

Fiscal Estimate - 2023 Session

Original Updated Corrected Supplemental

LRB Number 23-2813/1		Introduction Number SB-0791	
Description exemptions from public utility regulation regarding electric vehicle charging stations, installation and operation of electric vehicle charging stations by state agencies or local governmental units, and imposing an excise tax on electric vehicle charging			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs			
Local:			
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 25.40			
Agency/Prepared By		Authorized Signature	Date
DOR/ Momodou Bah (608) 266-8133		Cari Redington (608) 266-2943	12/18/2023

Fiscal Estimate Narratives

DOR 12/18/2023

LRB Number	23-2813/1	Introduction Number	SB-0791	Estimate Type	Original
Description exemptions from public utility regulation regarding electric vehicle charging stations, installation and operation of electric vehicle charging stations by state agencies or local governmental units, and imposing an excise tax on electric vehicle charging					

Assumptions Used in Arriving at Fiscal Estimate

The bill imposes an excise tax on electric vehicle charging. The tax is imposed at a rate of 3 cents per kilowatt-hour on the electricity delivered or placed, for compensation, by an electric vehicle charging station into the battery or other energy storage device of an electric vehicle. The tax does not apply to electricity delivered or placed for no charge or by an electric vehicle charging station located at a residence. Under the bill, a "residence" is a place where a person resides permanently or temporarily, except for a hotel. Any person who, for compensation, delivers or places electricity from an electric vehicle charging station, other than an electric vehicle charging station located at a residence, owned, operated, managed, or leased by the person into the battery or other energy storage device of an electric vehicle must obtain a permit from the Department of Revenue. DOR enforces and collects the tax and must deposit all the revenue that it collects from the tax into the transportation fund.

The bill also exempts the sale of electricity delivered or placed by an electric vehicle charging station into the battery or other energy storage device of an electric vehicle from the sales and use tax.

FISCAL ESTIMATE – EXCISE TAX

According to data from the WIDOT there were about 3,712 electric vehicles registered in the state in FY19 and 17,253 by FY23. If the imposition of excise taxes on EV charging does not change the trend at which Wisconsinites continue to purchase electric vehicles, then using the electric vehicle registration trends from 2019 – 2023 the department can project 23,227 registered electric vehicles in the state in FY25. These figures don't include plug-in hybrid vehicles, which may also utilize electric charging stations, though each vehicle would consume considerably less electricity than a full-electric vehicle.

Also, data from the Federal Highway Administration show that the average US motorist drives 13,476 miles per year. Assuming that the average WI motorist drives the same miles as the average US motorist, the department estimates the total number of miles travelled by electric vehicle motorists in the state to be 313.0m miles in FY25 by multiplying the number of registered electric vehicles and the average miles driven per vehicle per year.

Various sources show that the average electric vehicle consumes between 0.32KWh to 0.346KWh of electricity per mile or about 3 miles per kWh. Based on the total distance travelled estimated above, electric vehicle motorists in WI will use about 104,200 MWh of electricity in FY25. At an excise tax rate of \$0.03/kWh, the estimated excise tax revenue will be about \$3.1m in FY25. These estimates will be less to the extent that electric vehicle owners charge their vehicles at home. Estimates for future years will depend on the adoption of electric vehicles, electric motor efficiency, and estimated miles travelled. Given the recent increases in electric vehicle production, the estimates could increase substantially over the next several years.

FISCAL ESTIMATE – SALES TAX EXEMPTION

As outlined above, the anticipated amount of electricity subject to the excise tax in FY25 totals 104,200 MWh. Assuming a retail price of \$0.25/kWh at charging stations, the sales tax exemption would result in a decrease of \$1.3 million of state sales tax revenue in FY25.

The local fiscal effect would depend on the location of charging stations. The fiscal effect of the sales tax exemption will also directly depend on the retail price of electricity sold at charging stations, which is subject to volatility and market variation.

ADMINISTRATIVE COSTS

The department estimates a one-time cost of \$453,090 for the Division of Technology Service (DTS) for updating the state's tax processing system and an ongoing administrative expense of \$333,660 at the IS&E for 2 revenue agents, 2 auditors, and related supplies.

The department cannot absorb the administrative costs with existing resources.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$453,090		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$333,660	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$333,660	\$
B. State Costs by Source of Funds		
GPR	333,660	
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$333,660	\$
NET CHANGE IN REVENUE	\$See text.	\$
Agency/Prepared By Authorized Signature Date		
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