Overview of State Climate Goals & EV Needs Electricity as a Fuel Working Group

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Overview

- Overview of state transportation climate goals
- Overview of results from MnDOT's Electric Vehicle Infrastructure Needs Assessment (EVINA) - July 2025

Minnesota's Climate Goals

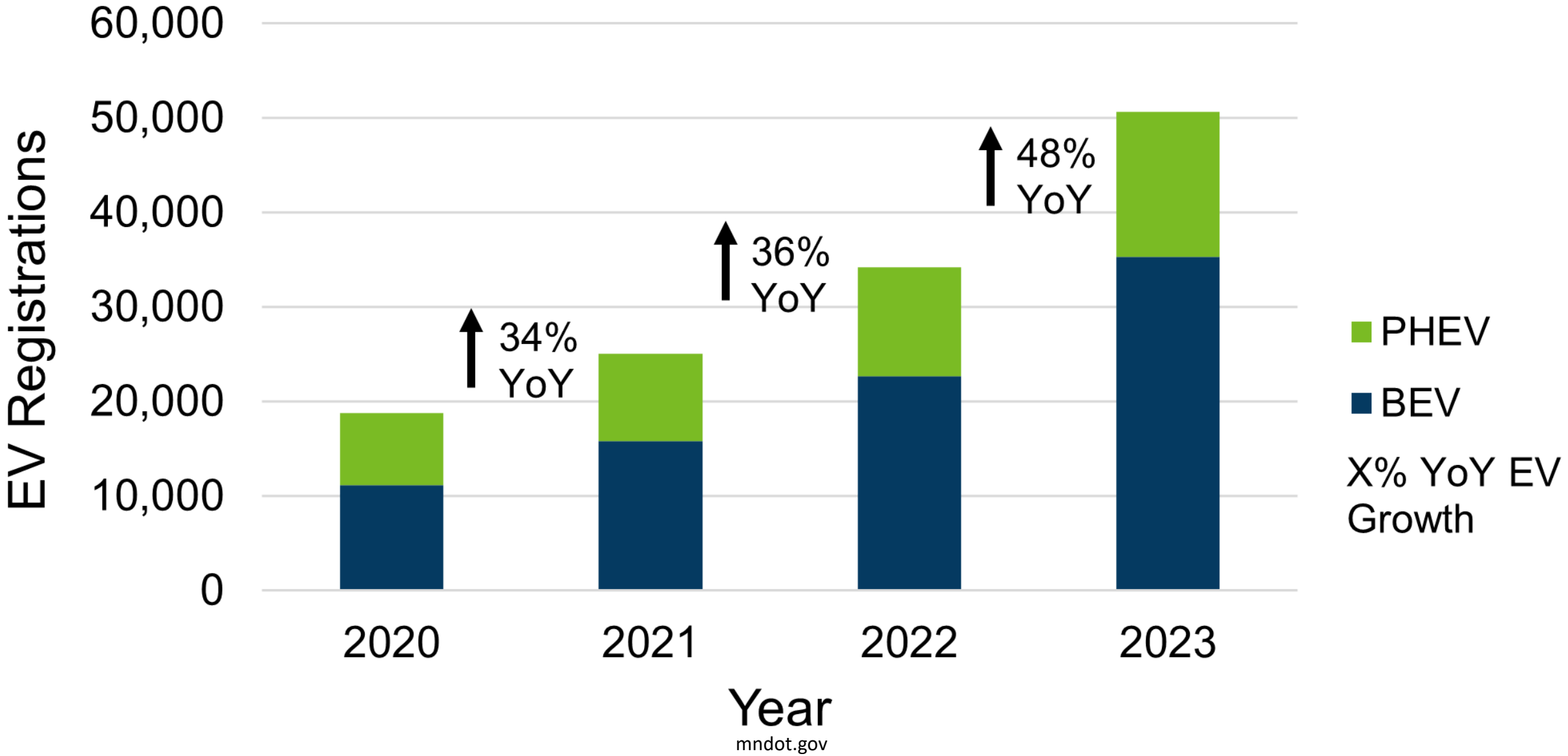
Transportation's State Climate Goals

- Minnesota's Climate Action Framework (2022)
- Minnesota's 20-year Statewide Multimodal Transportation Plan (2022)
- Pathways to Decarbonize Transportation in Minnesota (Aug 2019)
- Minnesota's Carbon Reduction Strategy (2023)
- One Minnesota's agency environmental strategies
- *Coming soon:* Climate Action Framework update (2025)

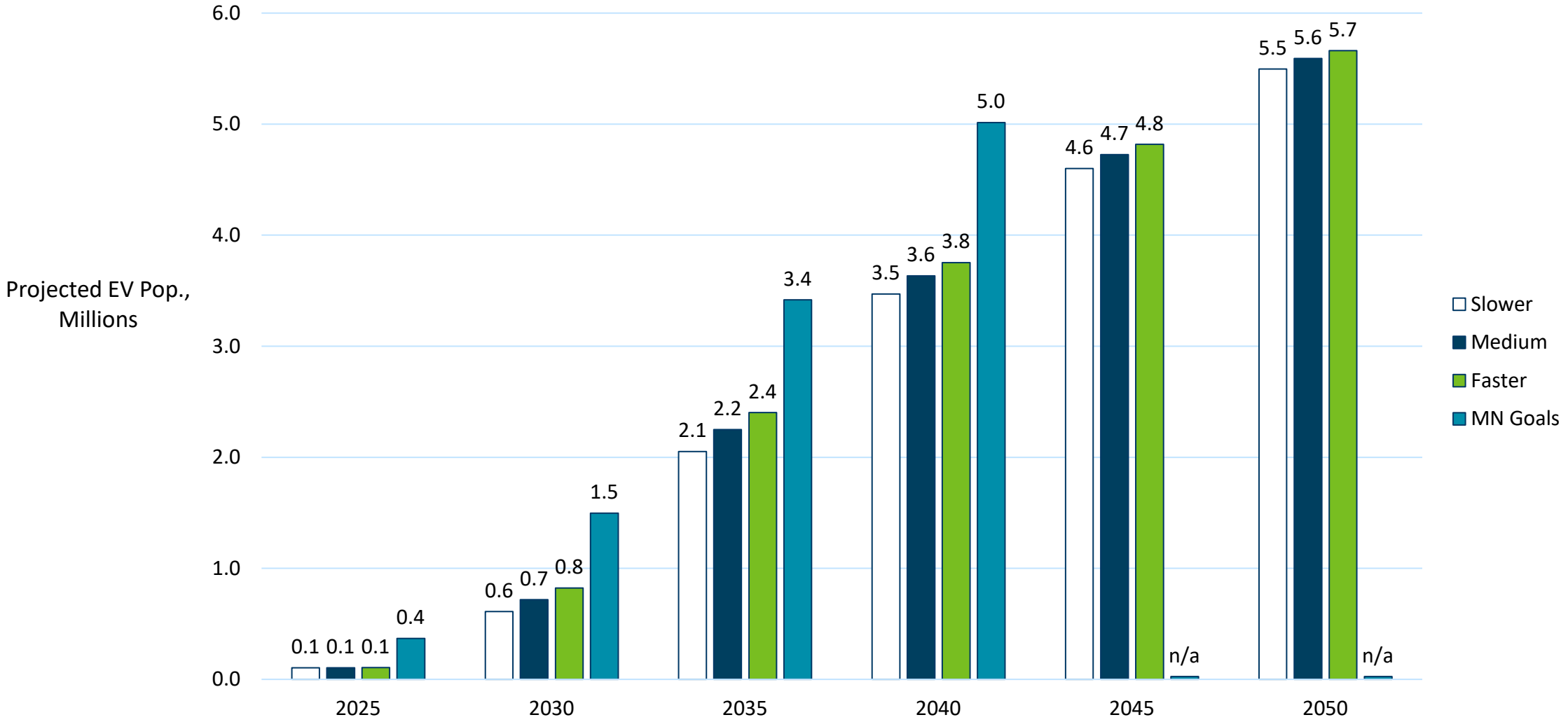
EV Charging Infrastructure Planning

How many EVs?

Electric Vehicle Registration Growth

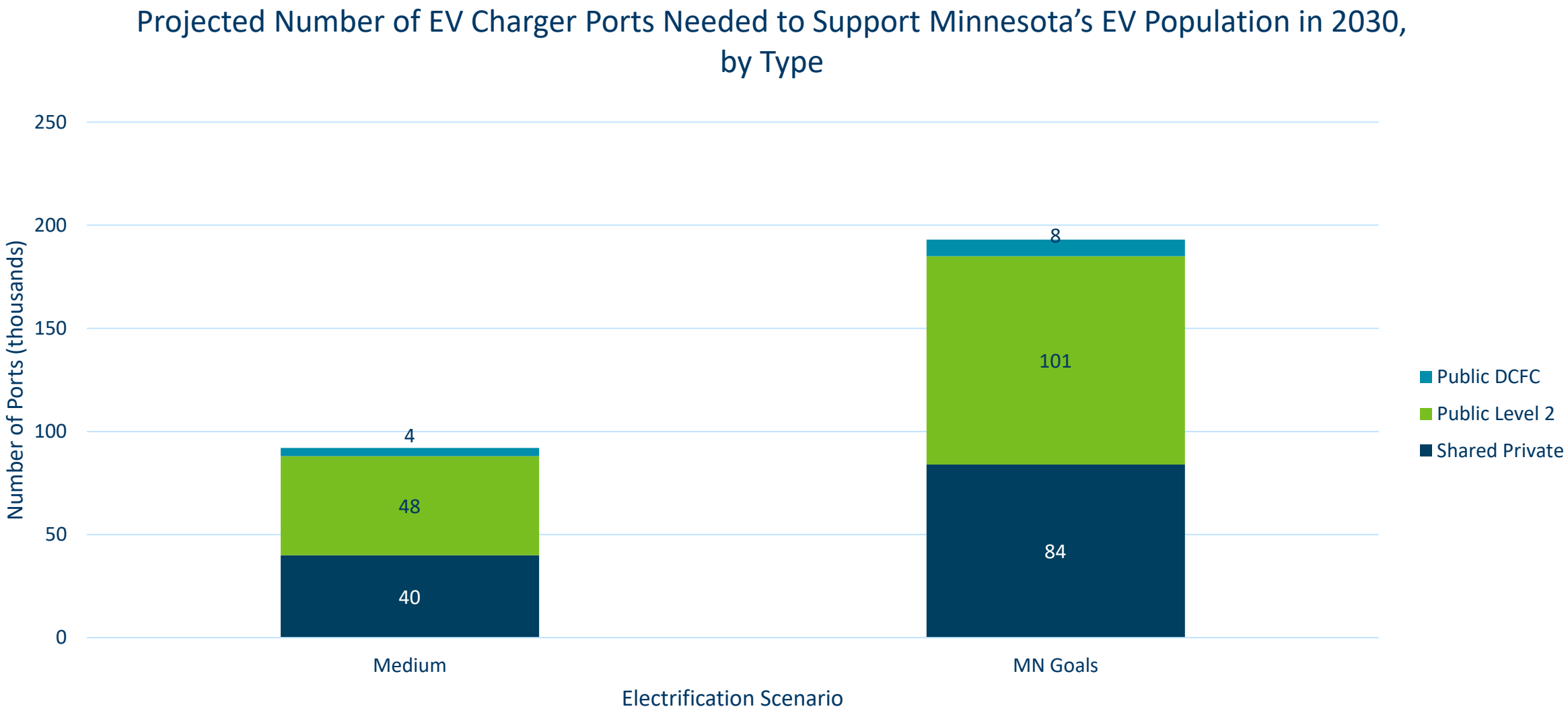


EV Projections



How much charging?

How much charging to support the EVs?



Where will chargers be needed?

Data Filters:	County	DOT District	Corridor	Primary Cluster ID	Metropolitan Planning Org.	Regional Development Org.
	All Counties	All Districts	All Corridors	All IDs	All MPOs	All RDOs

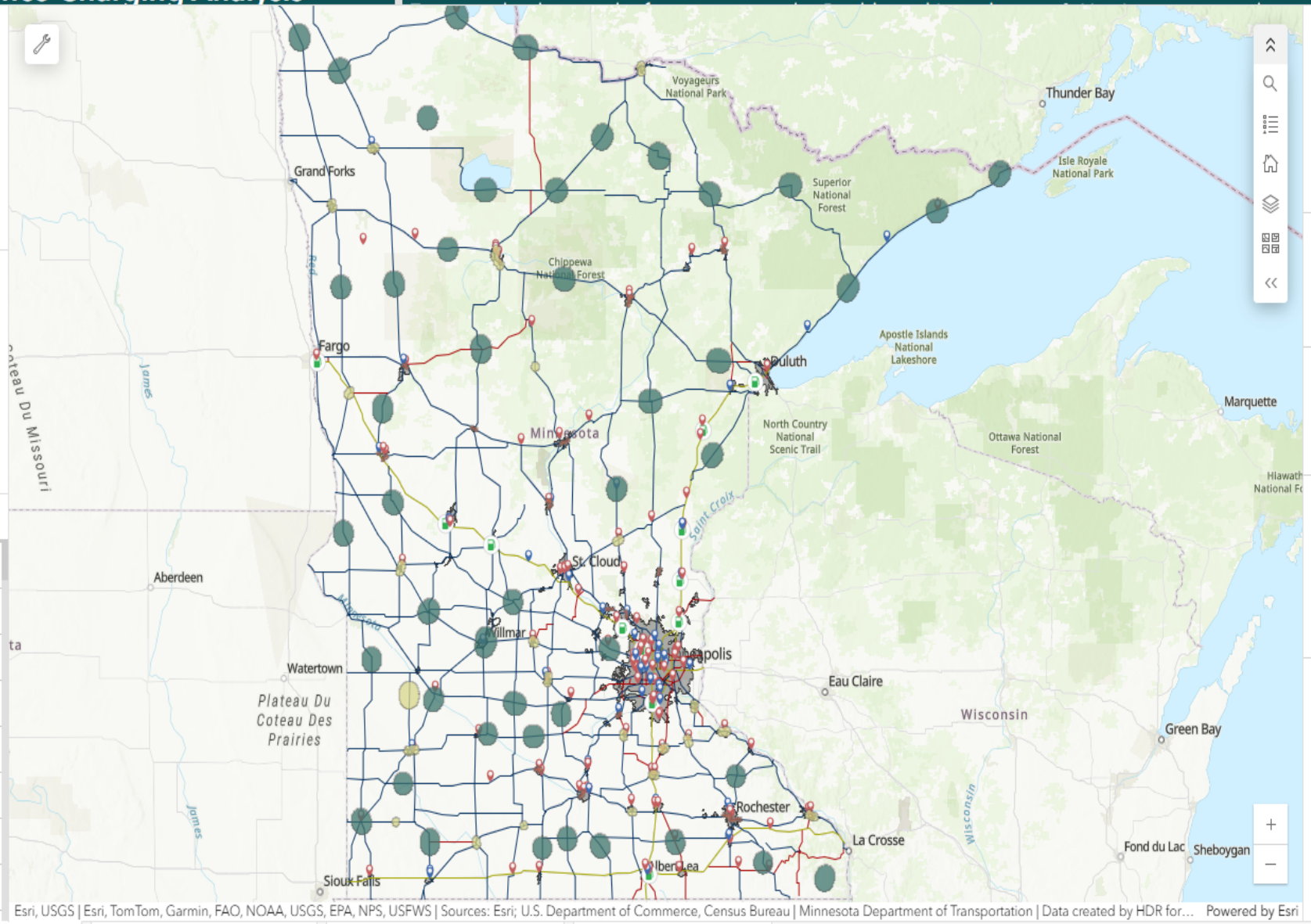
EVINA Long Distance Charging Analysis

This tab shows the cluster siting results using the EV Charging Station Guidelines for station spacing.

Number of Clusters	Maximum Ports	Cost (Max Ports)
83	470	$78M

Public Fast Charging Stations (Along Analyzed Corridors, As of 8/24)	Minimum Ports	Cost (Min Ports)
104	104	$44M

Location	Cluster Name	Secondary Clu...
Northome	MN 1-3	
Ely	MN 1-5	
Baudette	MN 11-3	
New Prague	MN 13-1	
Brainerd	MN 210-2	.
New Auburn	MN 22-2	
Minnesota Falls	MN 23-2	
Milaca	MN 23-4	



Cluster Data

- Rural & Low Traffic (5 mile buffer)
- Urban & Low Traffic OR Rural & High Traffic (2 mile buffer)
- Urban & High Traffic (1 mile buffer)

Public Fast Charging Stations

- 150 kW or Greater
- Less than 150 kW

NEVI Round 1 Awards (Construction Expected in 2025)

Analyzed Corridors

- Yes
- Not included, too short
- Not included, covered under NEVI

EVINA Boundary Data (Only shown when corresponding filters are active)

Metropolitan Planning Organizations (MPOs)

Regional Development Organizations (RDOs)

Key Takeaways:

- MN is unlikely to meet EV adoption goals
- ‘Range Anxiety’ is a primary charging user concern
- Rural areas are priority for long-distance
- MN needs to consider how to support EV charging

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Transportation Funding
Electricity as a Fuel Working Group

Sam Brown| Budget Director | Office of Financial Management

September 15, 2025

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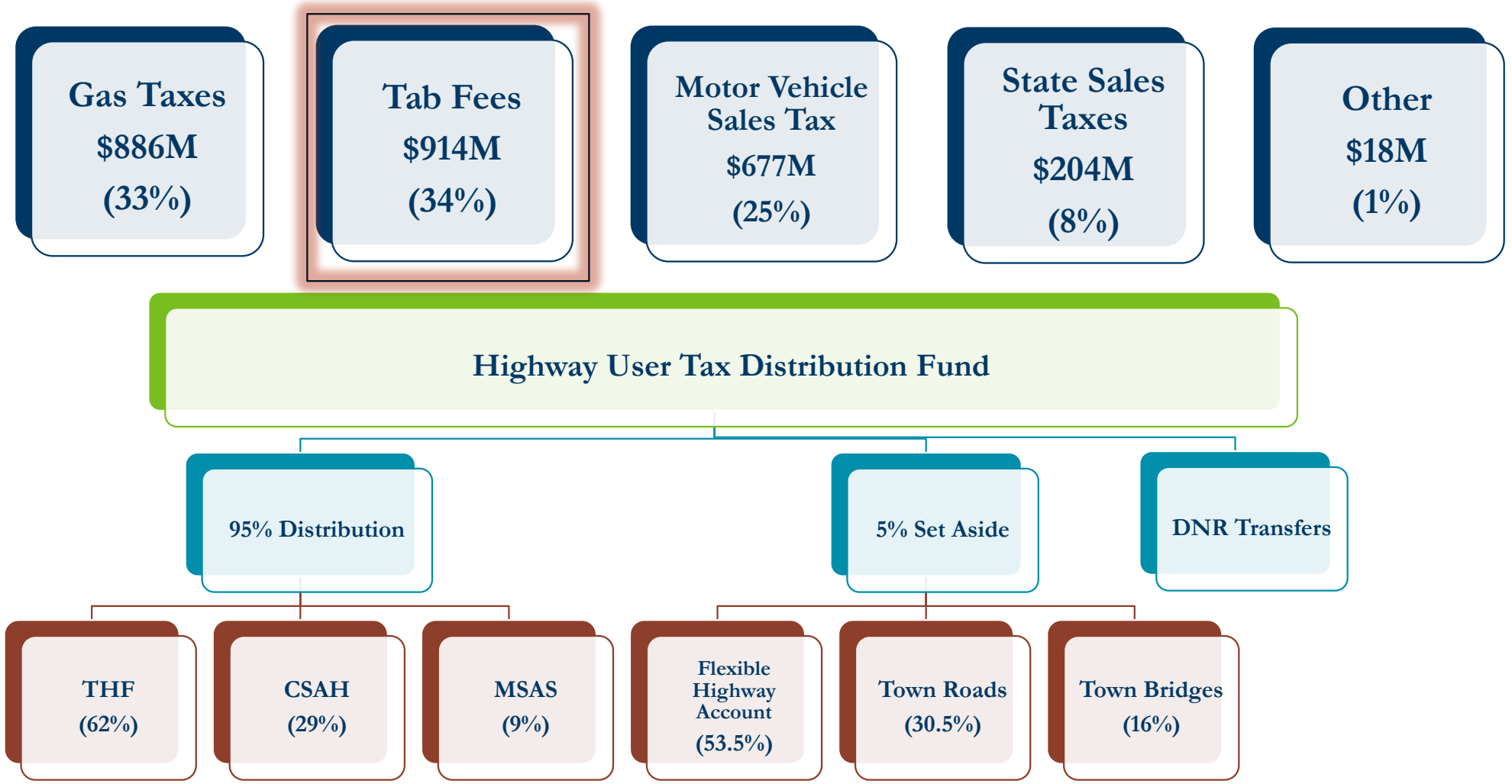
Overview

- Minnesota has the 4th largest roadway system in the country
- Over 143,000 centerline miles
- Of that total, nearly 12,000 Trunk Highway miles
- 8% of total road miles but 60% of VMT

Figure 1-6: Minnesota's State Highway Network

Highway User Tax Distribution (HUTD) Fund Sources and Uses FY 2024 Actuals = $2.7B (54% of total state/federal)



Primary HUTD Revenues

- Gas taxes:
  - Currently 31.8 cents/gallon
    - 25 cent “normal” gas tax (last increased from 20 cents in 2008)
    - 3.5 cent debt service surcharge (dedicated to repaying $1.78B of Trunk Highway bonds in 2008)
    - 3.3 cent increase on 1/1/2025 due to inflation index - tied to MnDOT Construction Cost Index (“CCI”)
    - Estimated to cumulatively increase additional 2.5 cents through FY 2029

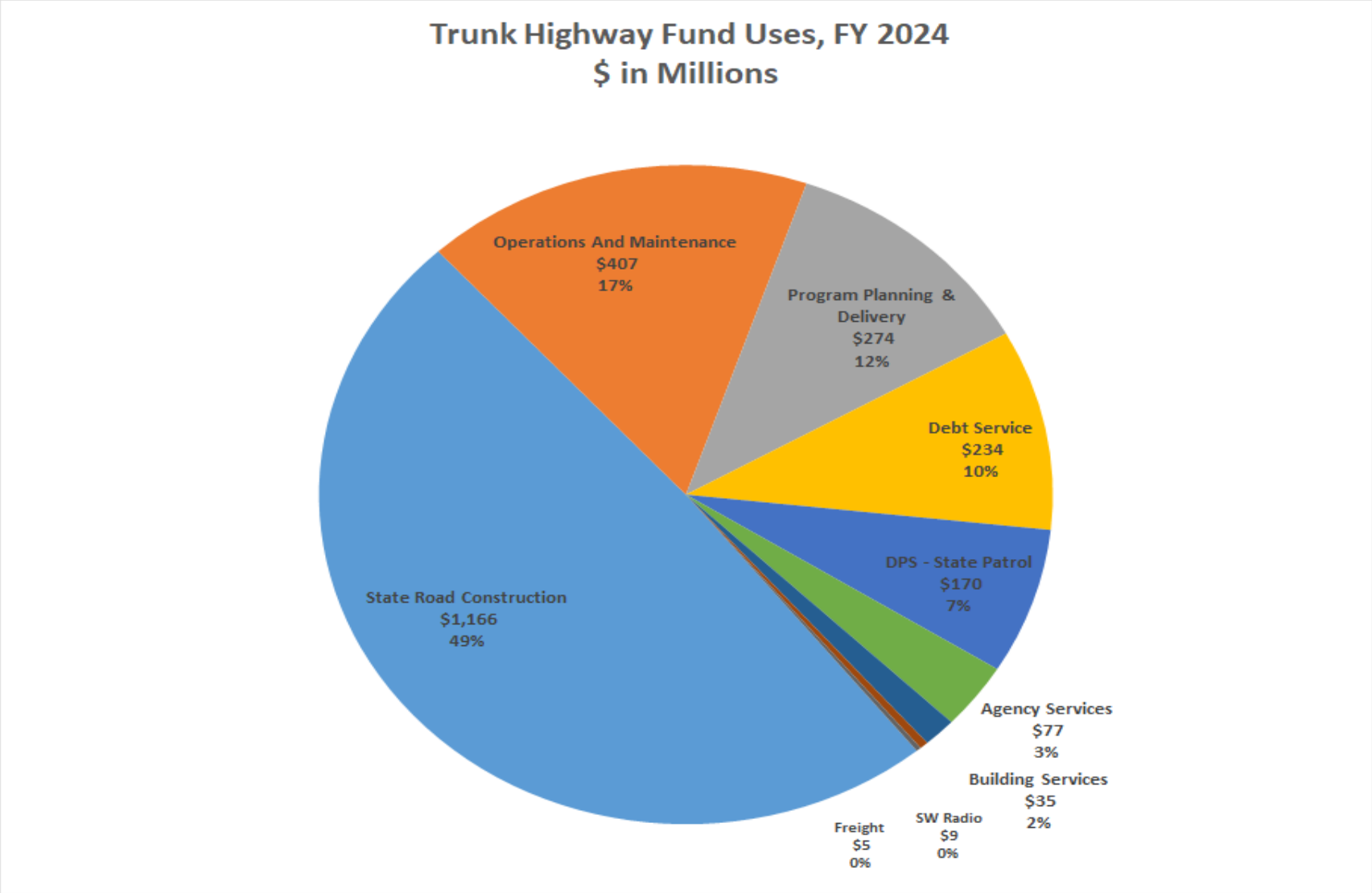
- Tab fees:
  - 1.575% of MSRP, depreciates over 10 years

- MVST:
  - 6.875% of purchase price (new and used)
  - Split 60% HUTD, 40% transit (34.3% Met Council, 5.7% MnDOT for Greater MN)
  - $1.13B total collected in FY 2024 (largest individual revenue source)

2025 Legislation

- EV fee modification from $75 flat fee to new fee based on MSRP of EV. EV fee will be based on .5% of vehicle MSRP with a depreciation scale for the next 10 years of fees until reaching a minimum fee of $150.
- New Plug-in hybrid fee of .25% of MSRP with same depreciation scale as EV fee over 10 years until reaching a minimum of $75.
- Implemented a new tax on EV's charging at fast charging public stations of 5 cents per kilowatt-hour starting July 1, 2027.

Trunk Highway Fund Uses



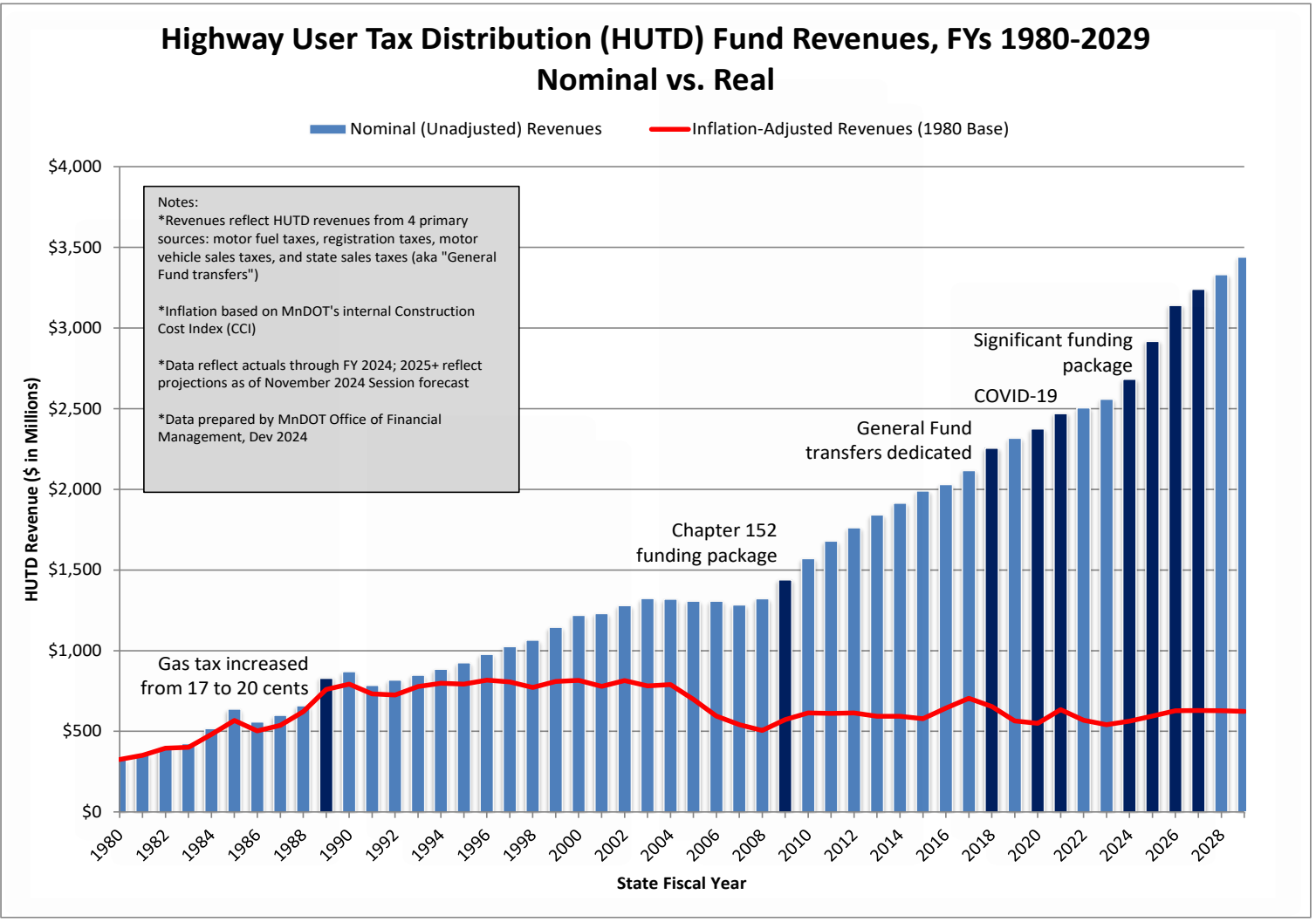
Forecasted HUTD Revenues

HUTD Fund Revenue

Revenue	Actual			Forecast					FY24 % of HUTD Total Revenue
	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	
Motor Fuel Tax	893	882	886	933	1,001	1,007	1,012	1,026	33%
Motor Vehicle Registration Tax (Tab Fees)	823	837	914	1,059	1,165	1,223	1,266	1,311	34%
Motor Vehicle Sales Tax (MVST)	592	636	677	689	748	790	831	873	25%
State Sales Taxes	198	204	204	223	231	240	248	256	8%
Other	4	13	18	16	16	13	12	12	1%
Total Revenue	$ 2,510	$ 2,572	$ 2,700	$ 2,920	$ 3,161	$ 3,274	$ 3,369	$ 3,478	100%

Per Article XIV of the State Constitution, these revenues (net of collection costs and transfers) are transferred: 58.9% to Trunk Highways, 27.55% to Counties, 8.55% to Municipalities, 5% to flexible highway account for county and municipal turnbacks, township roads and township bridges

Minnesota Highway User Tax Revenue
History of Annual Revenues



CAGR over Time

- 1980-2029:
  - Nominal: +4.9%/year
  - Real: +1.3%/year
- 2019-2029:
  - Nominal: +4.0%/year
  - Real: +1.0%/year

Despite increases to many of these sources, revenues have not kept up with system needs due to:

- Inflation
- Aging infrastructure
- Growing transportation needs

Trunk Highway Fund – Estimate of Funding Gap

- 20-year long range MnSHIP estimate of funding gap for Trunk Highway system:
  - 2013: $12B ($600M/year)
  - 2017: $18B ($900M/year)
  - 2023: $19-$27B ($23B = ~$1.15B/year)
  - **Impact of 2023 legislation: covered ~$5.2B of that gap**
- Remaining 20-year gap of ~$17.8B ($890M/year)

Estimated HUTD Funding Gap

- The assumed 10-year Trunk Highway state road construction gap:
  - Half the identified 20-year gap from MnSHIP = $8.9 billion
  - Plus additional $2.1 billion identified though work following the completion of MnSHIP
  - Total gap = $11.0 billion, or $1.1 billion/year
- There is no comparable published long-range estimate for counties and cities
- For the purposes of the report, assumed that the needs and corresponding funding gap would be proportional to the gap for the Trunk Highway system.
- **Total HUTD gap = $18.7 billion, or $1.9 billion/year**

Fund	% of Total	20-Year Gap	10-Year Gap	Annual Gap
Trunk Highway	58.90%	$17.8B	$11.0B	$1.1B
County State Aid Highway	32.55%		$6.1B	$.06B
Municipal State Aid Streets	8.55%		$1.6B	$.02B
HUTD			$18.7B	$1.9B

Potential Future Revenue Sources

- MnDOT identified a variety of potential expanded and new funding options that could narrow the future funding gap. These 22 options were organized into three general categories:
  1. (11) System-wide state options: gas tax, registration taxes, RUC, etc.
  2. (6) Local government options: county wheelage tax, local transit sales tax, etc.
  3. (5) Program/project specific options: expand E-ZPass, Transportation Infrastructure Finance and Innovation Act (TIFIA) financing, etc.
- Each option included an analysis of:
  - A brief **Background/History** of the funding source, contextualizing current provisions governing the revenue source or tax
  - An analysis of the **Revenue Raising Capacity** under hypothetical tax increase scenarios
  - An analysis of the **Tax Incidence**. Each revenue or tax option affects a tax base that is a function of system usage, vehicle type, fuel source, and other factors; this section discusses who bears the burden of a tax

Approaches from Other States

Peter Olson | Office of Financial Management

September 15, 2025

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EV Tax Credits and Fees by State

State	EV Purchase Tax Credit	EV Annual Registration Fee	Hybrid Annual Fee
Alabama	$0	$203	$103
California	$0 (partial sales tax exemption)	$118	$0
Colorado	$3,500	$60.05	$0
Georgia	$0	$234.97	$0
Illinois	$4,000	$100	$0
Indiana	$0	$230	$77
Kansas	Up to $4,000	$165	$70
Maryland	$3,000	$125	$100
Minnesota	$0	.5% of MSRP	.25% of MSRP
New Jersey	Up to $4,000 (rebate)	$260	$0
North Carolina	$0	$214.50	$107.25
Oregon	Up to $7,500	$115 or $0.02/mile (opt-in)	$35
Texas	$0	$200 ($400 for new EVs)	$0
Utah	$0	$130.25 or $0.0111/mile (opt-in)	$56.5
Virginia	$2,500	Based on vehicle MPG (UF= [((11,600 average miles traveled * fuels tax rate) / 23.7) - ((11,600 average miles traveled * fuels tax rate) / vehicle's MPG rating)] * .85)	$0

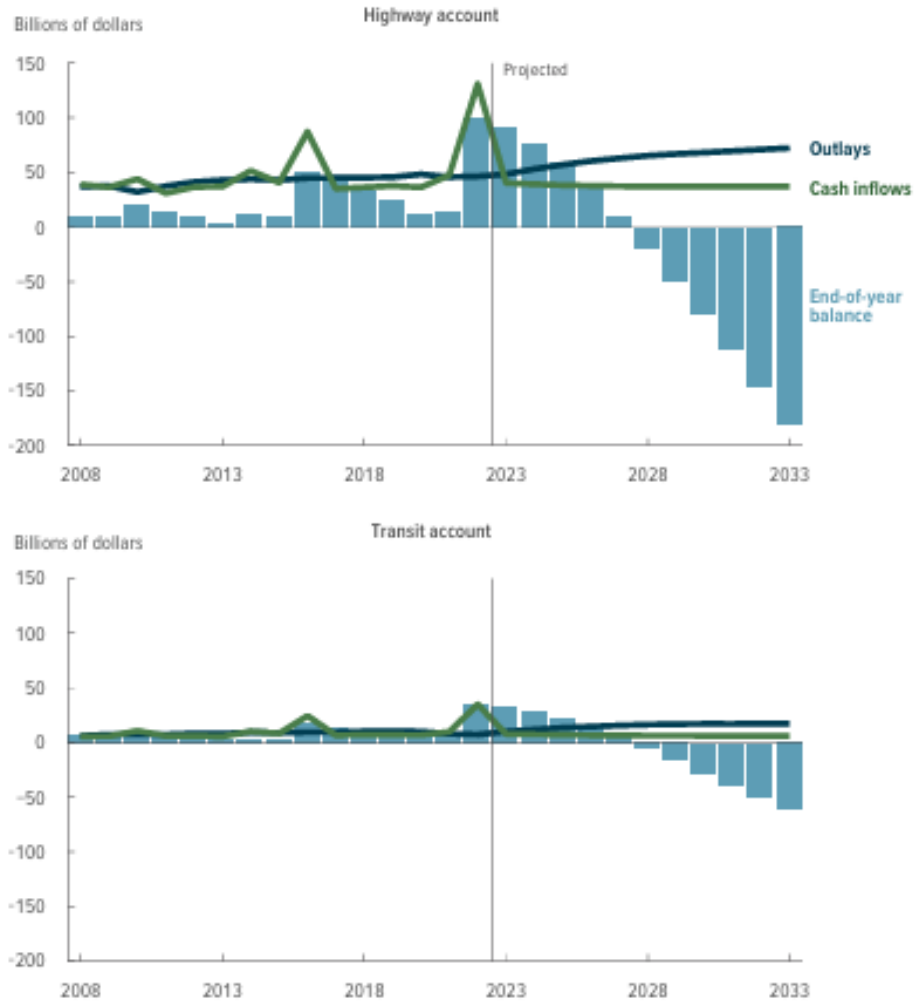
Tax on EV Charging

State	Charging Tax	Effective Date
Iowa	Tax of $0.026 per kilowatt-hour on public EV charging stations.	July 2023
Kentucky	Tax of $0.03 per kilowatt hour on electric vehicle power distributed by an electric power dealer.	January 2024
Montana	Tax of $0.03 per kilowatt hour or its equivalent on electric current from public electric vehicle charging stations.	July 2023* *Public charging stations already in operation have until July 2025 to install meters to collect the tax. To relieve the tax burden on in-state electric vehicle owners, electric vehicle registration fees will be reduced by 30 percent starting in 2028.
Utah	The retail sale of electricity for EV charging is subject to a 12.5% tax. The tax may be based on kilowatt hours sold, the cost to charge per hour, or a subscription fee.	January 2024
Oklahoma	Tax of $0.03 per kilowatt hour on public EV charging stations.	January 2024
Pennsylvania	Tax of $0.0172 per kilowatt hour on public EV charging stations. Under the Pennsylvania Liquid Fuels and Fuels Tax Act (LFFTA) gasoline and diesel fuels are taxed at cents-per-gallon amounts based on the fuels' average wholesale prices, which are determined annually by the state Department of Revenue. The tax on gas is set by statute at 19.25% of the wholesale price of gas, the tax on diesel at 24.75% of the wholesale price of diesel. When the average wholesale price of either fuel is less than $2.99 per gallon, the Department uses $2.99 to calculate the tax. Alternative fuels are subject to an Alternative Fuel Tax intended to tax these fuels at the same rate as gasoline and diesel on a "gallon equivalent basis." The basis of this conversion is statutorily set at 114,500 Btu. Electricity is also subject to a gross receipts tax of 6.27%.	January 2024* * First implemented in 2005 at $0.009 per kilowatt hour.
Georgia	Tax on every 11 kilowatt-hours of usage.	January 2025

Road User Charge Programs

State	Rate per Mile	Program Type	Tracking Method	Notes
Oregon	$0.02	Voluntary (Mandatory following special session)	GPS or Odometer Plugin	Replaces $115 EV fee
Utah	$0.0111	Voluntary	App-based	Capped at EV registration fee
Virginia	$0.0114	Voluntary	OBD Plugin	Based on MPG; capped at annual fee
Hawaii	$0.008	Mandatory (2028)	Odometer Reading	EVs required to enroll by 2028

Federal Outlook



Outlays from the Highway Trust Fund have long exceeded the revenues credited to it from taxes, but intragovernmental transfers have ensured that the fund's two accounts have maintained a positive balance. In CBO's projections, the balances of both the highway account and the transit account are exhausted in 2028.

Federal Work

- U.S. Department of Transportation (USDOT) is required to carry out a national RUC pilot. BIL authorizes the national pilot at $10 million per year for fiscal years 2022 through 2026 (Pilot has been delayed due to board appointments and administration changes)
- USDOT is directed to continue awarding grants to states and local governments to test the viability of RUC (Strategic Innovation for Revenue Collection program (SIRC)(Delayed by administration change)
- Federal EV fee of $250 was proposed in House budget proposal this year but was removed by senate.

Reference

- MnDOT Funding Gap Report
- MnDOT Funding
- EV Fees
- Road User Charges

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Thank You!