motor fuel is subject to state taxation pursuant to ch. 206, F.S. Federal and local option taxes are also levied on motor fuel. Most of the revenue from the fuel sales tax is distributed to the State Transportation Trust Fund, which provides a funding source for the Florida Department of Transportation's 5-year work program.

⁶ Florida Department of Transportation, *EV Infrastructure Master Plan* (July 2021), https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/emergingtechnologies/evprogram/fdotvmp.pdf?sfvrsn=b5888a_2, p. 27 (last visited Dec. 4, 2023).

⁷ *Id.*

⁸ Florida Department of Transportation, *Florida's Transportation Tax Sources: A Primer* (2023), <https://fdotewp1.dot.state.fl.us/FMSupportApps/Documents/pr/Primer.pdf> (last visited Dec. 4, 2023).

⁹ *Id.*

Annual fees for EVs range from \$50 in Colorado, South Dakota, and Hawaii to \$225 in Washington. Fees for PHEVs range from \$48.75 in Iowa, to \$100 in Alabama, Arkansas, Ohio, and West Virginia; Wisconsin imposes a fee of \$160 on all hybrid EVs, not just PHEVs.¹²

Revenue from these fees is most commonly directed toward the state transportation fund, but a few states also use some of the fee revenue to support EV infrastructure or other priorities.¹³ Examples of the distribution of these fees include the following:¹⁴

- Alabama allocates \$50 of its \$200 fee for new EV infrastructure.
- Washington added an additional \$75 fee in 2019 to support charging stations.
- Colorado dedicates \$20 of the \$50 EV fee to the Electric Vehicle Grant Fund to support charging stations.
- Louisiana directs a portion of these revenues to local governments to support local transportation and infrastructure funds.
- Kentucky splits revenues between the road account and the state's general fund.

At least six states (California, Colorado, Indiana, Michigan, Mississippi, and Utah) structure the additional registration fees to grow over time by tying the fees to the consumer price index or another inflation-related metric.¹⁵

Kilowatt Hour (kWh) Excise Tax

A kWh excise tax provides a means of capturing out-of-state revenue when cars charge at public charging stations.¹⁶ Currently, the following five states impose a per-kWh excise tax on electricity used to charge EVs and PHEVs:

- Beginning January 1, 2025, Georgia requires a tax to be levied on public charging stations at a rate equivalent to that of one gallon of regular grade gasoline, which is \$0.26 per 11 kWh and will be adjusted for increases in the Consumer Price Index and in fuel efficiency.¹⁷
- Beginning July 2, 2023, Iowa requires an excise tax of \$0.026 per kWh on sales of electricity dispensed at a public charging station.¹⁸
- Beginning January 1, 2024, Kentucky requires an excise tax of \$0.03 per kWh on EV power distributed by an EV dealer for the purpose of charging EVs.¹⁹ The tax rate will be adjusted annually by the percentage change, up to a maximum 5% increase or decrease, in the National Highway Construction Index 2.0.²⁰
- Beginning January 1, 2024, public EV charging stations in Oklahoma are subject to a tax of \$0.03 per kWh.²¹ Residents may keep their receipts from the charging stations and apply for a refund as a credit when paying state income tax.²²

¹⁰ National Conference of State Legislatures, *Special Fees on Plug-In Hybrid and Electric Vehicles* (Mar. 27, 2023), <https://www.ncsl.org/energy/special-fees-on-plug-in-hybrid-and-electric-vehicles> (last visited Dec. 4, 2023).

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ Presentation by Carolyn Kramer Simmons, Senior Director of State Funding Policy, ARTBA, at the at the Georgia Joint Study Committee of Electrification on Transportation (Nov. 2, 2022),

<https://www.youtube.com/watch?v=okiVRxErXlw&t=1430s>, written material available at

https://www.house.ga.gov/Documents/CommitteeDocuments/2022/Electrification_of_Transportation/Nov_2/Carolyn_Simmons_ARTBA.pdf (last visited Dec. 4, 2023).

¹⁷ Repairer Driven News, *Georgia implements EV charging tax, Delaware passes home charging bill* (July 7, 2023), <https://www.repairerdrivenews.com/2023/07/07/georgia-implements-ev-charging-tax-delaware-passes-home-charging-bill/> (last visited Dec. 4, 2023); Georgia Laws 2023, Act 248 (SB 146), <https://gov.georgia.gov/executive-action/legislation/signed-legislation/2023>.

¹⁸ Iowa Department of Revenue, *Electric Fuel Excise Tax*, <https://tax.iowa.gov/electric-fuel-excise-tax> (last visited Dec. 4, 2023).

¹⁹ KRS § 138.477(2).

²⁰ KRS § 138.477(3).

²¹ 68 Okla. Stat. tit. § 6504(A) (2022).

- Pennsylvania currently imposes a charge of \$0.0183 per kWh for electricity used to propel a vehicle on a public highway.²³ The charge is based on converting electricity to the gasoline gallon equivalent and then applying the current oil company franchise tax rate applicable to one gallon of gasoline.²⁴ However, Pennsylvania is considering moving to a flat annual fee for EVs because the current alternative fuel tax requires EV owners to file monthly statements with the state Department of Revenue and pay a tax on how much electricity their vehicle used, a process which is complicated and which few people are even aware they are required to comply with.²⁵

Road Usage Charge (RUC)

A road user charge (RUC) is also known as a miles based user fee (MBUF), vehicle miles traveled (VMT), or pay per mile (PPM).²⁶ In a RUC system, drivers submit their mileage and fuel consumption to an account manager (a private sector entity) who creates and sends an invoice to the vehicle owner who then pays.²⁷ The RUC system can be accomplished through a plug-in device in the vehicle, in-vehicle telematics, odometer reading, or a flat fee.²⁸ The account manager transfers the money collected to the state.²⁹ The state oversees and audits the account manager.³⁰ One report found that 5-18% of revenue will go to RUC system administrative costs.³¹

Oregon has the longest active RUC system pilot program, which has been around since 2015. Utah started a RUC system in January of 2020. As of July 1, 2022, Virginia is the most recent RUC system, which is open to all fuel-efficient vehicles.³²

²² 68 Okla. Stat. tit. § 6510 (2022).

²³ Pennsylvania Department of Revenue, *Alternative Fuels Tax*, <https://www.revenue.pa.gov/TaxTypes/MAFT/AltFuelsTax/Pages/default.aspx> (last visited Dec. 4, 2023); Pennsylvania Department of Revenue, *Alternative Fuels Tax Rates*, <https://www.revenue.pa.gov/Tax%20Rates/Pages/Alternative%20Fuels%20Tax%20Rates.aspx> (last visited Dec. 4, 2023).

²⁴ Pennsylvania Department of Revenue, *Alternative Fuels Tax*, *supra* note 23.

²⁵ Government Technology, *Pennsylvania EV Drivers Could Face \$290 Annual Fee* (June 8, 2023), <https://www.govtech.com/fs/pennsylvania-ev-drivers-could-face-290-annual-fee> (last visited Dec. 4, 2023).

²⁶ Presentation by Patricia Hendren, Executive Director, Eastern Transportation Coalition, at the Georgia Joint Study Committee of Electrification on Transportation (Nov. 2, 2022), <https://www.youtube.com/watch?v=okiVRxExlW&t=1430s>, written material available at https://www.house.ga.gov/Documents/CommitteeDocuments/2022/Electrification_of_Transportation/Nov_2/Trish_Hendren_Eastern_Transportation_Coalition.pdf (last visited Dec. 4, 2023).

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

³¹ Carolyn Kramer Simmons, *supra* note 16.

³² Patricia Hendren, *supra* note 26; Carolyn Kramer Simmons, *supra* note 16.

EV & PHEV Fees ³³			
State	EV Fee	PHEV Fee	Notes
Alabama	\$200	\$100	Starting in 2023, the fees will increase by \$3 every four years.
Arkansas	\$200	\$100	
California	\$100		Effective January 2021 and every year after, the fee will increase in accordance with the consumer price index.
Colorado	\$50		EV fees increase with inflation. ³⁴
Georgia	\$212.78		\$200 base with annual fee adjusted by a statutory formula. *Beginning January 1, 2025, \$0.26 per 11 kWh at public charging stations (adjusted for increases in the Consumer Price Index and in fuel efficiency).
Hawaii	\$50		
Idaho	\$140	\$75	
Illinois	\$100		
Indiana	\$150	\$50	Fees are indexed to the same inflation mechanism as the motor fuel tax.
Iowa	\$130	\$65	*0.026 per kWh charge at public charging stations.
Kansas	\$100	\$50	
Kentucky	\$120	\$60	*Beginning January, 1, 2024, \$0.03 per kWh at public charging stations. Fees and excise tax are adjusted for changes in the National Highway Construction Index 2.0.
Louisiana	\$110	\$60	
Michigan	\$135 up to 8,000 lbs. \$235 over 8,000 lbs.	\$47.50 up to 8,000 lbs. \$117.50 over 8,000 lbs.	EV fees are indexed based on the motor vehicle fuel tax. Each \$0.01 fuel tax increase above \$0.19 increases the EV annual fee by \$5 and the PHEV annual fee by \$2.50.
Minnesota	\$75		
Mississippi	\$150	\$75	Fees are indexed to inflation.
Missouri	\$75	\$37.50	
Nebraska	\$75		
North Carolina	\$130		
North Dakota	\$120	\$50	
Ohio	\$231	\$131	
Oklahoma	\$110, \$158, \$363, or \$2250	\$82, \$118, \$272, or \$1687	Fees depend on vehicle weight: Under 6,000 lbs., 6,000-10,000 lbs., 10,000-26,000 lbs., or over 26,000 lbs. *Beginning January, 1, 2024, \$0.03 per kWh charge at public charging stations.
Oregon	\$110		EV owners can opt to participate in the RUC

³³ National Conference of State Legislatures, *supra* note 10.

³⁴ Colorado Department of Revenue, *Electric Vehicles Frequently Asked Questions: Are there additional fees for having an electric vehicle?*, <https://dmv.colorado.gov/electric-vehicles> (last visited Dec. 4, 2023).

			program, named OReGO, in lieu of the annual fee.
Pennsylvania	None	None	*\$0.0183 per kWh charge on all electricity used to power vehicles on public highways.
South Carolina	\$120	\$60	Fees are biennial.
South Dakota	\$50		
Tennessee	\$100		
Texas	Registration: <ul style="list-style-type: none"> • New vehicles: \$400 • Used vehicles: \$200 Renewal: \$200		
Utah	\$120	\$52	Fees are indexed to the consumer price index. Option for RUC instead of flat tax.
Virginia	\$116.49		The fee is 85% of the gas tax equivalent use (calculated each year) or mileage choice. Also scaled based on vehicles fuel efficiency.
Washington	\$150		Additional \$75 transportation electrification fee. Additional \$75 for non-plug-in hybrid EVs.
West Virginia	\$200	\$100	
Wisconsin	\$185	\$160	The \$160 fee applies to all hybrid EVs, not just PHEVs.
Wyoming	\$200		

Florida does not currently impose additional registration fees on EVs or PHEVs.

EFFECT OF THE BILL

The bill defines the terms “electric vehicle” and “plug-in-hybrid electric vehicle”:

- "Electric vehicle" means a motor vehicle that is solely powered by an electric motor that draws current from rechargeable storage batteries, fuel cells, or other sources of electrical current.
- "Plug-in hybrid electric vehicle" means a motor vehicle equipped to be propelled by an internal combustion engine and an electric motor that draws current from rechargeable storage batteries, fuel cells, or other sources of electrical current that are recharged by an energy source external to the motor vehicle.

The bill imposes an annual license fee of \$200 on EVs and \$50 on PHEVs. Beginning January 1, 2029, the annual license fees will increase to \$250 and \$100, respectively. However, an EV or a PHEV that uses a battery storage system of up to 5 kWh is exempt from the annual license fees imposed under the bill.

The annual license fees imposed by the bill apply to an initial registration or renewal registration that has a renewal period beginning on or after October 1, 2024. Registration may be renewed biennially.

The bill requires that 64% of the annual license fees be deposited into the State Transportation Trust Fund and that 36% of such fees be allocated to the county where the vehicle is registered. Each quarter, the Department of Highway Safety and Motor Vehicles (DHSMV) must transfer the funds allocated to a county to the Department of Revenue for distribution to the board of county commissioners and municipalities within the county in proportion to the previous quarter's distribution of

the local option fuel taxes authorized under s. 336.025(1)(a), F.S. Local governments must use the funds for transportation expenditures as defined in s. 336.025(7), F.S.

The bill has an effective date of July 1, 2024. The annual license fee on EVs and PHEVs expires on June 30, 2034.

B. SECTION DIRECTORY:

Section 1 Amends s. 320.08001, F.S., relating to electric vehicles; license tax.

Section 2 Amends s. 320.07, F.S., relating to expiration of registration; renewal required; penalties.

Section 3 Provides that amendments made by the act to s. 320.08001, F.S., expire on June 30, 2024.

Section 4 Provides an effective date of July 1, 2024.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference has not evaluated the bill for potential revenue impacts. Staff estimates that the bill would not impact General Revenue and would have a recurring positive impact on state trust fund revenues.

2. Expenditures:

DHSMV estimates that the fiscal impact on the agency will be \$66,173 in FTE and contracted resources for programming and implementation.³⁵

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference has not evaluated the bill for potential revenue impacts. Staff estimates that the bill would have a recurring positive impact on local government revenues.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Indeterminate. Under the bill, owners of EVs and PHEVs will pay higher fees at the time they register their motor vehicle and renew the registration of their motor vehicle. Since these additional fees will fund transportation projects, the private sector will benefit from resulting expenditures.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

³⁵ Department of Highway Safety and Motor Vehicles, Agency Analysis of 2024 House Bill 107, p. 6-7 (Sept. 26, 2023)

Not applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

Article VII, s. 19 of the Florida Constitution requires the imposition, authorization, or raising of a state tax or fee be contained in a separate bill that contains no other subject and be approved by two-thirds of the membership of each house of the Legislature. As such, the bill appears to implicate Art. VII, s. 19 of the Florida Constitution because the bill imposes a new state tax or fee.

B. RULE-MAKING AUTHORITY:

DHSMV will need to engage in rulemaking as a result of changes made by the bill.³⁶

C. DRAFTING ISSUES OR OTHER COMMENTS:

Changes are needed to clarify the intent that the annual license fees imposed by the bill are in addition to, not in place of, license taxes imposed by s. 320.08, F.S.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

N/A