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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4889

03/13/2024

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The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

1.1 A bill for an act

1.2 relating to transportation; imposing a road usage charge for all-electric vehicles;

1.3 requiring a report; appropriating money; amending Minnesota Statutes 2022,

1.4 sections 13.6905, by adding a subdivision; 168.002, by adding a subdivision;

1.5 168.013, subdivision 1m; proposing coding for new law in Minnesota Statutes,

1.6 chapter 168.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2022, section 13.6905, is amended by adding a subdivision

1.9 to read:

1.10 Subd. 38. Road usage charge data. Data related to road usage charges are governed

1.11 by section 168.0132.

1.12 Sec. 2. Minnesota Statutes 2022, section 168.002, is amended by adding a subdivision to

1.13 read:

1.14 Subd. 1a. All-electric vehicle. "All-electric vehicle" has the meaning given in section

1.15 169.011, subdivision 1a.

1.16 Sec. 3. Minnesota Statutes 2022, section 168.013, subdivision 1m, is amended to read:

1.17 Subd. 1m. **Electric vehicle.** (a) In addition to the tax under subdivision 1a, a surcharge

1.18 of \$75 is imposed for an all-electric vehicle, as defined in section 169.011, subdivision 1a.

1.19 Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision must

1.20 be deposited in the highway user tax distribution fund.

1.21 (b) This subdivision applies to a registration period starting on or before June 30, 2025.

2.1 Sec. 4. [168.0132] ROAD USAGE CHARGE.

2.2 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
2.3 the meanings given.

2.4 (b) "Account provider" means a person, firm, corporation, or partnership of firms or
2.5 corporations that performs road usage charge management for enrolled vehicle owners and
2.6 usage charge calculation under an agreement with the commissioner.

2.7 (c) "Adjustment rate" means \$0.065.

2.8 (d) "Analogous fuel economy" means an amount of distance traveled by a motor vehicle
2.9 as it relates to fuel consumed by the vehicle, in miles per gallon, that applies for a specific
2.10 vehicle classification and model year.

2.11 Subd. 2. Usage charge. (a) The owner of an all-electric vehicle must pay a road usage
2.12 charge. The usage charge is in addition to the tax under section 168.013, subdivision 1a.
2.13 The commissioner must impose the usage charge continuously for each registration period,
2.14 using the relevant calculation under paragraphs (b), (c), or both.

2.15 (b) For a billing period in which account management is active for a vehicle, the usage
2.16 charge is calculated as:

2.17 (1) the miles traveled by the vehicle within Minnesota over the billing period; multiplied
2.18 by

2.19 (2) the total excise tax rate for gasoline under section 296A.07, including the surcharge
2.20 rate under section 296A.083, divided by the analogous fuel economy, as determined in
2.21 subdivision 3.

2.22 (c) For a billing period in which paragraph (b) does not apply, the usage charge is
2.23 calculated as:

2.24 (1) the estimated average daily vehicle miles traveled per vehicle in Minnesota, multiplied
2.25 by the number of days in the billing period; multiplied by

2.26 (2) the total excise tax rate for gasoline under section 296A.07, including the surcharge
2.27 rate under section 296A.083, divided by the analogous fuel economy, as determined in
2.28 subdivision 3; plus

2.29 (3) the adjustment rate, multiplied by the number of days in the billing period.

2.30 (d) The total road usage charge to an enrolled vehicle owner calculated in paragraph (b)
2.31 for an entire vehicle registration period must not exceed the total that would otherwise apply
2.32 under a corresponding calculation in paragraph (c).

3.1 (e) The commissioner must estimate vehicle miles traveled under paragraph (c), clause
3.2 (1), in consultation with the commissioner of transportation, using the most recently available
3.3 year of data.

3.4 Subd. 3. Analogous fuel economy. In consultation with the commissioner of
3.5 transportation, the commissioner must determine analogous fuel economy that applies to
3.6 each vehicle under this section. The determination must be based on federal data on
3.7 automotive trends maintained by the United States Environmental Protection Agency by
3.8 identifying:

3.9 (1) the vehicle classification that applies to the vehicle from among the following types
3.10 or successor types as specified by the Environmental Protection Agency: sedan/wagon, car
3.11 sport utility vehicle, truck sport utility vehicle, minivan/van, or pickup; and

3.12 (2) for the vehicle classification, the final estimated real-world fuel economy, in miles
3.13 per gallon, for the year matching the model year of the vehicle that is subject to the usage
3.14 charge, or if that data is unavailable, for the year prior to the model year of the vehicle. To
3.15 the extent feasible, the estimate under this clause must exclude all-electric vehicles.

3.16 Subd. 4. Road usage charge management agreement. (a) The commissioner must
3.17 enter into an agreement with one or more account providers to perform road usage charge
3.18 management. The agreement must include specification of:

3.19 (1) account provider responsibility to enroll vehicle owners in usage charge management;

3.20 (2) road usage charge calculation and verification;

3.21 (3) designated responsibility for road usage charge billing, collections, and remittance,
3.22 which may be performed by the commissioner, the account provider, or a combination of
3.23 both;

3.24 (4) policies to determine whether road usage charge management is active for a vehicle;

3.25 (5) policies on prepayment, account balance minimum, and balance replenishment;

3.26 (6) audit activity, which must include providing for revising prior usage charges based
3.27 on submitted odometer information;

3.28 (7) account provider responsibility for customer service;

3.29 (8) road usage charge information that is available to each enrolled vehicle owner, which
3.30 must include vehicle miles traveled over each billing period and an overview of usage charge
3.31 calculation;

3.32 (9) requirements governing terms and conditions for enrolled vehicle owners; and

4.1 (10) standards for data security.

4.2 (b) The commissioner may award a contract for purposes of this subdivision under the
4.3 best value method of contracting in conformance with chapter 16C.

4.4 Subd. 5. **Account providers; implementation capability.** (a) An account provider must
4.5 be capable of accurately identifying miles traveled by the vehicle within Minnesota, whether
4.6 through a device that is affixed to the vehicle and transmits geolocation information or from
4.7 data supplied by a vehicle manufacturer.

4.8 (b) An account provider must have a reasonable capacity to implement, in the future,
4.9 identification of vehicle miles traveled during specific times of day, over specific road
4.10 segments, within managed lanes, and in a combination of these situations.

4.11 Subd. 6. **Account providers; data practices.** (a) An account provider must share with
4.12 the commissioner the following data on an enrolled vehicle owner:

4.13 (1) data on the vehicle owner and the vehicle sufficient to identify the appropriate
4.14 matching records in the driver and vehicle services information systems;

4.15 (2) the billing period; and

4.16 (3) the calculated usage charge amount.

4.17 (b) An account provider must submit the data listed in paragraph (a) electronically in
4.18 the manner and by the date specified by the commissioner.

4.19 (c) An account provider may not share with the commissioner, and the commissioner
4.20 may not otherwise obtain from an account provider, geolocation data for a specifically
4.21 identifiable vehicle.

4.22 (d) An account provider may not share or disseminate data on an enrolled vehicle owner
4.23 with an entity other than the commissioner, except pursuant to a court order.

4.24 (e) Nothing in this subdivision prevents an account provider from sharing or disseminating
4.25 summary data, as defined in section 13.02, subdivision 19.

4.26 (f) Services provided by an account provider under this section are not a government
4.27 function for purposes of section 13.05, subdivision 11.

4.28 (g) An account provider's agreement with the commissioner is subject to section 13.05,
4.29 subdivision 6.

4.30 Subd. 7. **Odometer data.** A manufacturer of a new motor vehicle sold or offered for
4.31 sale within this state must provide access for vehicle mileage and odometer data to an

5.1 account provider for purposes of this section, following authorization by the vehicle owner
5.2 or lessee. The access must be provided through an application programming interface or
5.3 other similar information technology.

5.4 Subd. 8. **Deposit of revenue; appropriation.** (a) Notwithstanding section 168.013,
5.5 subdivision 8, revenue collected by the commissioner under this section must be deposited
5.6 as follows:

5.7 (1) 11 percent in the driver and vehicle services operating account; and

5.8 (2) the remainder in the highway user tax distribution fund.

5.9 (b) The amount deposited in the vehicle services operating account under this subdivision
5.10 is annually appropriated to the commissioner for payments to account providers and
5.11 administrative costs incurred by the commissioner.

5.12 Subd. 9. **Legislative report.** (a) By November 15 annually, the commissioner must
5.13 submit a report to the chairs, ranking minority members, and staff of the legislative
5.14 committees with jurisdiction over transportation policy and finance concerning the road
5.15 usage charge. At a minimum, the report must:

5.16 (1) provide an implementation overview, including enrollment activity and vehicle miles
5.17 traveled;

5.18 (2) summarize the agreement with each account provider, including information on each
5.19 of the specified areas identified under subdivision 5;

5.20 (3) review road usage charge finances, including total annual collections, appropriations
5.21 under subdivision 8, analogous fuel economy amounts, and average daily vehicle miles
5.22 traveled estimates; and

5.23 (4) make recommendations, if any, on legislative changes to road usage charge
5.24 requirements.

5.25 (b) For purposes of this subdivision, "staff" means those employees who are identified
5.26 in any of the following roles for the legislative committees: committee administrator,
5.27 committee legislative assistant, caucus research, fiscal analysis, counsel, or nonpartisan
5.28 research.

5.29 (c) This subdivision expires June 30, 2030.

5.30 **EFFECTIVE DATE.** This section is effective July 1, 2025, and applies to a registration
5.31 period starting on or after that date.

6.1 **Sec. 5. ROAD USAGE CHARGE; PHASE-IN.**

6.2 (a) For a road usage charge under Minnesota Statutes, section 168.0132, imposed in a
6.3 billing period that starts on or after July 1, 2025, and before July 1, 2026:

6.4 (1) the amount calculated under subdivision 2, paragraph (b), clause (2), and subdivision
6.5 2, paragraph (c), clause (2), is multiplied by 0.6; and

6.6 (2) the adjustment rate is multiplied by 0.6.

6.7 (b) For a road usage charge under Minnesota Statutes, section 168.0132, imposed in a
6.8 billing period that starts on or after July 1, 2026, and before July 1, 2027:

6.9 (1) the amount calculated under subdivision 2, paragraph (b), clause (2), and subdivision
6.10 2, paragraph (c), clause (2), is multiplied by 0.8; and

6.11 (2) the adjustment rate is multiplied by 0.8.

6.12 **EFFECTIVE DATE.** This section is effective July 1, 2025, and applies to a registration
6.13 period starting on or after that date.

6.14 **Sec. 6. APPROPRIATION; ROAD USAGE CHARGE.**

6.15 \$..... in fiscal year 2025 is appropriated from the driver and vehicle services operating
6.16 account in the special revenue fund to the commissioner of public safety for administrative
6.17 costs to implement the road usage charge under Minnesota Statutes, section 168.0132. This
6.18 is a onetime appropriation and is available until June 30, 2027.