

ROAD FUNDING AND EV TAXES

EV owners contribute to road funding and, in fact, pay more in vehicle and fuel-related taxes than internal combustion engine (ICE) drivers.

- Under Section 257.801, Section 7 of the Michigan Vehicle Code, EV owners must pay an additional annual registration tax.

EV Registration Tax = A base amount + \$5 for every \$0.01 the state gas tax exceeds \$0.19

This is in addition to the registration fee that all drivers pay, which is based largely on the vehicle's MSRP at the time of sale.

Drivers are separately responsible for sales tax applied to the fuel they purchase (6% on gas currently and 4% on electricity).

SEDAN DRIVERS Scenario	Taxes Paid Annually by an Average EV Driver (Hyundai Ioniq)	Taxes Paid Annually by an average ICE Driver (Chevy Malibu)	Difference (EV pays more)
Current (gas tax = \$0.27/gal)	\$444	\$370	\$73
If gas tax = \$0.51/gal	\$544	\$370	\$173

PICK-UP TRUCK DRIVERS Scenario	Taxes Paid Annually by an Average EV Driver (Ford F-150 Lightning)	Taxes Paid Annually by an average ICE Driver (Ford F-150)	Difference (EV pays more)
Current (gas tax = \$0.27/gal)	\$603	\$601	\$2
If gas tax = \$0.51/gal	\$703	\$601	\$102

Calculations are based on driving 14,000 miles per year.

Proposals to swap the sales tax on gasoline with an increased gas tax seem fair on the surface, but there's a hidden cost for Michigan's EV drivers.

Why It Matters:

- **EV owners could pay over \$100 more in taxes compared to the current scenario**, while ICE vehicle drivers' taxes won't change.
- **EV owners would pay \$173 more in taxes than ICE vehicle drivers.**
- **EV drivers pay the entire tax upfront**, unlike ICE vehicle drivers who pay gradually at the pump. This hits especially hard for EV truck owners, who face an **additional \$360 per year**, in addition to regular registration fees.
- **Michigan's leadership in EV manufacturing is at stake.** EV sales in the state grew nearly 370% from 2019 to 2024, and Michigan is positioned to be a national hub for electric mobility innovation.
- **Higher upfront EV costs could stall adoption**, reduce market demand, discourage private investment, and weaken Michigan's competitive edge in the global mobility industry.

To support fair road funding while promoting Michigan's EV industry:

- **Reform the tax formula:** Eliminate the base registration fee for passenger EVs or slow the rate at which the tax increases with the gas tax.
- **Dedicate EV tax revenue to expanding charging infrastructure**, helping EV drivers, and supporting Michigan's clean transportation goals.

