

Subject Road usage charge
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Overview

This bill creates a road usage charge for “all-electric vehicles” (that is, passenger vehicles solely powered by an electric motor). Among its provisions, the bill imposes the usage charge with a phase-in for the first two years, specifies a mechanism to determine the amount charged based on vehicle miles traveled, provides for implementation through a third-party account provider, sets out data practices, requires annual reporting, eliminates the current \$75 surcharge on electric vehicles, and appropriates an unspecified amount of special revenue funds for implementation costs.

The provisions are generally effective July 1, 2024. Note: this summary reflects the dates specified in the “as introduced” version of the bill, which was first introduced in the 2023 legislative session.

Usage charge calculation. The road usage charge being established in the bill is calculated based on vehicle miles traveled (VMT), the state motor fuels tax rate, and analogous fuel economy of nonelectric vehicles. Analogous fuel economy is determined using national data on vehicle miles per gallon for five vehicle classifications (sedan/wagon, car-based SUV, truck-based SUV, minivan/van, and pickup truck). The analogous fuel economy for a given electric vehicle is the miles per gallon average among nonelectric vehicles in the matching vehicle classification and model year.

The usage charge is calculated using either of two formulas. The first formula applies when the vehicle owner has enrolled in tracking and charge management, which is performed by a third-party account provider. The account provider identifies the miles traveled in Minnesota for the enrolled vehicle (using manufacturer data or a device affixed to the vehicle) and calculates the road usage charge accordingly. The second formula is used when the vehicle owner has not enrolled with an account provider. In this case, VMT used in the

calculation is an estimated average VMT for vehicles in Minnesota, and the calculation also includes an adjustment amount.

Summary

Section	Description
1	Road usage charge data. Makes a technical change to create a cross-reference in the chapter of statutes governing data practices.
2	All-electric vehicle. Establishes a definition of “all-electric vehicle” in the chapter of statutes governing motor vehicle registration by reference to an existing definition.
3	Passenger automobile; hearse. Broadens a motor vehicle registration tax cap (which prevents the tax due on a vehicle from increasing over time), so that it also accounts for the new road usage charge being established in the bill. Makes a conforming change.
4	[Adds § 168.0132] Road usage charge. Creates a road usage charge for electric vehicles that is collected along with the annual registration tax. Provides for charge calculation, implementation in conjunction with third-party account providers, data practices, distribution of revenue, and reporting. Subd. 1. Definitions. Defines terms for the section. Subd. 2. Usage charge. Imposes a road usage charge. Creates two formulas for charge calculation based on VMT, the current motor fuels tax rate, and estimates of “analogous fuel economy.” The formulas are: (1) for vehicles enrolled in VMT tracking and charge management through an account provider, and (2) a default for unenrolled vehicles (which uses a statewide average VMT and adds an adjustment rate). Caps the amount charged when a person is enrolled with an account provider, so that it cannot exceed the amount that would have been imposed under the default formula regardless of the number of miles traveled. Subd. 3. Analogous fuel economy. Directs the Department of Public Safety (DPS) to determine the analogous fuel economy for each electric vehicle. Directs the determination using data from the Environmental Protection Agency on vehicle classifications and estimated real-world fuel economy of vehicles within each classification, by model year.

Section	Description
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	<p>Subd. 4. Road usage charge management agreement. Directs DPS to enter into an agreement with at least one third-party vendor to act as an account provider that performs usage charge management. Specifies elements to be addressed in the agreement.</p>
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	<p>Subd. 5. Account providers; implementation capability. Requires third-party vendors to be capable of (1) accurately identifying miles traveled by a vehicle within Minnesota, and (2) potential future implementation that identifies additional travel details.</p>
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	<p>Subd. 6. Account providers; data practices. Specifies data that third-party account providers must share with DPS. Limits other data dissemination, including a general prohibition on sharing information on vehicle owners beyond what is shared with DPS.</p>
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	<p>Subd. 7. Deposit of revenue; appropriation. Allocates revenue from the road usage charge into a DPS operating account and the highway user tax distribution fund. Creates a standing appropriation for agency implementation costs and payments to third-party providers.</p>
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	<p>Subd. 8. Legislative report. Requires an annual legislative report on the road usage charge. Expires June 30, 2029.</p>
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5	<p>Road usage charge; phase-in.</p>
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	<p>Establishes three-year phase-in for the road usage charge, so that the per-mile rate as well as the fee for unenrolled vehicles are lower in the first two years of road usage charge implementation.</p>
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6	<p>Appropriation; road usage charge.</p>
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	<p>Appropriates an amount to be specified from the driver and vehicle services operating account to the Department of Public Safety for road usage charge implementation costs. Makes the funds available through fiscal year 2027.</p>
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7	<p>Repealer.</p>
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	<p>Repeals the annual \$75 surcharge on electric vehicles imposed as part of the registration tax.</p>
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