



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0055 - An act establishing a tax on electric vehicle charging stations (Loge, Denley M)

Status: As Amended in House Appropriations Committee

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$331,988	\$140,845	\$142,958	\$145,102
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$490,155	\$490,155
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: As amended, HB 55, allows for a \$0.03 per kilowatt hour (kWh) tax on electric vehicle charging stations. The public utilities will file quarterly public charging station tax and required reports. The taxes collected must be deposited into the highway restricted account provided for in 15-70-206, MCA.

FISCAL ANALYSIS

Assumptions:**Montana Department of Transportation (MDT):**

- An IT system will be required for the implementation, registration, data entry, and tax collection of charging stations kilowatt hour tax.
- Within MDT's Information Services Division, it is assumed 2.00 FTE software developers will be needed to develop the IT solution in FY 2024. Starting in FY 2025, only 0.5 FTE will be needed to maintain the new IT solution.
- FY 2024 personal services expenditures would be \$244,000. FY 2025 personal services expenditures would be \$61,000. A 1.5% inflation factor is applied for FY 2026 and FY 2027.
- Operating expenditures for the 2.00 new FTE would be \$5,600 in FY 2024.

5. Within MDT's Administration Division, it is assumed that 1.00 FTE accountant will be needed for data entry, review, and reporting of tax returns.
6. Total FY 2024 personnel expenditures would be \$79,588, and \$79,845 in FY 2025. A 1.5% inflation factor is applied for FY 2026 and FY 2027.
7. Operating expenditures for the 1.00 FTE would be \$2,800 in FY 2024.
8. It is assumed that there would be an 80.0% residential charge rate for vehicles and a 20.0% public charge rate for vehicles for Montana residents.
9. \$0.0275 per kWh tax will be remitted to the Department of Transportation (MDT).
10. It is assumed there would be 12,000 miles driven annually by battery electric vehicles, with plug-in hybrid vehicles driving 55% of those miles using electric power. It is assumed an electric vehicle will use 1.0 kWh per 3.0 miles driven.
 - i. Battery Electric vehicles (12,000 miles / 3.0 miles per kWh = 4,000 kWh per year)
(4,000 kWh per year x 20% public charging = 800 kWh public charging per year)
(800 kWh x \$0.0275 kWh tax = \$22.00 Montana resident tax paid.)
(\$22.00 x 1,893 registered battery electric vehicles = \$41,646 tax remitted by Montana battery electric vehicle owners.)
 - ii. Plug-in hybrid vehicles (12,000 miles x 55% = 6,600 electric power miles.)
(6,600 electric power miles / 3.0 miles per kWh = 2,200 kWh per year)
(2,200 kWh per year x 20% public charging = 440 kWh public charging per year)
(440 kWh x \$0.0275 kWh tax = \$12.10 Montana resident tax remitted for plug-in hybrid registration.)
(\$12.10 x 1,002 registered plug-in hybrid vehicles = \$12,124.20 tax remitted by Montana plug-in hybrid owners.)
11. Currently, the electric vehicle adoption rate in Montana is 0.18%. It is assumed that lack of charging station infrastructure affects electric vehicle tourism at the same rate. Assuming 30% of gasoline and diesel cashiered gallons are sold to non-resident tourists, FY 2021 tourism gallons of gasoline and diesel would be 261,559,083.3 gallons. (553,619,015 FY 2021 cashiered gasoline gallons + 318,517,285 FY 2021 cashiered diesel gallons = 872,136,300 cashiered gallons.) (872,136,300 cashiered gallons x 30% tourism gallons = 261,640,890 tourism gallons.) (261,640,890 tourism gallons x 0.18% electric vehicle adoption rate = 470,953.6 gallons to convert to kWh.) (470,953.6 gallons x 33.6944444444444 kWh to gasoline gallon equivalent = 15,868,519.98 kWh charged at public charging stations by non-residents.) (15,868,519.98 kWh charged at public charging stations by non-residents x 0.0275 kWh tax remitted = \$436,384.30 potential yearly revenue.)
12. Based on the July 1, 2023, effective date, it is assumed that none of the current charging stations will be remitting tax until July 1, 2025 (FY 2026).
13. Assuming electric vehicle adoption rates remain at 0.18% until charging infrastructure has been built, the total revenue projected to be collected is \$490,154.50 in FY 2026 and FY 2027. (\$436,384.30 non-resident tax remitted + \$41,646 Montana resident EV charging tax remitted + \$12,124.20 Montana resident hybrid charging tax remitted = \$490,154.50)
14. The highway restricted account will receive the total revenue collected in each fiscal year.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE MDT	3.00	1.50	1.50	1.50
<u>Expenditures:</u>				
Personal Services	\$323,588	\$140,845	\$142,958	\$145,102
Operating Expenses	<u>\$8,400</u>	<u></u>	<u>\$0</u>	<u>\$0</u>
TOTAL Expenditures	<u><u>\$331,988</u></u>	<u><u>\$140,845</u></u>	<u><u>\$142,958</u></u>	<u><u>\$145,102</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (MDT)	<u>\$331,988</u>	<u>\$140,845</u>	<u>\$142,958</u>	<u>\$142,958</u>
TOTAL Funding of Exp.	<u><u>\$331,988</u></u>	<u><u>\$140,845</u></u>	<u><u>\$142,958</u></u>	<u><u>\$142,958</u></u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (MDT)	<u>\$0</u>	<u>\$0</u>	<u>\$490,155</u>	<u>\$490,155</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$490,155</u></u>	<u><u>\$490,155</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (MDT)	(\$331,988)	(\$140,845)	\$347,197	\$347,197

Long-Term Impacts:

1. There will be cost impacts to existing charging station owners/operators to upgrade stations to provide metered data.

Technical Notes:

1. Section 3 as amended places electric meters under public utilities. Section 6 of the original bill regarding Department of Labor & Industry (DLI) set forth rulemaking and inspection authority and has been removed. Current statute 30-12-101(14), MCA, excludes from DLI weights and measures authority electricity operated by a public utility system. These changes and statutes together indicate that DLI will have no inspection or metering obligations for EV charging stations.
2. As amended, HB 55 new Section 3(3) contradicts new Section 3(2). If the intent is to require all charging stations (public charging stations and legacy charging stations) to be separately metered, new section 3(1) and (2) detail this requirement. If the intent is requiring all charging stations (public charging stations and legacy charging stations) to be separately metered and able to measure the amount of electricity being delivered to each motor vehicle, then HB 55 new section 3(3) should state, "All public charging stations and public legacy charging stations must be equipped with metering devices capable of accurately measuring the amount of electricity being delivered to the motor vehicle."

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<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>