

**MOTOR VEHICLE REGISTRATION
Surcharge on all Electric Vehicles**

April 8, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 966 (Howe) / H.F. 189 (Zelevnikar)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
All-Electric Vehicle Transfer	(\$5,100)	(\$7,100)	(\$10,000)	(\$14,000)
Plug-In Hybrid Vehicle Transfer	(\$1,100)	(\$1,500)	(\$2,200)	(\$3,000)
All-Electric Motorcycle Surcharge	(Negl.)	(Negl.)	(Negl.)	(Negl.)
Plug-In Hybrid Motorcycle Surcharge	<u>(Negl.)</u>	<u>(Negl.)</u>	<u>(Negl.)</u>	<u>(Negl.)</u>
General Fund – Total	(\$6,200)	(\$8,600)	(\$12,200)	(\$17,000)
Transfer from General Fund	\$6,200	\$8,600	\$12,200	\$17,000
All-Electric Vehicle Surcharge Increase	\$4,200	\$7,200	\$10,400	\$15,300
Plug-In Hybrid Vehicle Surcharge	\$1,900	\$3,000	\$4,300	\$6,200
All-Electric Motorcycle Surcharge	Negl.	Negl.	Negl.	Negl.
Plug-In Hybrid Motorcycle Surcharge	<u>Negl.</u>	<u>Negl.</u>	<u>Negl.</u>	<u>Negl.</u>
Highway User Tax Distribution Fund - Total	\$12,300	\$18,800	\$26,900	\$38,500
Total – All Funds	\$6,100	\$10,200	\$14,700	\$21,500

Effective August 1, 2025.

EXPLANATION OF THE BILL

Current Law: A surcharge of \$75 is currently imposed on all-electric vehicles in addition to the motor vehicle registration tax. Revenue generated from the surcharge is deposited into the Highway User Tax Distribution Fund (HUTDF). The registration tax on motorcycles is \$10.

Proposed Law: The bill would increase the surcharge on all-electric vehicles to \$150. The annual surcharge must be adjusted by the corresponding percentage change in the gasoline excise tax rate annual indexing adjustment. By July 15 of each fiscal year, the commissioner of management and budget (MMB) must transfer from the general fund to the HUTDF an amount equal to \$79 multiplied by the number of all-electric vehicle surcharges collected in the preceding fiscal year.

The bill would also impose a surcharge of \$75 on plug-in hybrid vehicles, in addition to the motor vehicle registration tax. The annual surcharge must be adjusted by the corresponding percentage change in the gasoline excise tax rate annual indexing adjustment. Revenue generated from the surcharge is deposited into the HUTDF. By July 15 of each fiscal year, the commissioner of management and budget (MMB) must transfer from the general fund to the HUTDF an amount equal to \$39.50 multiplied by the number of all-electric vehicle surcharges collected in the preceding fiscal year.

The bill would also impose a surcharge of \$30 on all-electric motorcycles, in addition to the motorcycle registration tax. The annual surcharge must be adjusted by the corresponding percentage

change in the gasoline excise tax rate annual indexing adjustment. Revenue generated from the surcharge is deposited into the HUTDF. By July 15 of each fiscal year, the commissioner of management and budget (MMB) must transfer from the general fund to the HUTDF an amount equal to \$16 multiplied by the number of all-electric vehicle surcharges collected in the preceding fiscal year.

The bill would also impose a surcharge of \$15 on plug-in hybrid motorcycles, in addition to the motorcycle registration tax. The annual surcharge must be adjusted by the corresponding percentage change in the gasoline excise tax rate annual indexing adjustment. Revenue generated from the surcharge is deposited into the HUTDF. By July 15 of each fiscal year, the commissioner of management and budget (MMB) must transfer from the general fund to the HUTDF an amount equal to \$8 multiplied by the number of all-electric vehicle surcharges collected in the preceding fiscal year.

REVENUE ANALYSIS DETAIL

- The electric vehicle surcharge forecast from February 2025 was used.
- Data from the EValuateMN electric vehicle dashboard was used.
- The number of all-electric and plug-in hybrid motorcycles in Minnesota is assumed to be negligible during the forecast window.
- The fiscal year 2026 surcharge increase estimates are adjusted for eleven months of impact.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)