



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 656

PRINTER'S NO. 1811

PRIME SPONSOR: Rothman

### COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
Motor License Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** SB 656 PN 1811 would modify Title 75 (Vehicles) to impose an annual fee on Electric Vehicles (EV) and Plug-in Hybrid Electric Vehicles (PHEV) and provides for Alternative Fuels Tax on Electricity (AFT). The provisions related to the EV Fee monthly payment plan would take effect in 24 months, and the remainder sections take effect on January 1, 2025.

**ANALYSIS:** This legislation amends several sections of Title 75 (Vehicles) to update definitions, impose an annual fee on electric vehicles, and provide for Alternative Fuels Tax on Electricity (AFT). Specific sections include:

**Section 102** (relating to definitions) – is amended to define definitions including:

- “Battery”, “Electric vehicle”, “Electric vehicle charging station”, “Hybrid electric vehicle”, and “Plug-in hybrid electric vehicle”

**Section 9002** (relating to definitions) – is amended to define definitions including:

- “Alternative fuel dealer-user”, “Exempt entity”, “Person”

**Section 9024** (relating to electric vehicle road user charge)

Language contained within, creates a new Section 9024 (related to electric vehicle road user charge) to impose an annual Electric Vehicle Road User Charge (EV Fee) on owners and registrants of EVs and PHEVs with gross vehicle weight of not more than 14,000 pounds. Starting January 1, 2027, and each January 1 thereafter, the EV Fee must be adjusted for inflation rounded to the nearest dollar. The EV Fee is concurrent with paying the vehicle registration fee and would be as follows:

- \$200 in 2025
- \$250 in 2026
- \$258 in 2027
- \$267 in 2028
- \$276 in 2029
- \$286 in 2030

The EV Fee for Plug-in Hybrid Electric Vehicles (PHEV) would be 25 percent of the EV Fee for electric vehicles, rounded to the nearest dollar. If an owner or registrant chooses to purchase a two-year vehicle registration, they must pay two times the amount of the required EV Fee. The EV Fee on PHEVs would be as follows:

- \$50 in 2025
- \$63 in 2026
- \$65 in 2027
- \$67 in 2028
- \$69 in 2029
- \$72 in 2030

The registration of EVs and PHEVs would not be valid unless the owner or registrant enrolls in one of the payment options:

- Enroll in a flat charge of the amount required for a given year provided by credit or debit card, check or money order, or any other payment method approved by PennDOT; or
- Enroll in a payment plan of the amount required for a given year, divided into monthly payments during the registration period by credit or debit card, check or money order, or any other payment method approved by PennDOT;

Failure to submit the EV Fee within 30 days of enrollment would result in prohibition on renewal of the vehicle's registration unless the owner or registrant has enrolled in a payment plan.

The EV Fee would not apply to:

- Golf carts;
- Neighborhood electric vehicles;
- Motorcycles or other vehicles with less than four wheels;
- Vehicles which are not required to be registered by PennDOT;
- Vehicles registered to entities exempt from paying taxes on liquid fuels, fuels, or alternative fuels;
- Qualified motor vehicles other than a Recreational Vehicle (RV), which is used, designed, or maintained for transportation of persons or property and:
  - Having two axles and GVW or registered gross weight exceeding 26,000 pounds
  - Having three or more axles regardless of weight
  - Used in combination, when the GVW or registered gross weight of the combination exceeds 26,000 pounds
- Vehicles with a model year 1990 or older;

### **Alternative Fuels Tax on Electricity (AFT)**

The Alternative Fuels Tax on Electricity is eliminated for residential charging, by changing the definition of "Alternative fuel dealer-user" contained within Section 9002 (related to definitions). The AFT does not apply to a person that provides EV charging station used exclusively to charge:

- EVs or PHEVs at a private residence
- EVs or PHEVs owned by tenants, residents or visitors of a common interest development or other group of private residences within a geographic location

The owner or registrant of a vehicle would not be subject to liability, liens, penalties, interest, criminal penalties, or fines for unpaid AFT amounts owed to the Department of Revenue prior to the effective date of this bill.

Additionally, nothing contained in this chapter shall be construed to affect the duty of an alternative fuel dealer-user to report and pay to the Department of Revenue the AFT for electricity delivered through an EV charging station provided by the alternative fuel dealer-user to the owner or registrant of an EV or PHEV subject to the EV Fee.

Furthermore, nothing contained in this chapter shall be construed to prohibit the alternative fuel dealer-user from passing onto the owner or registrant of an EV or PHEV that is subject to the EV Fee, any costs associated with the reporting or payment of the Alternative Fuels Tax on Electricity (AFT).

### **Refunds and Miscellaneous Provisions**

If a vehicle registered to an exempt entity is used for non-exempt purpose, the entity must pay an administrative penalty of \$500 to the Department of Revenue and is not eligible to claim a refund.

The EV fee shall be considered a rental vehicle licensing and title fee imposed by the Commonwealth for the purposes of Section 1603-A of the Tax Reform Code of 1971.

**Regulations**

PennDOT, in consultation with the Department of Revenue, may promulgate regulations to implement this section. Regulations promulgated during the two years following the effective date are deemed temporary regulations, which shall expire no later than three years following the effective date, or upon prompt promulgation of final regulations.

**FISCAL IMPACT:** The enactment of this legislation would have a net positive fiscal impact on Commonwealth funds, specifically the Motor License Fund (MLF). The EV Fee shall be allocated the same way as the Oil Company Franchise Tax (OCFT) and be utilized for the construction, reconstruction, maintenance, repair of, and safety on public highways and bridges. The impact to the MLF would be a function of the following:

- Number of projected Electric Vehicles (EV) for CY 2025 – 2030
  - Registration data for CY 2023 was utilized to project future calendar year registrations, at an annual rate of 4.47 percent growth per year
- Number of Plug-in Hybrid Electrical Vehicles (PHEV) for CY 2025 – 2030
  - Registration data for CY 2023 was utilized to project future calendar year registrations, at an annual rate of 5.09 percent growth per year
- The EV/PHEV hybrid EV Fee for a particular calendar year
- Alternative Fuels Tax data

Analysis of the necessary data points equates to a positive fiscal impact to the Motor License Fund, as follows:

<b>SB 656 Revenue Projections</b>					
<i>CY</i>	<i>EV Fee</i>	<i>Projected EV Revenues</i>	<i>PHEV Fee</i>	<i>Projected PHEV Revenues</i>	<i>Combined Revenues</i>
2030	\$ 286.00	\$ 25,059,500	\$ 72.00	\$ 3,803,836	\$ 28,863,336
2029	\$ 276.00	\$ 23,148,125	\$ 69.00	\$ 3,468,871	\$ 26,616,996
2028	\$ 267.00	\$ 21,434,748	\$ 67.00	\$ 3,205,263	\$ 24,640,010
2027	\$ 258.00	\$ 19,825,639	\$ 65.00	\$ 2,959,047	\$ 22,784,686
2026	\$ 250.00	\$ 18,388,566	\$ 63.00	\$ 2,729,159	\$ 21,117,726
2025	\$ 200.00	\$ 14,081,153	\$ 50.00	\$ 2,061,143	\$ 16,142,296

*\*Starting in 2027, EV Fee is adjusted annually by CPI-U*

In addition to considerations related to the imposition of an electric vehicle and plug-in hybrid electric vehicle EV Fee, we must also consider any impact on the collection of Alternative Fuels Tax on Electricity (AFT), as a function of provisions contained within SB 656. As can be seen from the historical AFT collections listed below, it is projected that any changes to AFT collections would be de minimis.

<b>AFT Revenue Data</b>		
<i>Type</i>	<i>CY</i>	<i>AFT Revenues</i>
Actual	2023	\$ 777,544.53
Actual	2022	\$ 589,303.01
Actual	2021	\$ 231,281.76
Actual	2020	\$ 110,700.94
Actual	2019	\$ 97,484.42
Actual	2018	\$ 44,119.89

**PREPARED BY:** Gueorgui Tochev, Budget Analyst  
House Appropriations Committee (D)

**DATE:** July 9, 2024

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*