



State Transportation Funding Trends

Colorado Transportation Legislation Review Committee

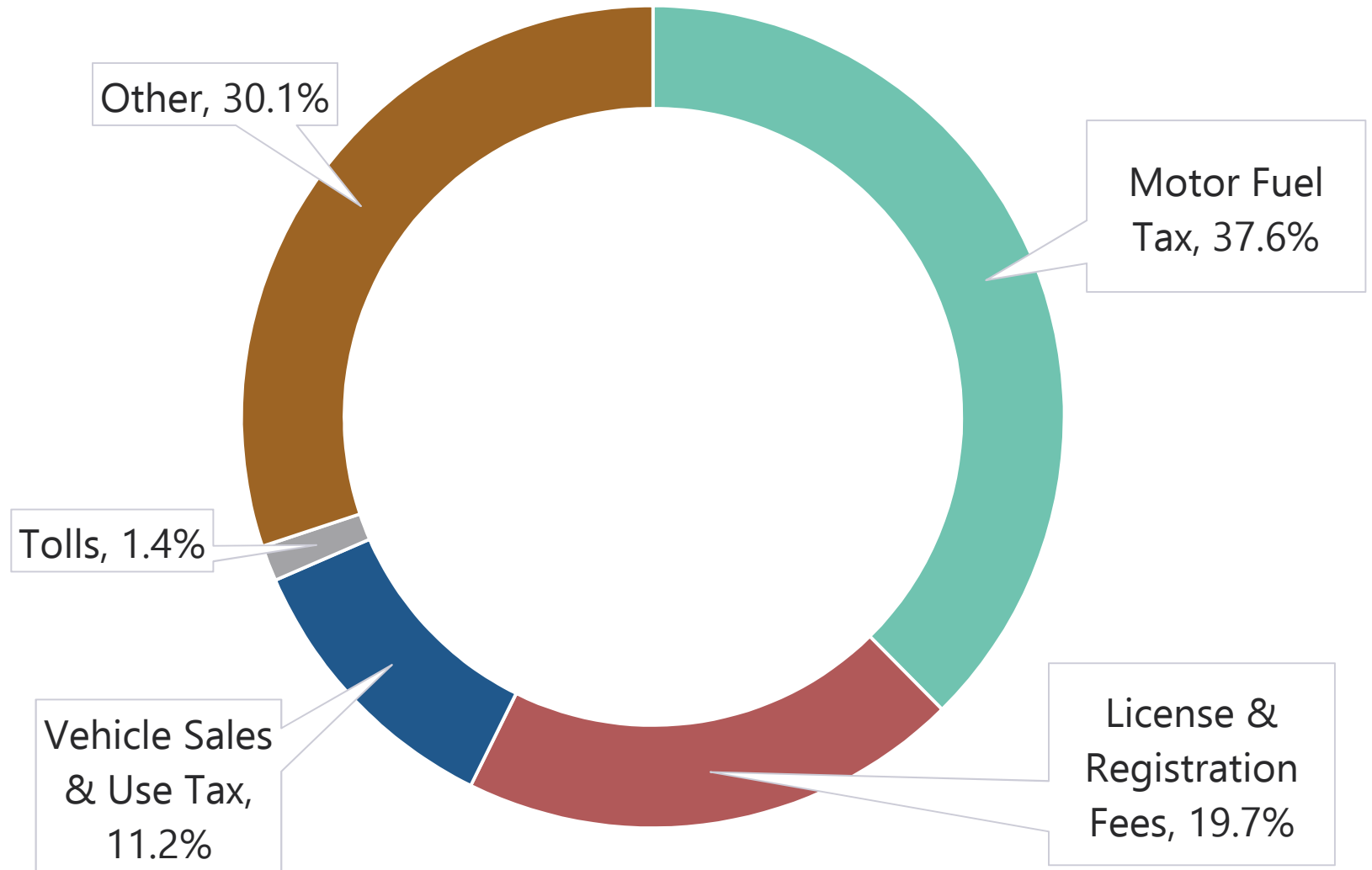
Douglas Shinkle, Transportation Program Director, NCSL

Sep 25, 2024

State Transportation Revenue Sources

(2023)

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

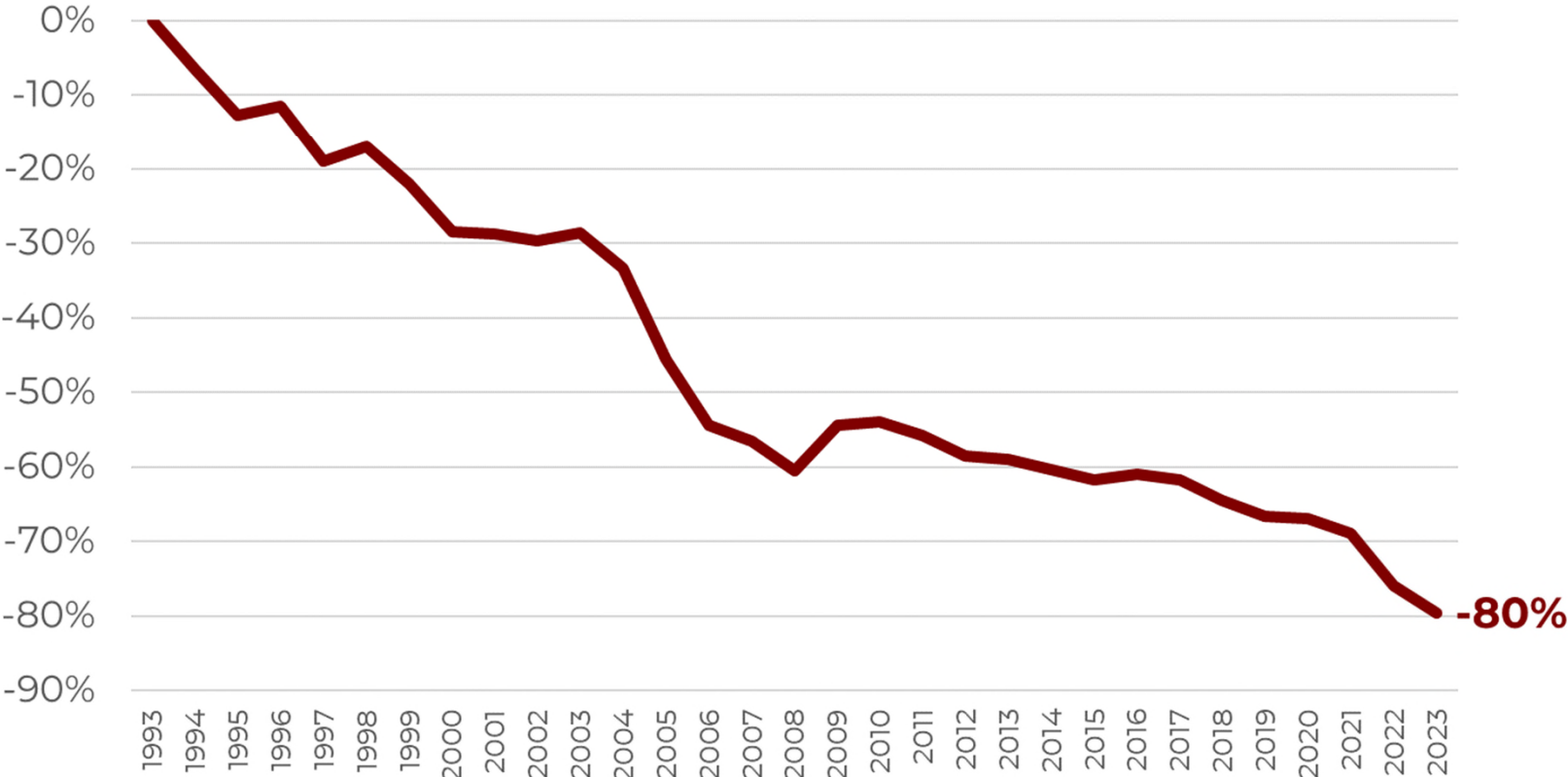


Source: National Association of State Budget Officers

Dwindling Gas Tax

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

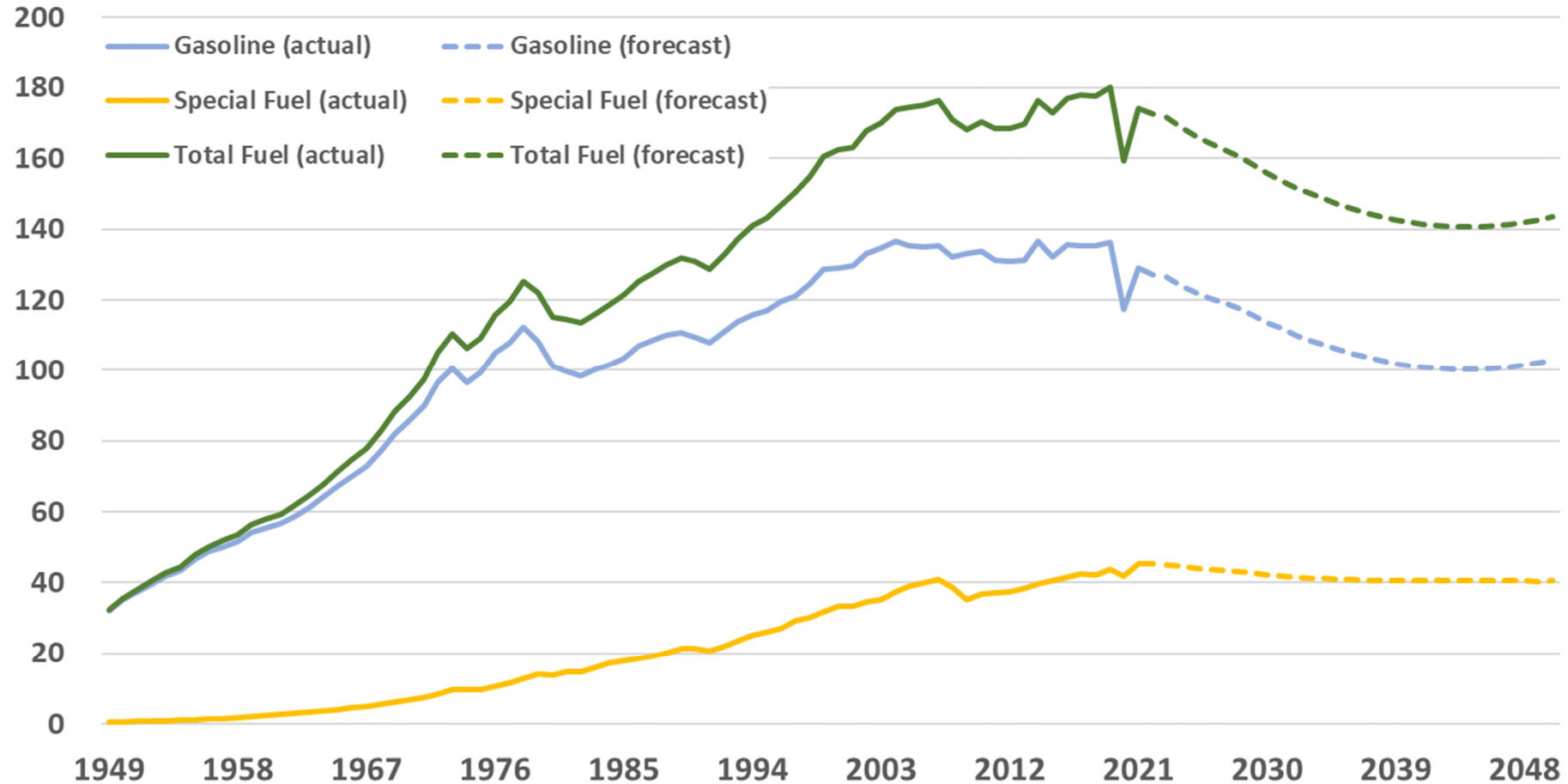


Source: Institute on Taxation and Economic Policy (ITEP) analysis of data from the Federal Highway Administration (FHWA) and Energy Information Administration (EIA).

Trend in Gasoline and Special Fuel Purchases

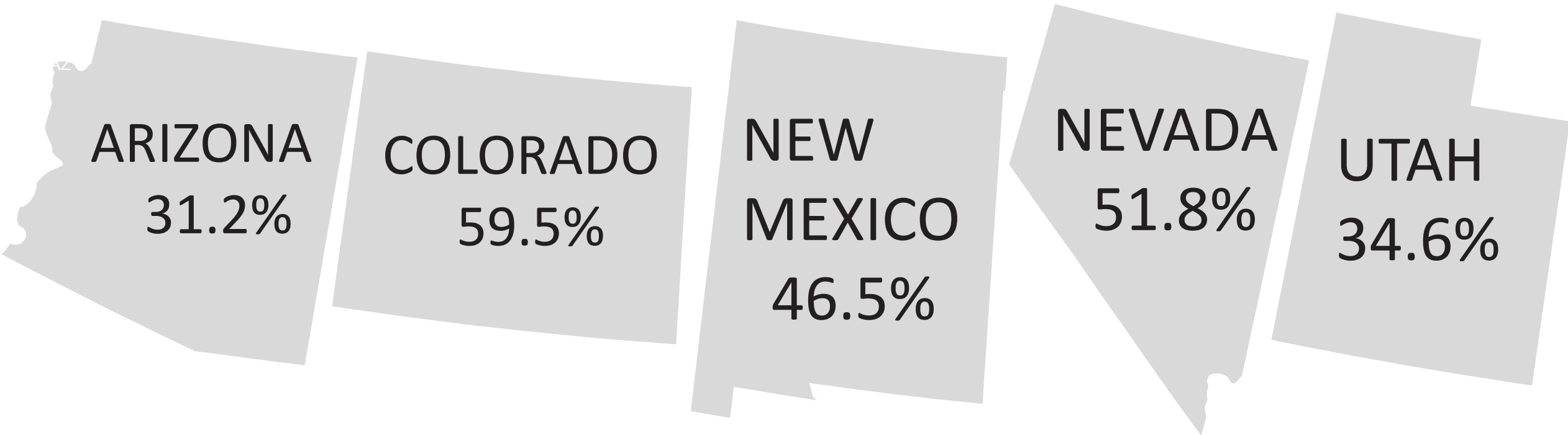
Billions of Gallons, 1949-2050

Data for 2023 and later are projections



Source: Institute on Taxation and Economic Policy (ITEP) analysis of data from the Federal Highway Administration (FHWA) and Energy Information Administration (EIA). Chart examines fuel consumption for transportation use. Total for this chart is the sum of gasoline and special fuel.

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

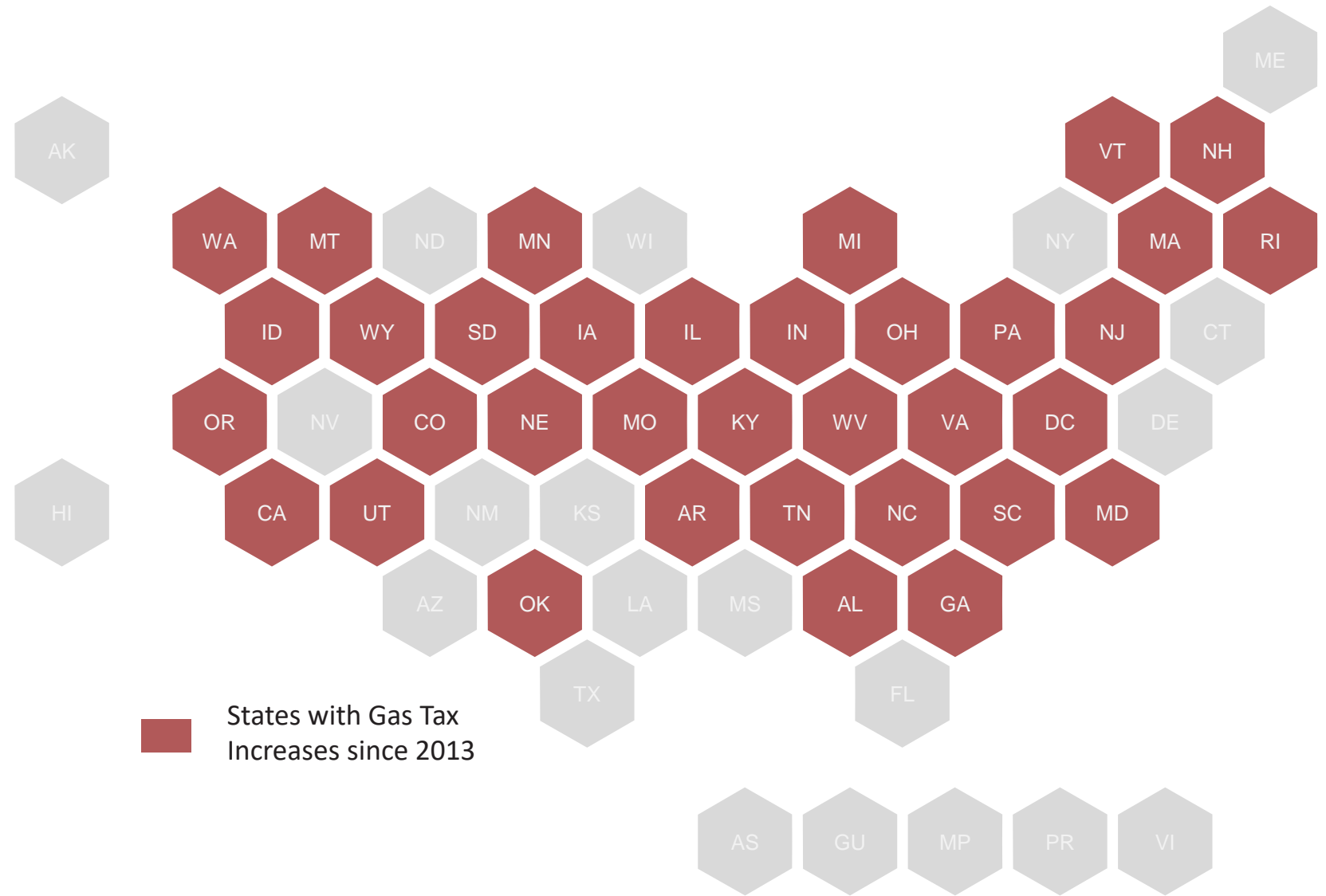


Source: FY23 estimates from National Association of State Budget Officers (NASBO).

State Gas Tax Changes

State Actions

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



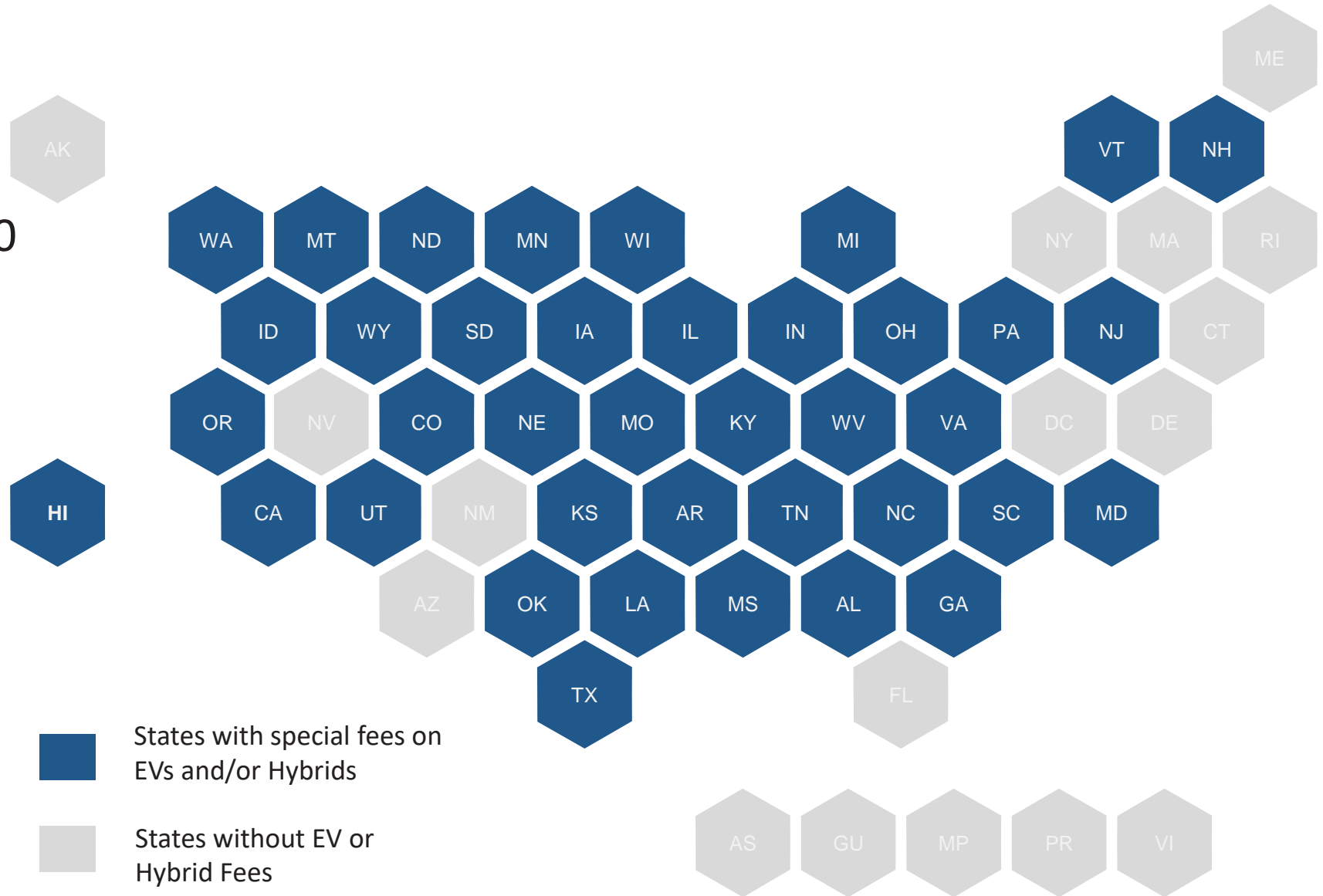
State Transportation Funding Sources

- 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) & Plug-In Hybrid Fees

State Actions

- 39 states have EV annual registration fees.
- EV fees range: lowest at \$50 (Colorado, Hawaii, South Dakota) to the highest at \$290 (New Jersey by 2028).
- 22 states have plug-in hybrid fee.
- Hybrid fees range: lowest at \$50 (Indiana, Kansas, Arkansas) to the highest at \$150 (Ohio).



Road Usage Charges (RUC)

Also Known as: Mileage-based user fee (MBUF), and vehicle miles traveled fee (VMT)

- RUC Definition
 - 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 Cont'd: Program Overviews



- **Oregon**

- Program: OReGO
- In Operation since: 2015
- Rate: 2 cents per mile (2024)
- Enrollees: ~800



- **Utah**

- Program: RUC Utah
- In Operation since: 2020
- Rate: 1.06 cents per mile (2024)
- Enrollees: ~5,000



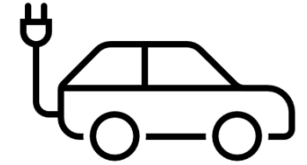
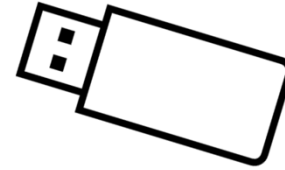
- **Virginia**

- Program: Mileage Choice Program
- In Operation since: 2022
- Rate: estimated 1 cent per mile for EVs only
- Enrollees: ~28,000

RUC Cont'd: Collection Methods and Eligible Vehicles

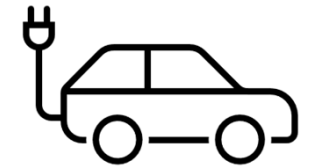
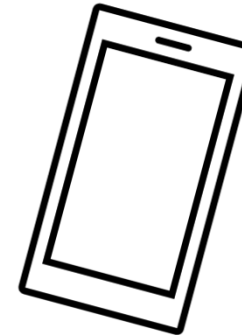
- **Oregon**

- Eligible Vehicles: Electric, plug-in hybrid, compressed natural gas and propane vehicles
- Collection Method(s): OBD plug-in, non-GPS odometer reading; or connected vehicle readings via smart vehicles (telematics reading).



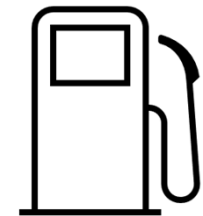
- **Utah**

- Eligible Vehicles: Electric vehicles
- Collection Method(s): telematic readings; or odometer photos taken every three months with a smartphone or tablet.



- **Virginia**

- Eligible Vehicles: Fuel efficient (25 mpg average) and electric vehicles
- Collection Method(s): OBD plug-in or telematics reading



State RUC Programs Cont.

Hawaii

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

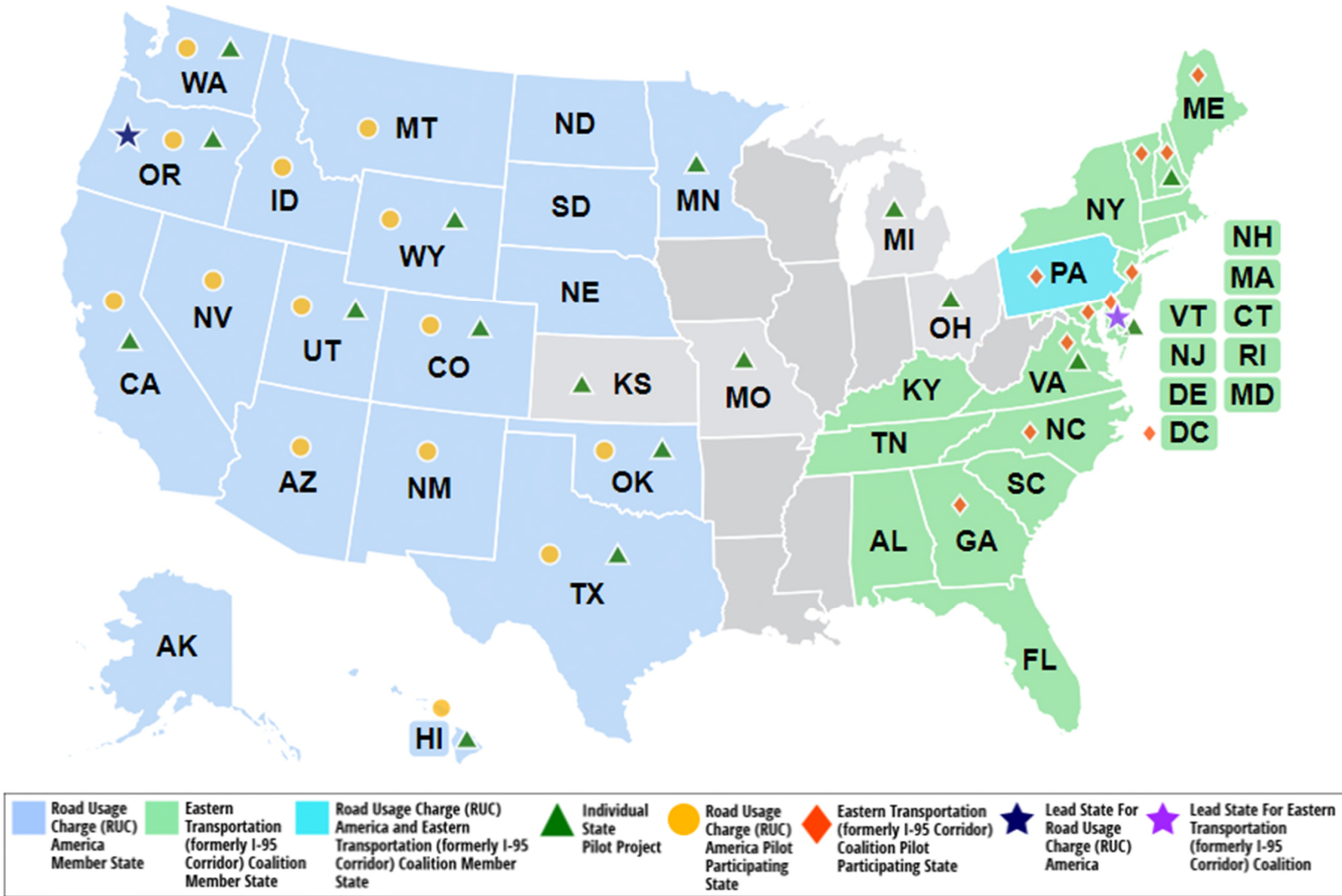
State RUC Programs



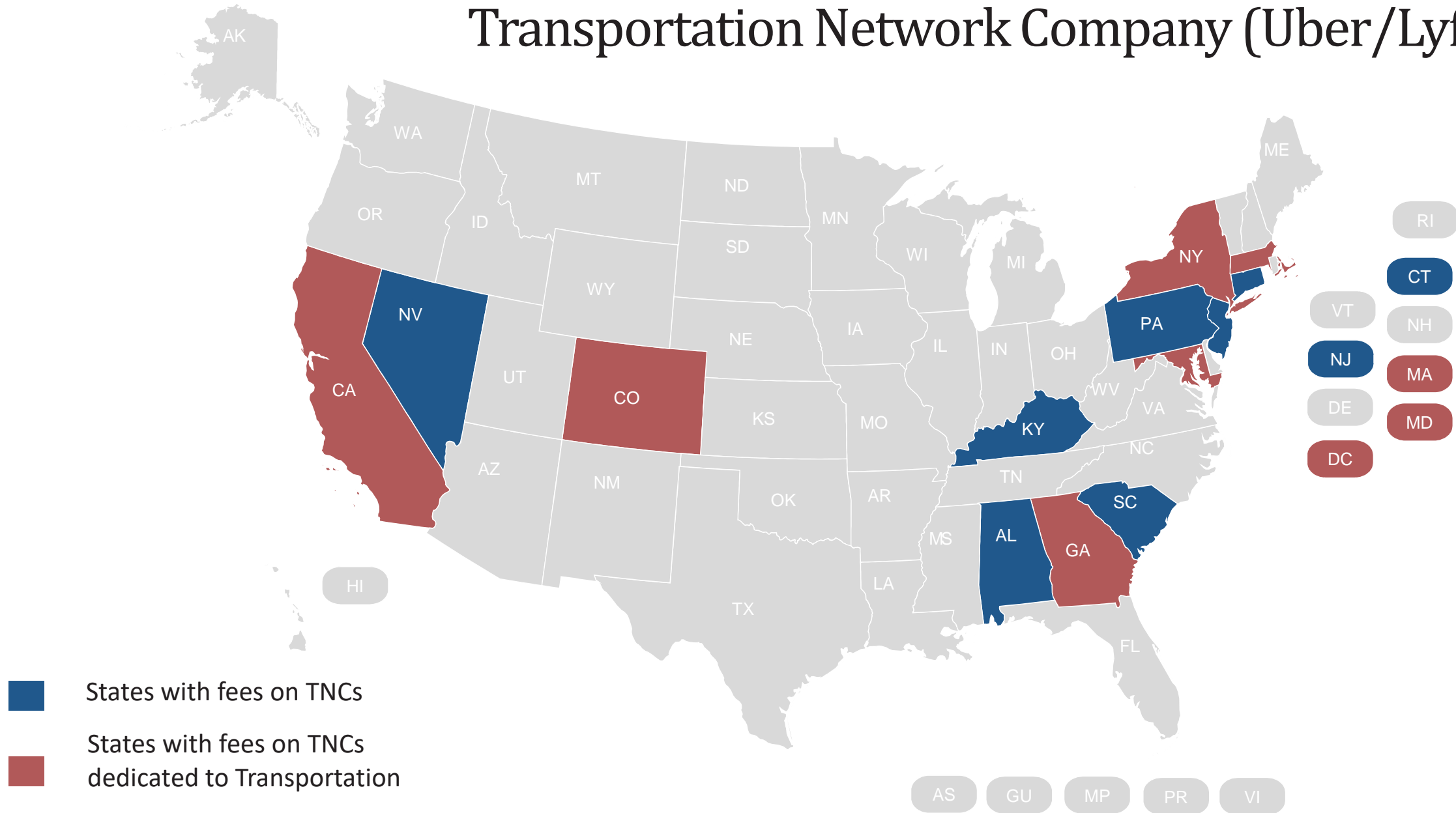
Virginia

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

MBUF and Strategic Innovation for Revenue Collection (SIRC)



Transportation Network Company (Uber/Lyft) Fees



Delivery Fees



Colorado (SB 260, 2021)

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

- In first year, fee generated \$75.9 million.
- Fees are collected by the retailer.
- Colorado amended the law to exempt businesses with \$500,000 or less in annual sales from collecting the fee.
- Generated funds for Highway Users Tax Fund (HUTF) for use by local governments, Statewide Bridge and Tunnel Enterprise and for Clean Transit Enterprise.



Minnesota (HF 2887, 2023)

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

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

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

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

Utah (HB 301, 2023)

- Created a 12.5% tax on the total sale of electricity.
- Revenue deposited into transportation fund.
- Permits charging stations operators to retain 6% of tax earned to cover collection costs.

Maryland (SB 362, 2024)

- Requires the Comptroller to distribute the sales and use tax revenue attributable to the sale of electricity at an EV charging station to the Transportation Trust Fund.

Pennsylvania (SB 656, 2024)

- Maintained 1.72-cents-per-kWh tax on electricity used for EV charging at public charging stations.
- Amended law to exempt private charging stations and chargers from per kWh tax.
- Revenue funds highway and bridge construction, maintenance and improvement and to State Policy Highway Patrol Operations and Dept. Of Transportation activities.
- In 2023, the tax generated \$1 million.

NCSL Transportation Funding Resources

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



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Thank you for joining today!



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