

1464-Support for 3 cent gas tax increase – Rep. Vicky Steiner, District 37, Dickinson

Madam Chair Bell, Members of Senate Finance and Tax committee

Thank you for the opportunity to present HB 1464 and the purpose of the bill to you.

- 1) A tax should ideally be fair, simple, broad
- 2) No one likes to talk about increasing taxes, there is never a good time
- 3) Gas tax is a user fee of those who use the road
- 4) Taxes should be tied to use in a logical fashion
- 5) ND's .23 gas tax has not been increased since 2005
- 6) Adjusted for inflation .23 would be .31 today
- 7) Why has it been left at .23?
- 8) For the past 10 years, Legislative Council reports that we've appropriated \$3 billion in one-time oil surplus funds to one-time road funding in addition to the gas tax funding.
- 9) The gas tax is used for maintenance, fixing potholes, on state, county, city, township roads.
- 10) The gas tax breakdown is 61.3% to state, 38.7% to cities, counties, townships and public transit.
- 11) One penny generates about \$7.4 million.
- 12) DOT has a 10-year plan that would require about 5-6 cents increase in the gas tax.
- 13) It's likely the powers that be will take a set stream of dollars from the legacy fund to fix the bridge deficiency problem, which is a serious issue as the federal government has flagged these bridges for structural problems.
- 14) Is the Legacy fund the way to fund maintenance of remaining road and bridge deficiencies?
- 15) No, some of the revenue should come from users of the state roads, including out of state drivers who also impact our highways. 25% of the drivers are estimated by DOT to be out of state. If we go to the Legacy fund for potholes and bridges, the out of state drivers get the benefit of our children's legacy funds.
- 16) Should out of state drivers get a pass on paying for their impacts and get the benefit of our Legacy fund?
- 17) At .26 we are still competitive. MN gas tax in the ND Tax Red Book is reported at 28.5 cents, South Dakota 28 cents, Montana 32 cents.
- 18) The federal stimulus is not expected to include state roads and bridges. It does include about \$60 million in taxes that weren't paid because of COVID.
- 19) The question isn't if we will fix the bridges and roads over the next 10 years. But who pays? Let's use the user fee, the gas tax. It shouldn't all come from the Legacy fund. That's taking some opportunity away from our kids and grandkids. 3 cents. The gas tax is fair, simple, broad. It's transparent, understandable to the public and at this time, it's the right thing to do for our children and grandchildren.
- 20) I have an amendment for the electric vehicle registrations fees, they could be studied, if you add on 3 cents to the gas tax or some increase, it could be increased for their registration costs. This bill follows 2 other states that have a higher registration fee because of costs that will be an issue. Their car batteries cannot go to a regular landfill, considered hazardous, and there isn't information on how that cost needs to be calculated yet. The heavy metal contained in their

batteries can lead to contamination of soil and water, according to a May 6, 2019 report from the Institute of Energy Research. It also says that it's five times more expensive to extract lithium from old batteries than mined lithium. Recycling costs shouldn't be ignored. Will the state have a cost when all is said and done?

So, if this 3 cent gas tax costs people about \$2 a month more or \$24 a year, what can we do as legislators to offset that?

We can approve the return of \$100 million in income tax relief. We don't get rid of the sacred three legged stool. Just return a little bit of relief. And if we return some tax relief, that will cover the \$24 yearly increase. That is true reform and may leave some cash in our taxpayers pockets at the same time, we collect from out of state drivers. How many states are considering tax relief this year? Oklahoma, Mississippi, Utah, Georgia, Missouri, Arkansas- a report from CSG.

Please consider a Do Pass recommendation and let's begin the reform of who pays for the rising costs of our state and local roads and bridges. Thank you.

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	Gasoline			Diesel Fuel			Gasohol			Notes
	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	
Alabama (1) (9)	24.0		24.0	25.0		25.0	24.0		24.0	
Alaska	8.0	0.95	8.95	8.0	0.95	8.95	8.0	0.95	8.95	Refining Surcharge
Arizona	18.0	1.0	19.0	26.0	1.0	27.0	18.0	1.0	19.0	(8) LUST Tax
Arkansas	21.5	3.3	24.8	22.5	6.3	28.8	21.5	3.3	24.8	Environmental Fee, W. Sales Tax
California	47.3	6.0	53.3	36.0	32.0	68.0	47.3	6.0	53.3	Includes prepaid sales tax (7)
Colorado	22.0		22.0	20.5		20.5	22.0		22.0	
Connecticut	25.0		25.0	46.5		46.5	25.0		25.0	Plus a 8.1% Petroleum tax (gas)
Delaware	23.0		23.0	22.0		22.0	23.0		23.0	Plus 0.9% GRT
Florida (2)	18.3	16.096	34.396	19.3	13.9	33.2	18.3	16.096	34.396	Sales tax added to excise (2)
Georgia (5)	27.9		27.9	31.3		31.3	27.9		27.9	(5) Local sales tax additional
Hawaii (1)	16.0		16.0	16.0		16.0	16.0		16.0	Sales tax additional
Idaho	32.0	1	33.0	32.0	1	33.0	32.0	1	33.0	Clean Water Fee
Illinois (1) (5)	38.0	1.1	29.1	45.5	1.1	46.6	38.0	1.1	39.1	Sales tax add., env. & LUST fee (3)
Indiana (5)	30.0		30.0	49.0		49.0	30.0		30.0	Sales tax additional
Iowa	30.5		30.5	32.5		32.5	29.0		29.0	
Kansas	24.0	0.03	24.03	26.0	0.03	26.03	24.0	0.03	24.03	Inspection fees
Kentucky	24.6	1.4	26.0	21.6	1.4	23.0	24.6	1.4	26.0	Environmental fee (4) (3)
Louisiana	20.0	0.001	20.001	20.0	0.001	20.001	20.0	0.001	20.001	Inspection fee
Maine	30.0		30.0	31.2		31.2	30.0		30.0	
Maryland (5)	36.7		36.7	37.45		37.45	36.7		36.7	(5)
Massachusetts	24.0		24.0	24.0		24.0	24.0		24.0	
Michigan	26.3		26.3	26.3		26.3	26.3		26.3	Sales tax additional
Minnesota	28.5	0.1	28.6	28.5	0.1	28.6	28.5	0.1	28.6	Inspect fee
Mississippi	18.0	0.4	18.4	18.0	0.4	18.4	18.0	0.4	18.4	Environmental fee
Missouri	17.0	0.42	17.42	17.0	0.42	17.42	17.0	0.3	17.3	Inspection & Load fees
Montana	32.0		32.0	29.45		29.45	32.0		32.0	
Nebraska	29.3	0.9	30.2	29.3	0.3	29.6	29.3	0.9	30.2	Petroleum fee (5)
Nevada (1)	23.0	0.805	23.805	27.0	0.75	27.75	23.0	0.805	23.805	Inspection and cleanup fee
New Hampshire	22.2	1.625	23.825	22.2	1.625	23.825	22.2	1.625	23.825	Oil discharge cleanup fee
New Jersey	10.5	30.9	41.4	13.5	35.0	48.5	10.5	30.9	41.40	Petroleum fee
New Mexico	17.0	1.875	18.875	21.0	1.875	22.875	17.0	1.875	18.875	Petroleum loading fee
New York	8.05	17.4	25.45	8.0	15.65	23.65	8.05	17.4	25.5	Petroleum Tax, Sales tax additional
North Carolina	36.1	0.25	36.35	36.1	0.25	36.35	36.1	0.25	36.35	(5) Inspection tax
North Dakota	23.0		23.0	23.0		23.0	23.0		23.0	
Ohio	38.5		38.5	47.0		47.0	38.5		38.5	
Oklahoma	19.0	1.0	20.0	19.0	1.0	20.0	19.0	1.0	20.0	Environmental fee
Oregon (1)	36.0		36.0	36.0		36.0	36.0		36.0	
Pennsylvania	57.6		57.6	74.1		74.1	57.6		57.6	Oil franchise tax only (5)
Rhode Island (5)	34.0	1	35.0	34.0	1	35.0	34.0	1	35.0	LUST tax
South Carolina (9)	22.0	0.75	22.75	22.0	0.75	22.75	22.0	0.75	22.75	Inspection fee and LUST tax
South Dakota (1)	28.0	2	30.0	28.0	2	30.0	26.6	2	28.6	Inspection fee (gasohol E10)
Tennessee (1)	26.0	1.4	27.4	27.0	1.4	28.4	26.0	1.4	26.4	Petroleum Tax and Environmental Fee
Texas	20.0		20.0	20.0		20.0	20.0		20.0	
Utah	31.1		31.1	31.1		31.1	31.1		31.1	(4)
Vermont (5)	12.1	18.71	30.81	28.0	4.0	32.0	12.1	18.71	30.81	Cleanup Fee and Trans. Fee
Virginia (1)	16.2		16.2	20.2		20.2	16.2		16.2	(6)
Washington	49.4		49.4	49.4		49.4	49.4		49.4	0.5% privilege tax
West Virginia	20.5	15.2	35.7	20.5	15.2	35.7	20.5	15.2	35.7	Sales tax added to excise
Wisconsin	30.9	2.0	32.9	30.9	2.0	32.9	30.9	2.0	32.9	Petroleum Insp. Fee
Wyoming	23.0	1	24.0	23.0	1	24.0	23.0	1	24.0	License tax
Dist. of Columbia	23.5		23.5	23.5		23.5	23.5		23.5	
Federal	18.3	0.1	18.4	24.3	0.1	24.4	18.3	0.1	18.4	LUST tax

Compiled by FTA from various sources. Fee/Taxes column is for comparison purposes and does not include all taxes/fees levied.

- Tax rates do not include local option taxes. In AL, 1¢ to 3¢; HI, 8.8¢ to 18.0¢; IL, 5¢ in Chicago and 6¢ in Cook county (gasoline only); NV, 4.0¢ to 9.0¢; OR, 1¢ to 5¢; SD and TN, 1¢; and VA 2.1¢.
- Local taxes for gasoline and gasohol vary from 0¢ to 6.0¢. Includes Inspection Fee, SCETS, and Statewide Local Tax.
- Carriers pay an additional surcharge equal to IL-14.9¢, KY-2% (g) 4.7% (d).
- Tax rate is based on the average wholesale price and is adjusted annually. The actual rates are: KY, 9%; and UT, 16.5%.
- Portion of the rate is adjustable based on maintenance costs, sales volume, cost of fuel to state government, or inflation.
- Large trucks pay an additional (d) 3.5¢ (g) 12.6¢. Actual rates (g) 5.1%, (d) 6%.
- CA Gasoline subject to 2.25% sales tax. Diesel subject to a 13% sales tax.
- Diesel rate specified is the fuel use tax rate on large trucks. Small vehicles are subject to 18 cent tax rate.
- On July 1, 2020, SC tax will increase to 24 cents. On October 1, 2020, AL tax will increase to 26 cents (g) and 27 cents (d).

Source: Federation of Tax Administrators:
www.taxadmin.org

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Kansas	\$30 or \$40, depending on weight <i>Additional county fees apply</i>	\$100 TOTAL annual reg fee	\$50 TOTAL annual reg fee	Current fees passed in 2019
Michigan	Registration fee is based on value of vehicle	*Most recent: \$135 additional fee (up to 8,000 lbs); \$100 base \$235 additional fee (over \$8,000 lbs); \$200 base	*Most recent: \$47.50 additional fee (up to 8,000 lbs); \$30 base \$117.50 additional fee (over \$8,000 lbs); \$100 base)	*based on the motor vehicle fuel tax: EV fee is \$5 for every 1 cent in fuel tax above 19 cents hybrid fee is \$2.50 for every 1 cent in fuel tax above 19 cents current fees are based on 26.3 cents per gallon motor vehicle fuel tax
Minnesota	\$10, plus 1.25% of vehicle's base value <i>(minimum = \$35)</i>	\$75 additional fee Total: \$85, plus 1.25% of vehicle's base value	NA	Fees established in 2015 EV fees passed in 2017
Nebraska	\$20.50 annual registration fee, including additional taxes and fees	\$75 additional alternative fuel fee Total: \$95.50		EV fees passed in 2011
Ohio	\$34.50 annual registration fee	\$200 additional fee Total: \$234.50	\$100 additional fee Total \$134.50	EV and hybrid fees passed in 2019
South Dakota	Based on weight and model year (\$22.50 - \$144)	NA	NA	
Wisconsin	\$85 annual registration fee	\$200 additional fee Total: \$231	\$100 additional fee Total \$131	EV and hybrid fees passed in 2017 and 2019

Compiled for: North Dakota Rep. Zachary Ista | February 15, 2021
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Midwestern Legislative Conference
THE COUNCIL OF STATE GOVERNMENTS

ANNUAL VEHICLE REGISTRATION FEES FOR ELECTRIC AND HYBRID VEHICLES – MIDWESTERN STATES

	ANNUAL REGISTRATION ON TRADITIONAL VEHICLE	ELECTRIC VEHICLES	HYBRID	NOTES
Illinois	\$148 reg (+ \$3 in surcharges) Total: \$151	\$100 additional fee Total: \$251	NA	EV fees increased in 2020: prior to 2020, EV ref fee could not exceed a \$35 biennial rate (or \$18/year)
Indiana	\$21.35 reg fee (+ \$15 Transportation Infrastructure Improvement Fee) Total: \$36.35	\$150 additional fee Total: \$186.35	\$50 additional fee Total: \$86.35	EV and hybrid fees passed in 2019
Iowa	Based on vehicle weight and vehicle list price: 1. 40 cents/100 pounds vehicle weight 2. List price fee ranges from .5% - 1% (higher rates for newer vehicles) – for vehicles less than 12 years old (\$50 fee if 12 or more years old)	\$65 additional fee (2020) 2021: additional fee increased to \$97 2022: additional fee increases to \$130	\$32 additional fee (2020) 2021: additional fee increased to \$48.75 2022: additional fee increases to \$65	Current EV and hybrid fees passed in 2019, with scheduled increases as indicated