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### **E.V. Owners Don't Pay Gas Taxes. So, Many States Are Charging Them Fees.**

*By Jack Ewing, 1/27/25*

Owners of electric cars in Vermont recently got a letter from the Department of Motor Vehicles with some bad news. Starting Jan. 1 they would have to pay \$178 a year to register their cars, twice as much as owners of vehicles with internal combustion engines.

In imposing the higher fee, Vermont became the latest state to make people pay a premium for driving electric. At least 39 states charge such annual fees, including \$50 in Hawaii and \$200 in Texas, according to the National Conference of State Legislatures. That's up from no states a few years ago.

Now, as President Trump rolls back Biden administration measures to promote electric vehicles, Republicans in Congress are considering imposing a national fee to bolster the fund used to finance roads and bridges, a fund that is in dire shape.

The fees are an attempt to make up for declining revenue from gasoline taxes that electric cars, for obvious reasons, don't pay. They're an example of how governments are struggling to adjust to technological upheaval in the auto industry.

Environmentalists and consumer groups agree that electric vehicle owners should help pay for road maintenance and construction. But they worry that Republicans, who control Congress, would set the fee at extremely high levels to punish electric vehicle owners, who tend to be liberals.

That has already happened in Texas and other states, said Chris Harto, a senior policy analyst at Consumer Reports who focuses on transportation and energy.

"E.V. owners should contribute to paying for the roads that they use," he said. But, he added, "in some cases, states are implementing fees that are pretty punitive to E.V. drivers, significantly more than what the owner of a gas vehicle would pay."

Flat fees are also unfair to low-income drivers or people who don't drive very much, making it even harder for them to buy cars that pollute less, Mr. Harto and others said. Federal and state gasoline and diesel taxes are levied per gallon, so that people who drive more — or own gas guzzlers — automatically pay more.

The main reason that revenue from fuel taxes has declined is that internal combustion engines have become much more efficient, while political leaders have been reluctant to raise fuel taxes to keep up with inflation.

The federal gasoline tax of 18.4 cents per gallon has not been increased since 1993. The Highway Trust Fund, which finances transportation projects from proceeds of that tax, could become insolvent by 2027 without new sources of funding, analysts say. A list of tax and spending policies that Republicans in Congress are considering includes imposing fees on electric vehicles to help replenish the Highway Trust Fund.

There are 5.4 million electric vehicles on U.S. roads, according to the Alliance for Automotive Innovation, an industry group. But that is roughly 2 percent of the total and not the main cause of revenue gaps.

“Lawmakers are finding a convenient scapegoat, and penalizing the cleanest vehicles on the road while ignoring the real cause of the shortfall,” said Max Baumhefner, director for electric vehicle infrastructure at the Natural Resources Defense Council.

Some of the highest electric vehicle fees are in states that usually elect Republicans, like Texas, Wyoming and Ohio, all of which charge \$200 a year on top of the regular registration fee.

Robert Nichols, a Republican state senator in Texas who sponsored legislation in 2023 establishing a fee, said that the amount was determined by analyzing how much the average owner of a gasoline vehicle pays.

“It’s not an anti-E.V. thing. We’ve got Tesla right here in Texas and we’re very proud,” he said, referring to the electric car maker, which has its headquarters and a factory in Austin. “But everybody needs to pay for the road.”

Texas is among the states singled out by Consumer Reports for overcharging electric vehicle drivers. The organization cites Texas’ relatively low gas tax of 20 cents a gallon, well below the national average of about 50 cents.

Mr. Nichols acknowledged that lawmakers were reluctant to raise taxes on drivers of gasoline cars. “Nobody wants that on their tombstone: ‘Raised the gas tax,’” he said. But increasingly, electric vehicle fees are not just a red state phenomenon. New Jersey, where the gasoline tax is more than twice as high as in Texas, began charging electric vehicle owners a \$250 fee last year. Washington, [which charges \\$150](#) and an additional \$75 “transportation electrification fee,” is as progressive as any blue state.

In Vermont, lawmakers passed a fee law last year because they were concerned that growing numbers of electric vehicles posed a risk to state finances, said Patrick Murphy, state policy director at the Vermont Agency of Transportation.

“Legislators recognized that we are nearing the tipping point where E.V. adoption has become mainstream in Vermont,” he said.

Electric vehicles accounted for 12 percent of new car sales in Vermont last year, above the national average of 8 percent. Mr. Murphy noted that fees collected from electric vehicle owners are earmarked for infrastructure like chargers. At \$89 a year above the standard registration fee, Vermont's fee is also at the low end of what states charge.

People on both sides of the debate agree that a fairer system would charge electric vehicle owners per mile driven. But doing that is complicated. Some states are experimenting with technology that tracks mileage and bills owners accordingly. But the systems are expensive and raise privacy issues.

A flat fee is "not perfect," Mr. Nichols, the Texas legislator, acknowledged. "But it makes a big step forward. It's fair without setting up a huge bureaucracy."

Some states, including Iowa, Georgia and Kentucky, tax electric vehicle chargers. But that system misses a lot of cars. Most people charge at home, using public chargers only occasionally.

States that don't charge electric cars higher fees include Alaska, Arizona, New York and Massachusetts, according to the National Conference of State Legislatures.

In 2026, Vermont plans to be among the first states to try to charge electric vehicle owners based on how much they drive.

That will be relatively easy in Vermont, Mr. Murphy said, because officials already collect odometer readings when owners bring their cars in for annual safety checks. That's not the case in many states.

Even a system that tracks mileage has flaws. It taxes owners for trips in other states, and does not collect revenue from out-of-state visitors.

"The whole approach we have had is to keep things as simple as possible in the beginning, to get something in place where all vehicles are paying something for our infrastructure," Mr. Murphy said, "and then to evolve over time to continually make it a fairer system."

**Jack Ewing** writes about the auto industry with an emphasis on electric vehicles. [More about Jack Ewing](#)