

**FUELS EXCISE TAX
Electric Fuel Tax**

April 9, 2025

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 2092 (Johnson Stewart) 1st Engrossment

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
Highway User Tax Distribution Fund	\$600	\$1,200	\$1,700	\$2,400

Assumed effective October 1, 2025.

EXPLANATION OF THE BILL

Current Law: The sale of electricity is subject to the 6.875% state sales tax. Electricity is exempt from the sales tax if sold for residential use during the billing months of November, December, January, February, March or April; so long as the customer utilizes it as the primary source of residential heat.

Proposed Law: On and after October 1, 2025, a tax of five cents is imposed on each kilowatt hour of electric fuel delivered or placed into the battery or other energy storage device of an electric vehicle at a public charging station. Revenue is deposited into the Highway User Tax Distribution Fund. The electric fuel tax is based on the rate of tax and the amount of electric fuel transferred and does not include any sales taxes or charges and fees associated with the method of payment for the charging service.

The tax does not apply to electric vehicles charged at private residences, charging stations with a charging capacity less than 50 kilowatts, or charging stations that do not require payment for use. Legacy chargers, public stations in operation prior to October 1, 2023 and that do not have a metering system capable of measuring the transfer of electric fuel, are exempt from the electric fuel tax until January 1, 2032.

REVENUE ANALYSIS DETAIL

- The electric vehicle surcharge forecast from February 2025 was used.
- It is estimated that the average vehicle in Minnesota travels about 11,000 miles per year and the average electric vehicle will consume about 3,300 kilowatt-hours of electricity in a year.
- About 80% of electric vehicle charging takes place at private residences and homes. The remaining 20% of charging occurs at public charging stations.
- It is estimated that 60% of public charging stations will be exempt until 2032 as legacy chargers.
- The fiscal year 2026 estimate is adjusted for eight 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)