

# Overview of Electricity as Vehicle Fuel Tax

Minnesota Department of Revenue

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- Transportation omnibus bill signed into law on June 14, 2025
- Establishes Electricity as Vehicle Fuel Tax under Minnesota Statute 296A.075
- Creates a tax of 5 cents per kilowatt-hour (kWh) of electricity delivered at a **public charging station**
- Tax goes into effect July 1, 2027

# What is taxed?

Electricity delivered to electric vehicles (EVs) at **public charging stations** with a capacity of 50 kW or more, according to M.S. 296A.075, subdivision 2.

# Who pays the tax?

Public charging station operators that sell electricity as vehicle fuel at a public charging station pay the tax.

- **Public Charging Station Operators:** M.S. 296A.01, subd. 43b, defines it as “any person who owns or operates a public charging station in this state.”
- **Public Charging Station:** M.S. 296A.01, subd. 43a, defines it as “a facility at which a person conducts for-profit business using electric vehicle supply equipment for the delivery of electricity sold as vehicle fuel to an electric vehicle and charges the customer for the electricity delivered.”

# What is exempt from Excise Tax?

- Charging at private residences.
- Public charging stations with a charging capacity of less than 50 kW.
- Public charging stations that provide free public charging.
- Legacy chargers that are both installed before October 1, 2023, and without metering systems are exempt until January 1, 2032.

Exemptions are listed under M.S. 296A.075, subd. 5.

# Public Charging Station Operator's License

- On or after July 1, 2027, a person may not act as a public charging station operator without having been licensed by the Minnesota Department of Revenue as a public charging station operator, according to M.S. 296A.051, subd. 1.
- Each licensing period is for one year, ending June 30, according to M.S. 296A.051, subd. 3.

# Applying and Renewing a License

- Licenses are free.
- The first application for a license must:
  - Be completed on a paper form.
  - Include a comprehensive list of all the public charging stations owned and operated by the applicant.
- Licensing projected to open January 1, 2027.
- Public charging station operators must notify Revenue before they begin operating a new charging location.
- Licenses must be renewed annually and electronically via e-Services.

- Federal Purchase Exemption
  - Add a standard exemption for fuel purchased by federal government.
  - To ensure compliance with the U.S. Constitution, which generally prohibits states from taxing the federal government, we recommend adding the following new clause 4 to the list of exemptions in M.S. 296A.075, subd. 5(b):
    - (4) electricity sold as vehicle fuel to the United States government to be used exclusively in performing its governmental functions and activities or to any “cost plus a fixed fee” contractor employed by the United States government on any national defense project.

# More Revenue Feedback

- Revenue is neutral on the following suggestions, and we are not planning to carry them in a bill.
  - Filing frequency
  - Legacy chargers
  - Sales tax

# Filing Frequency

- Current filing frequency is monthly.
- Industry may desire less frequent filing periods.
- Reducing filing frequency will have a revenue impact on fiscal year 2028.
- Filing frequency varies widely among states with an EV tax – some are monthly, some quarterly, and others semi-annually.
- The current monthly requirement and less frequent requirements are administrable.

# Legacy Chargers

- A legacy charger must satisfy two criteria:
  - Be in operation before October 1, 2023
  - Does not use electric vehicle supply equipment capable of measuring electricity delivered as a vehicle fuel to an electric vehicle.
- Because this tax only applies to chargers with capacities of 50 kW or more (Level 3 chargers) and most of these chargers are capable of measuring electricity, we do not expect the legacy charger exemption to exempt many public charging stations from the tax.
- This may come as a surprise to some stakeholders.

# Sales and Use Tax

- Minnesota Sales and Use Tax applies to electricity as vehicle fuel because electricity as vehicle fuel is not exempt from sales and use tax under M.S. 296A.12 and 297A.68, subd. 19 and 20.
- Kentucky is the only other state that currently subjects electricity as vehicle fuel to both excise tax and sales and use tax.
  - To compare, 12 states solely use an excise tax on electricity as vehicle fuel.

# Sales and Use Tax Exemption Options

- Claim for Refund- Sales taxes on the electricity is paid by the public charging station operator at the time of purchase. The public charging station operator would then submit a claim to the Department of Revenue for a refund of sales taxes paid.
- Exemption by Law- Sales taxes are not charged on electricity purchased by the public charging station operator.

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