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BILL SUMMARY

S.F. No. 4169 – Modifying tax on electricity sold as a vehicle fuel

Author: Senator Ann M. Johnson Stewart

Prepared by: Tom Watson, Senate Counsel (tom.watson@mnsenate.gov)

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This bill modifies the tax imposed on electricity sold as a vehicle fuel by requiring the tax rate to be adjusted annually based on any percentage increase in the Minnesota Highway Construction Cost Index. The bill also renames a defined term and makes conforming changes.

Section 1 substitutes the term "retail charging station" for the term "public charging station."

Sections 2 through 4 make conforming changes.

Section 5 requires the Commissioner of Revenue to annually adjust the tax rate imposed on electricity sold as a vehicle fuel. Each year, the current rate is multiplied by one plus the percentage increase in the Minnesota Highway Construct Cost Index for the reference year. The Minnesota Highway Construct Cost Index is determined by the Commissioner of Transportation, and the reference year is defined to be the 12 month period ending on June 30 two years prior top the year in which the calculation is made. The percentage change increase in the tax is capped at 3 percent each year. Section 5 also provides for quarterly, rather than monthly, payment of the tax.

Section 6 makes conforming changes.

Section 7 makes conforming changes and exempts the United States government for government uses and certain United States government contractors from the tax on electricity sold as a vehicle fuel.

Section 8 and 9 make conforming changes.

Section 10 exempts electricity sold as a vehicle fuel from sales and use taxes under chapter 297A.

Section 11 appropriates an unspecific amount from the general fund to the Commissioner of Transportation for matching federal aid, related state investments, and staff costs for the electric vehicle infrastructure program under Minnesota Statutes, section 174.47.