

TRANSPORTATION DEPARTMENT[761]

Adopted and Filed

Rule making related to electric vehicle fees

The Department of Transportation hereby amends Chapter 400, “Vehicle Registration and Certificate of Title,” and Chapter 505, “Interstate Motor Vehicle Fuel Licenses and Permits,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is adopted under the authority provided in Iowa Code sections 307.12 and 452A.59.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code chapter 452A and sections 321.116 and 321.117 and 2019 Iowa Acts, House File 767, sections 1, 2, 4, 5, 23 and 28 to 32.

Purpose and Summary

This rule making updates Chapters 400 and 505 to align the rules with Iowa Code sections 321.116 and 321.117 and chapter 452A as amended by 2019 Iowa Acts, House File 767, sections 1, 2, 4, 5, 23 and 28 to 32. Sections 1, 2, 4 and 5 of House File 767 were effective January 1, 2020. Sections 23 and 28 to 32 have a delayed effective date of July 1, 2023.

Under the legislation, a special annual registration fee for an electric vehicle is required. The fee is in addition to the annual registration fee assessed based on a vehicle’s weight and value. The legislation also established an additional registration fee for a battery electric vehicle (BEV) or a plug-in hybrid electric vehicle (PHEV), in addition to the registration fee based on the model year. The legislation was enacted because, while Iowa motor fuel taxes are the largest single source of revenue for road and bridge funding in Iowa, fuel tax revenue is declining as average fuel efficiency is increasing and electric vehicles are entering the market. As a result, increasing and significant losses to critical state road and bridge funding has been predicted, especially as more electric vehicles are purchased and their usage increases.

There are three fee levels and three successive implementation dates for electric vehicles, depending upon vehicle type (BEV, PHEV or BEV/PHEV motorcycle), as demonstrated by the following table:

Vehicle Type	January 1, 2020, Fee	January 1, 2021, Fee	January 1, 2022, Fee
BEV	\$65.00	\$97.50	\$130.00
PHEV	\$32.50	\$48.75	\$ 65.00
Motorcycle (BEV or PHEV)	\$ 4.50	\$ 6.75	\$ 9.00

The following paragraphs explain the rule making:

The amendments to rule 761—400.1(321) add a new definition for an “electric vehicle annual registration fee” to describe the new annual registration fee that will be assessed for a BEV and PHEV, in addition to the traditional annual registration fee assessed based on the weight and value of the vehicle. The definition provides that any reference to an annual registration fee in Chapter 400 shall include the electric vehicle annual registration fee, if that is the type of vehicle that is the subject of the registration action, unless otherwise specifically addressed. Also, the amendments to rule 761—400.1(321) modify the definition of “half-year fee” to provide that a half-year fee does not include an electric vehicle annual registration fee because the electric vehicle annual registration fee only applies to vehicles registered

under Iowa Code section 321.109(1)“a” and vehicles with half-year registration fees are excluded from registration under Iowa Code section 321.109.

The amendment to subparagraph 400.16(2)“c”(2), which addresses procedures for application for title and registration for a specially reconstructed vehicle, provides that the Department shall determine if the vehicle being examined for purposes of obtaining a title is subject to the electric vehicle annual registration fee.

The amendment to paragraph 400.32(2)“b,” which addresses vehicles owned by nonresident members of the armed services, states that if a nonresident is seeking to register a BEV or PHEV in Iowa under rule 761—400.32(321), the electric vehicle annual registration fee will apply. House File 767 did not authorize the Department to waive electric vehicle registration fees for nonresident members of the armed services. Additionally, the existing rules provide that a person who qualifies to register a vehicle under subrule 400.32(2) is still required to pay the standard registration fee based on the weight of the vehicle.

The amendment to subrule 400.44(1), which addresses penalties on registration fees, provides that if multiple penalties for delinquent registration fees are assessed, such as if an applicant is delinquent on paying the regular annual registration fee and the electric vehicle annual registration fee, then the resultant penalty amounts will be added together first, and the sum will be rounded to the nearest whole dollar.

The amendment to subrule 400.60(1), which addresses credits of registration fees, provides that while there is no credit available for the unexpired portion of the electric vehicle annual registration fee, that fee will still be eligible for a refund under the provisions of rule 761—400.50(321,326). A refund is required in lieu of a credit to allow for the necessary accounting reconciliation for county treasurers collecting registration fees.

The amendments to rule 761—505.1(452A) add definitions for “electric fuel,” “fuel supply tank,” and “hydrogen gallon” to conform with House File 767, which established new definitions for all those terms, and to align with the current Department practice of directing individuals seeking copies of the International Fuel Tax Agreement (IFTA) to the IFTA website.

The amendment to subrule 505.3(2), which addresses non-IFTA member requirements, provides that on or after July 1, 2023, the non-IFTA member must not enter Iowa with more than 350 kilowatt hours of electric fuel, making this provision consistent with the current requirement that a non-IFTA member may not enter Iowa with more than 30 gallons of traditional (non-electric) fuel.

The amendments to subrule 505.3(3), which addresses the determination of fuel supply process, add a diesel gallon equivalent to the traditional fuel determination and include the method of determination of the fuel supply and amount of fuel for electric fuel.

The amendments to subrule 505.3(9), which addresses temporary fuel permits, align with current procedures in that truck stops are no longer designated by the Department to issue temporary fuel permits. The Department has extensively updated the Department’s website to provide for an online application process for temporary fuel permits, in addition to still allowing application by mail or fax. This subrule is also updated to strike outdated procedures related to utilizing Vital Chek and monthly billing options to pay the temporary fuel permit fees.

Finally, the amendments to subrule 505.4(13), which addresses the Department’s duty to estimate gallonage to determine tax liability, include the Department’s authority to estimate kilowatt hours used, which aligns with the new duty to compute and collect interstate motor fuel taxes on electric fuel.

Public Comment and Changes to Rule Making

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on July 15, 2020, as **ARC 5080C**. No public comments were received. No changes from the Notice have been made.

Adoption of Rule Making

This rule making was adopted by the Department on August 19, 2020.

Fiscal Impact

While the administrative rules themselves do not cause a fiscal impact, the underlying legislation has resulted in approximately \$138,688 in fees being deposited into the Road Use Tax Fund as of June 30, 2020.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the person's circumstances meet the statutory criteria for a waiver may petition the Department for a waiver under 761—Chapter 11.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rule making will become effective on October 14, 2020.

The following rule-making actions are adopted:

ITEM 1. Adopt the following **new** definition of “Electric vehicle annual registration fee” in rule **761—400.1(321)**:

“*Electric vehicle annual registration fee*” means an annual registration fee for a battery electric or plug-in hybrid electric motor vehicle as provided in Iowa Code sections 321.116 and 321.117. Unless otherwise provided, for purposes of this chapter, any reference to a registration fee shall also include an annual registration fee for a battery electric or plug-in hybrid electric motor vehicle if that vehicle is a battery electric or plug-in hybrid electric motor vehicle as defined in Iowa Code sections 321.116 and 321.117.

ITEM 2. Amend rule **761—400.1(321)**, definition of “Half-year fee,” as follows:

“*Half-year fee*” means the first semiannual installment of an annual registration fee but does not include an electric vehicle annual registration fee. The term “half-year registration” shall be synonymous with the term “half-year fee.”

ITEM 3. Amend rule **761—400.1(321)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 321.1, 321.8, 321.20, 321.23, 321.24, 321.40, 321.45, 321.50, 321.116, 321.117, 321.123, 321.134, 321.157 and 322.2.

ITEM 4. Amend subparagraph **400.16(2)“c”(2)** as follows:

(2) If the vehicle is a passenger-type motor vehicle, the department shall determine its weight and value. The department shall also determine if the vehicle is subject to the electric vehicle annual registration fee. The vehicle weight shall be fixed at the next even 100 pounds above the actual weight of the vehicle fully equipped, as provided in Iowa Code section 321.162. The weight and value shall constitute the basis for determining the annual registration fee under Iowa Code section 321.109, except as provided in Iowa Code section 321.113.

ITEM 5. Amend rule **761—400.16(321)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 321.20, 321.23, 321.24, 321.52, 321.109, 321.116, 321.117 and 321.162.

ITEM 6. Amend paragraph **400.32(2)“b”** as follows:

b. The fee for a passenger-type vehicle registered under Iowa Code section 321.109 shall be based only on the weight of the vehicle; the part of the fee based on value shall be excluded. The fees for all other vehicles shall be determined as specified in Iowa Code chapter 321. The registration fee under Iowa Code sections 321.116 and 321.117 shall apply.

ITEM 7. Amend rule **761—400.32(321)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 321.53 to 321.55, ~~and~~ 321.109, 321.116 and 321.117.

ITEM 8. Amend subrule 400.44(1) as follows:

400.44(1) Monthly basis. The penalty on the delinquent payment of a registration fee shall be computed on a monthly basis, rounded to the nearest whole dollar. If multiple penalties are assessed, the penalties shall be first added together and then the sum shall be rounded to the nearest whole dollar.

ITEM 9. Amend subrule 400.60(1), introductory paragraph, as follows:

400.60(1) Credit for unexpired registration fee. The applicant may claim credit, as specified in Iowa Code ~~subsection~~ section 321.46(3), toward the registration fee for one newly acquired replacement vehicle. No credit shall be given for an unexpired electric vehicle annual registration fee; however, an unexpired electric vehicle annual registration fee is eligible for a refund as provided in rule 761—400.50(321,326).

ITEM 10. Amend rule **761—400.60(321)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 321.46, 321.46A, 321.48, 321.116, 321.117, 321.126 and 321.127.

ITEM 11. Adopt the following **new** definitions of “Electric fuel,” “Fuel supply tank” and “Hydrogen gallon” in rule **761—505.1(452A)**:

“*Electric fuel*” means electrical energy delivered or placed into the battery or other energy storage device of an electric motor vehicle from a source outside the motor vehicle for purposes of propelling the motor vehicle as defined in Iowa Code section 452A.40 as enacted by 2019 Iowa Acts, House File 767, section 23.

“*Fuel supply tank*” means a motor vehicle’s hydrogen fuel cells if the motor vehicle uses hydrogen as a special fuel.

“*Hydrogen gallon*” means a diesel gallon equivalent. A diesel gallon equivalent of hydrogen weighs 2.49 pounds.

ITEM 12. Amend rule **761—505.1(452A)**, definitions of “IFTA member jurisdiction” and “Non-IFTA member jurisdiction,” as follows:

“*IFTA member jurisdiction*” means a jurisdiction that is a member of the International Fuel Tax Agreement. A list of jurisdictions and their membership statuses may be obtained by contacting the ~~office of vehicle and motor carrier services bureau.~~

“*Non-IFTA member jurisdiction*” means a jurisdiction that is not a member of the International Fuel Tax Agreement. A list of jurisdictions and their membership statuses may be obtained by contacting the ~~office of vehicle and motor carrier services bureau.~~

ITEM 13. Amend rule **761—505.1(452A)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 452A.2 and 452A.57 and section 452A.40 as enacted by 2019 Iowa Acts, House File 767, section 23.

ITEM 14. Amend rule 761—505.2(452A) as follows:

761—505.2(452A) General information.

505.2(1) Information and location. Applications, forms and information on interstate motor vehicle fuel permits and licenses are available by mail from the ~~Office of Vehicle and Motor Carrier Services Bureau,~~ Iowa Department of Transportation, P.O. Box 10382, Des Moines, Iowa 50306-0382; in person at 6310 SE Convenience Blvd., Ankeny, Iowa; by telephone at ~~(515)237-3224~~ (515)237-3268; ~~or by~~

facsimile at ~~(515)237-3354~~ (515)237-3225; by email at omcs@iowadot.us; or on the department's website at www.iowadot.gov.

505.2(2) Organizational data. The ~~office of vehicle and motor carrier services of the department's motor vehicle division~~ bureau is authorized, pursuant to Iowa Code chapter 452A, division III, to:

a. to c. No change.

d. Administer agreements with other jurisdictions for the collection and refund of interstate motor fuel tax. In accordance with this, the department has adopted the International Fuel Tax Agreement (IFTA). Such agreement and any revisions thereto are hereby incorporated into this chapter. International Fuel Tax Agreement governing documents do not create rights in the taxpayer. A copy of the agreement may be obtained by contacting the office of motor carrier services or may be reviewed through the Internet at www.iftach.org.

505.2(3) No change.

This rule is intended to implement Iowa Code sections 452A.51 and 452A.56.

ITEM 15. Amend rule 761—505.3(452A) as follows:

761—505.3(452A) General stipulations.

505.3(1) No change.

505.3(2) Non-IFTA member requirements. The operator of a qualified motor vehicle based in a non-IFTA member jurisdiction must do one of the following:

a. to c. No change.

d. On or after July 1, 2023, enter the state with less than 350 kilowatt hours of electric fuel.

~~*e.*~~ Enter the state with only Iowa tax paid fuel.

505.3(3) Determination of fuel supply.

a. To determine if a vehicle has entered the state with more than 30 gallons of fuel, the total of all fuel in all tanks that could be used to fuel the power source of the vehicle shall be considered to reach a total gallonage, or diesel gallon equivalent. The fuel tank connected to a “reefer unit” which can neither be directly nor indirectly connected to the power source of the vehicle shall not be considered in arriving at the ~~30-gallon~~ 30-gallon total.

b. To determine if a vehicle has entered the state with more than 350 kilowatt hours of electric fuel, the total of all electric fuel in the batteries or other energy storage devices of a commercial motor vehicle shall be considered to reach total kilowatt hours, regardless of whether the batteries or storage devices are connected to the motor of the vehicle.

505.3(4) Fuel license.

a. A fuel license may be obtained from the ~~office of vehicle and motor carrier services bureau~~ at a cost of \$10. The application must be complete and include, ~~but not be limited to,~~ the following information:

(1) Name and address of company, corporation, or owner who operates or controls the qualified motor vehicle(s);

(2) Name(s) and address(es) of principal or corporate officers;

(3) Signature and telephone number of contact person; ~~and~~

(4) A power of attorney if someone other than an officer or employee of the company will be completing quarterly reports or requesting information from the department; and

(5) Any other information required by the department.

b. No change.

505.3(5) No change.

505.3(6) Possession of the license or temporary permit. A license or temporary permit must be carried in the vehicle to meet the requirements of Iowa Code chapter 452A. ~~Several vehicles~~ More than one vehicle may be operated and reported under the same license by making a photocopy of the license and carrying it in each vehicle operating under said license. A license, copy of a license or temporary permit is void if altered. A duplicate license may be purchased from the ~~office of vehicle and motor carrier services bureau~~ for a ~~charge of~~ 50 cents.

505.3(7) No change.

505.3(8) *Bond requirements.*

a. and *b.* No change.

c. A copy of such bond shall be filed with the office of vehicle and motor carrier services bureau before a new license shall be issued. The ~~office of vehicle and motor carrier services bureau~~ shall be notified of bond cancellation 30 days before the cancellation is effective.

505.3(9) *Temporary fuel permits.*

a. A temporary fuel permit may be obtained by any person operating a qualified motor vehicle that is not otherwise covered by a license. The temporary permit may be obtained from the office of vehicle and motor carrier services bureau at a cost of \$20. The temporary permit may also be obtained from permit services; ~~or processing agents or truck stops designated by the department.~~ A designated list of authorized business locations may be obtained from the office of motor carrier services upon request. An application for a temporary permit may be made by phone, by facsimile or electronically to the office of vehicle and motor carrier services bureau. Permittees who purchase temporary fuel permits in advance of use may not return unused permits for refund.

b. No change.

~~*c.* Application may be made to the office of motor carrier services or at locations designated by the department. Alternate locations designated shall be approved “truck stops” as defined in Iowa Code section 326.23. These truck stops shall obtain prepaid temporary fuel permits at a cost of \$20 each. If a truck stop subsequently ceases to sell temporary permits, the remaining unissued permits may be redeemed at the office of motor carrier services for the same price paid to obtain them. When a temporary permit is purchased from the truck stop, it shall be issued at a price of \$20 plus any specific cost attributable directly to that purchase. The effective date of a temporary fuel permit shall be the date and hour of purchase from the truck stop.~~

~~*d. c.* An application for a temporary fuel permit shall include, but is not limited to, the following information:~~

~~(1) to (3) No change.~~

~~*e. d.* The temporary permit fee shall also accompany the application unless a method of collection upon delivery is requested.~~

~~*f. e.* A temporary permit shall not be transferred and is valid only for the carrier and the vehicle that are described on the permit. Once a temporary permit has been issued to a qualified motor vehicle, the purchase price is nonrefundable.~~

~~*g. f.* The temporary permit must be completed and carried in the qualified motor vehicle for which it is issued.~~

~~*h. g.* The 72-hour period for which the temporary permit is valid may be extended for “emergencies,” such as extreme weather conditions when travel is not advisable or other instances, at the discretion of the office of vehicle and motor carrier services bureau.~~

~~*i. h.* A temporary fuel permit is invalid if the permittee has outstanding IFTA fuel tax bills.~~

~~*j. i.* Fees for a temporary permit may be paid by cash, company or personal check, or credit card through Vital Chek. At the discretion of the department, a payment procedure may also be established to allow for monthly billing. The following procedures shall apply:~~

~~(1) Applicants shall deposit sufficient funds with the permit issuing authority to guarantee payment of fees for the average number of permits ordered monthly. Deposits may be used to pay outstanding fees due when payment is not received upon billing.~~

~~(2) Monthly billings shall be sent to account holders.~~

~~(3) All future permit activity may be suspended after written notice of suspension to the account holder when the following requirements are not met:~~

~~1. Payment shall be received within 30 days from the date of the billing.~~

~~2. All information listed on the account holder’s permit shall match the information listed on the permit issuing authority’s permit.~~

~~(4) Account privileges may be permanently canceled for cause after written notice to the account holder.~~

~~(5) Any account holder in good standing may close the account and request return of the deposit. Accounts closed under these circumstances may be reopened.~~

505.3(10) No change.

This rule is intended to implement Iowa Code sections 452A.52, 452A.53, 452A.54, 452A.58 and 452A.68.

ITEM 16. Amend rule 761—505.4(452A) as follows:

761—505.4(452A) Quarterly reports.

505.4(1) to **505.4(5)** No change.

505.4(6) *Timely filing of report.*

a. The interstate fuel tax report required under Iowa Code section 452A.54 shall be deemed timely filed if received ~~in~~ by the office of vehicle and motor carrier services bureau or postpaid, properly addressed, and postmarked by the United States Postal Service on or before midnight of the filing deadline. If the filing date falls on a Saturday, Sunday, or legal holiday, the next secular or business day shall be the filing deadline.

b. All reports and remittances shall be ~~either~~ filed online at the department's website; mailed to the ~~Office of Vehicle and Motor Carrier Services Bureau~~, Iowa Department of Transportation, P.O. Box 10382, Des Moines, Iowa 50306-0382; delivered in person to 6310 SE Convenience Blvd., Ankeny, Iowa; or sent by facsimile to ~~(515)237-3257~~ (515)237-3225.

c. No change.

505.4(7) to **505.4(11)** No change.

505.4(12) *Reports, records and variations.* The department shall prescribe and furnish all forms upon which reports, claims for refund, temporary permits, and license applications shall be made under Iowa Code chapter 452A, division III.

a. No change.

b. The fact that the reporting party does not have the prescribed form shall not be an acceptable reason for failure to file. The ~~office of vehicle and motor carrier services bureau~~ may be contacted to request copies of any necessary forms needed.

505.4(13) *Estimating gallonage or kilowatt hours used.*

a. In the event the taxpayer's records are lacking or inadequate to support any report filed or to determine the tax liability, the department ~~shall have the power~~ is authorized to estimate the gallonage or kilowatt hours used upon which tax is due. This estimation shall be based upon such factors as, but not limited to, the following:

(1) to (5) No change.

b. No change.

505.4(14) and **505.4(15)** No change.

505.4(16) *Supplemental billings.* The amount due is payable upon being billed by the ~~office of vehicle and motor carrier services bureau~~. Billings shall be generated by the department for the collection of additional amounts due in the following circumstances:

a. to f. No change.

This rule is intended to implement Iowa Code sections 452A.54, 452A.55, 452A.60, 452A.61, 452A.63, 452A.64, and 452A.65.

ITEM 17. Amend paragraph **505.6(2)“b”** as follows:

b. If a licensee disputes the findings of an investigation or audit by the department, the licensee may request a hearing to present further evidence, information or records to support the claim. The written request for hearing shall be directed to the attention of the director of the ~~office of vehicle and motor carrier services bureau~~ within 30 days of the date of notice of audit results issued by the department.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 9/9/20.