UTAH'S ROAD USAGE CHARGE PROGRAM

A transportation funding opportunity

Abstract

As the purchasing power of the gas tax dwindles due to increasing vehicle fuel efficiency, a stagnant federal gas tax rate, and rising labor and construction costs, states are looking for additional tools to fund transportation systems. Utah's Road Usage Charge (RUC) program is one tool to address a potential transportation funding shortfall by charging road users per mile driven. This brief provides an overview of Utah's transportation funding, including gas tax and vehicle registration fees, in addition to the RUC program.

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Contents

Key Findings

- Utah's transportation system is primarily funded through a combination of gas tax revenue (state and federal), sales tax, and vehicle registration fees.
- Utah, along with the federal government and all other states, is collecting less gas tax revenue over time as vehicles become more fuel efficient and the purchasing power of the gas tax declines due to the stagnant federal gas tax rate.
- Decreased gas tax revenue in addition to increased transportation costs due to inflation, particularly labor and construction materials, has led states to explore alternative funding sources to pay for road construction and maintenance.
- A Road Usage Charge (RUC) program is one way for states to charge a user fee based on the number of miles driven, either in addition to or in place of the gas tax.

Introduction

Changes in vehicle technology over the past few decades have led to increased vehicle fuel efficiency, in both internal combustion gas vehicles and the adoption of electric vehicles (EVs), including hybrid vehicles, resulting in lower gas tax revenue. Additionally, transportation infrastructure costs have increased significantly in recent years due to supply chain issues, labor, and inflation. This has been compounded by the reduced purchasing power of the gas tax, which has not kept pace with rising transportation costs.

States are increasingly looking for additional ways to supplement the gas tax as a primary funding source for roads and transportation systems. A RUC system is a funding methodology that charges drivers based on the number of miles driven, rather than the gallons of gasoline purchased.

This brief describes current transportation funding sources at the state level and outlines potential considerations for the future of funding Utah's roads amidst a decrease in gas tax revenue and rising costs.

Background: Transportation Funding

Utah's transportation system is funded primarily through three main components at the state level:

1. Gas Tax
2. Sales Tax (a percentage of state sales tax is earmarked for transportation purposes)
3. Vehicle Registration Fees

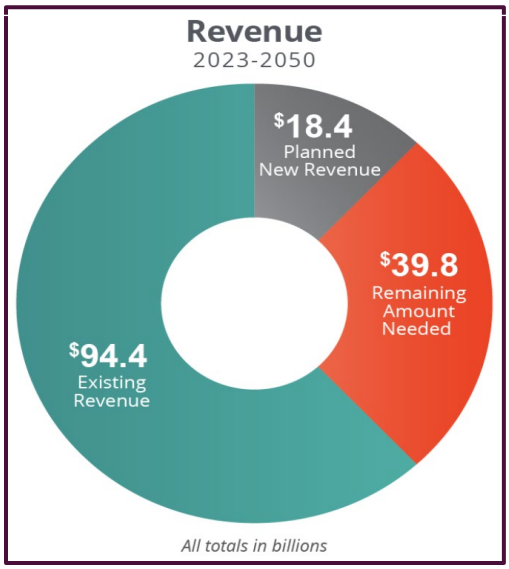
These components are in addition to other sources of funding, including local option sales taxes and federal funding. As transportation needs increase and revenue in real dollars decreases, the state is forced to make decisions about which projects to fund and if additional funding sources need to be considered.

Utah's 2023-2050 Unified Transportation Plan, which was created in coordination between the Utah Department of Transportation (UDOT), the Utah Transit Authority (UTA), and Utah's four Metropolitan Planning Organizations (MPOs), categorizes projects into potential time horizons of construction:

- Phase 1 (2023-2032)
- Phase 2 (2033-2042)
- Phase 3 (2043-2050).

Using reasonable funding assumptions based on existing revenue sources, projects may be moved to a later construction phase than needed or even be considered "unfunded" and moved beyond the 2050 planning phase.

Figure 1: Unified Transportation Plan Revenue Gap



Source: Utah's Unified Transportation Plan

As **Figure 1** shows, the plan estimated that there is a $58.2 billion gap between the state's unconstrained transportation needs and available transportation funding between 2023 and 2050.[1] The $58.2 billion includes $18.4 billion of "planned new revenue"; this represents new funding streams that would require legislative action, such as a local government imposing a new local option sales tax or bond, federal grants, or increases other than annual CPI adjustments to vehicle registration fees or gas tax.

This brief focuses on gas tax and vehicle registration fees as the state-funding sources that are most directly impacted by RUC. While state sales tax is a primary source of transportation funding, this brief will not discuss it in detail.

Gas Tax

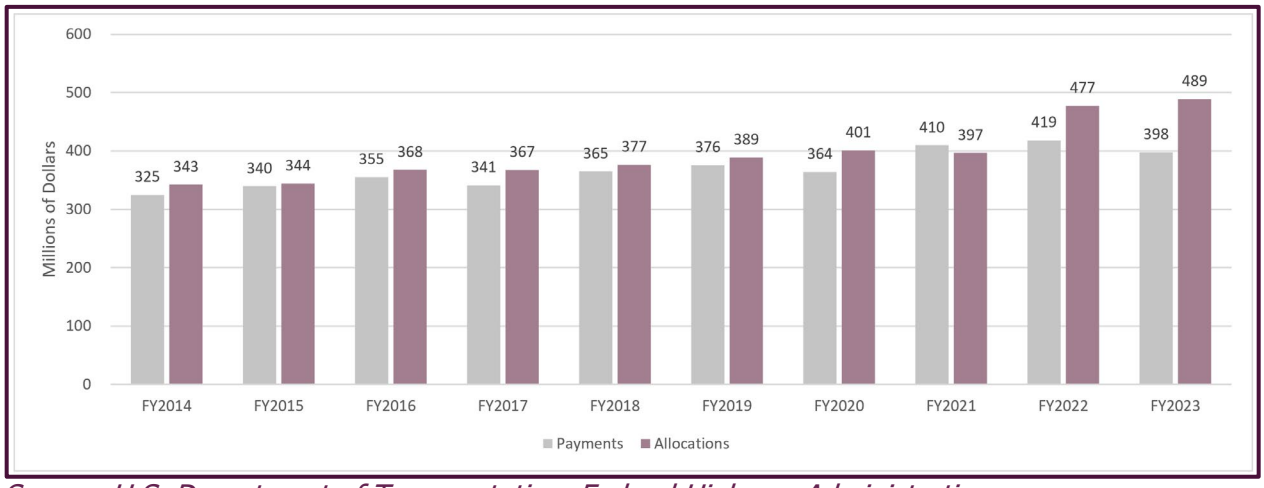
At the pump, consumers pay both federal gas tax and state gas tax. Note that diesel taxes ("special fuel") are separate, and this brief is focused on standard gasoline. The gas tax is an example of a true user fee — the more you drive, the more gas tax you pay. Additionally, gas tax is nearly invisible to the consumer as it is built into the per gallon price. The consumer also pays throughout the year as they purchase gas, as opposed to a large annual lump sum payment.

Federal Gas Tax

Currently, the federal gas tax is 18.4 cents per gallon. This money is remitted to the federal government and deposited into the federal Highway Trust Fund, which is distributed to states on a formula basis. **Figure 2** shows Utah's annual remittances to and distributions from the Highway Trust Fund from 2014 to 2023, the most recent data available from the Federal Highway Administration (FHWA).[2]

This graph shows that, except for fiscal year 2021, Utah received more from the fund than it contributed. Additionally, some of the increased revenue in fiscal years 2022 and 2023 can be attributed to Infrastructure Investment and Jobs Act (IIJA) funds.

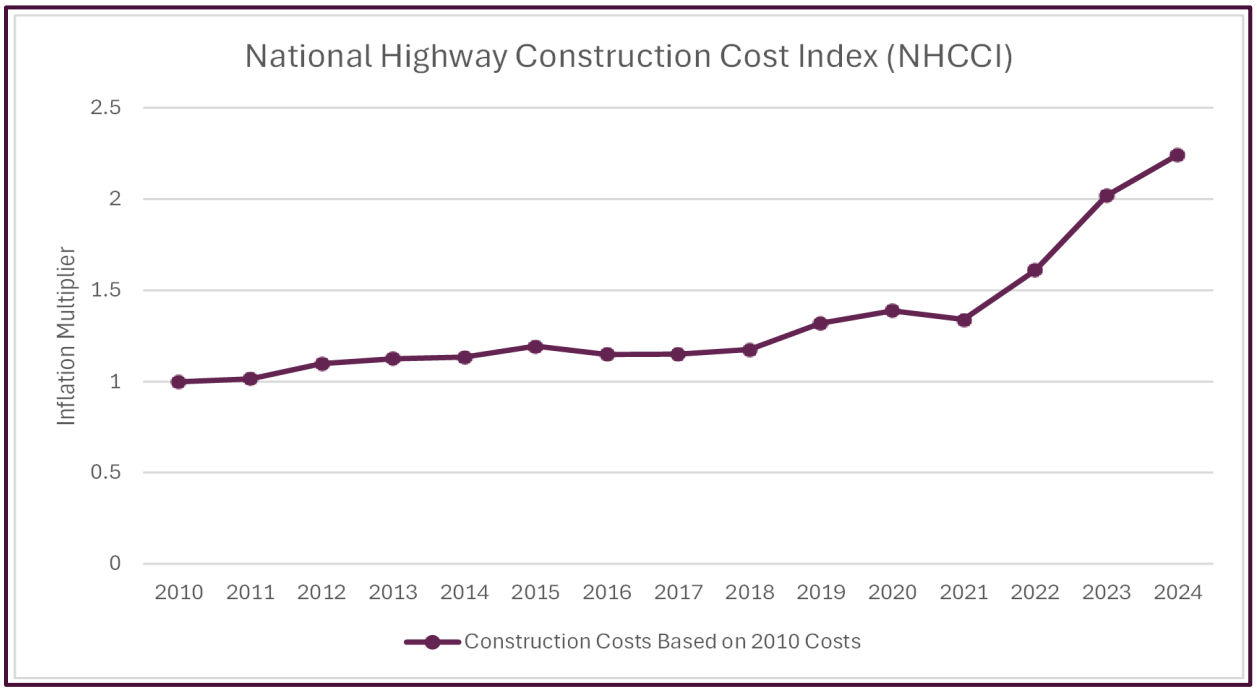
Figure 2: Utah Annual Payments and Receipts from the Federal Highway Trust Fund, FY2014-2023



Source: U.S. Department of Transportation, Federal Highway Administration

Congress has not increased the federal gas tax since 1993, while transportation costs, including labor and materials, have increased significantly, leading to reduced purchasing power of transportation funding. **Figure 3** shows the rate of inflation over time for the National Highway Construction Cost Index, which is a price index published by the FHWA that analyzes changes in highway construction costs.[3]

Figure 3: Inflationary Effects on Construction Costs, 2010-2024



Source: OLRGC generated chart based on National Highway Construction Cost Index data

State Gas Tax

Utah's state gas tax was first implemented in 1923, at a flat rate of 2.5 cents per gallon.[4] Utah's current gas tax is calculated as 14.2 percent of the statewide average wholesale price of regular unleaded gas over the past three fiscal years.

In 2015, Utah made significant changes to the state gas tax, establishing a "new gas tax" with H.B. 362.[5] This recalibrated gas tax allows the per gallon fuel tax rate to increase and decrease annually with the price of fuel (based on the statewide average wholesale price of fuel or "rack price") with a floor (minimum tax rate) and a ceiling (maximum tax rate).

In the 2023 General Session, H.B. 301[6] also made changes to the state gas tax. The key changes were:

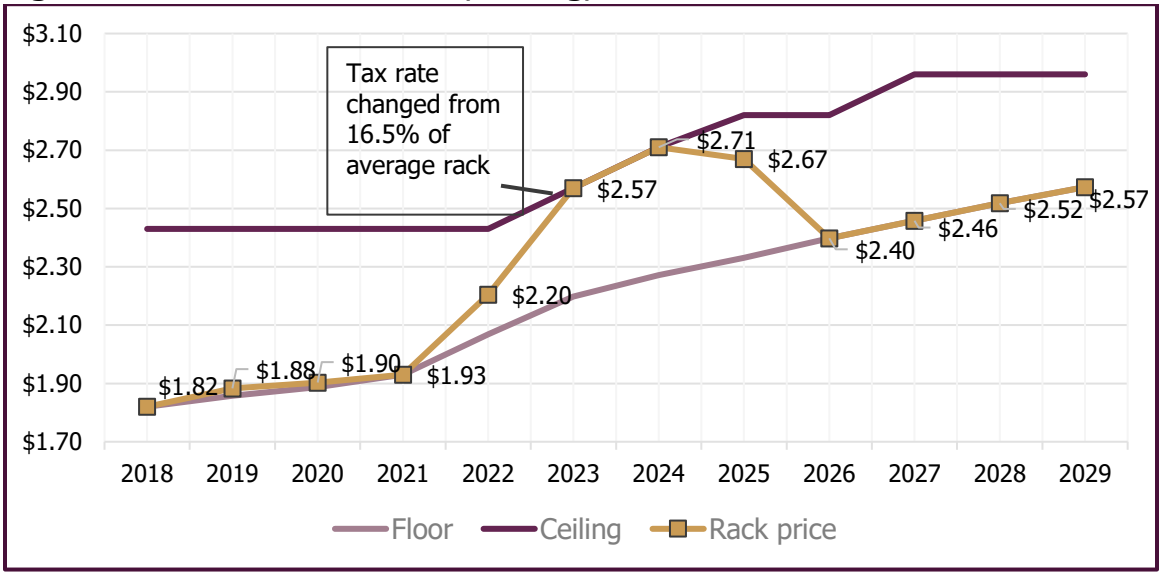
- Lowered the tax rate from 16.5% to 14.2% of the three-year average wholesale price
- Cut the tax rate temporarily from 36.4 cents per gallon to 34.5 cents per gallon from July 1, 2023, to December 31, 2023
- Set a gradual increase in the tax rate by modifying the ceiling from 40 cents to:
    - 2024: 36.5 cents per gallon/$2.57 per gallon
    - 2025: 38.5 cents per gallon/$2.71 per gallon
    - 2026: 40 cents per gallon/$2.82 per gallon
    - 2028+: 42 cents per gallon/$2.96 per gallon

As of January 1, 2026, Utah's state gas tax will be 37.9 cents per gallon, a decrease of 0.6 cents from 2025's 38.5 cents.[7]

Figure 4 shows the maximum average rack price (ceiling), minimum average rack price (floor), and the "used rack price" from 2018 to 2029, considering the changes from 2023's H.B. 301.As the gas tax rate in cents per gallon is derived from the statewide average rack price, the "used rack price" in the graph is calculated by taking the appropriate value of the floor, the ceiling, and the three-year average of the statewide rack price for a gallon of gas.

The forecasted values between 2026 and 2029 are based on Tax Commission, Office of the Legislative Fiscal Analyst (LFA), and Governor's Office of Planning and Budget (GOPB) estimates. The predicted decrease in gas tax is a result of changing economic circumstances, years of higher gas prices falling off the three-year average, and the full impact of the tax cuts in H.B. 301.

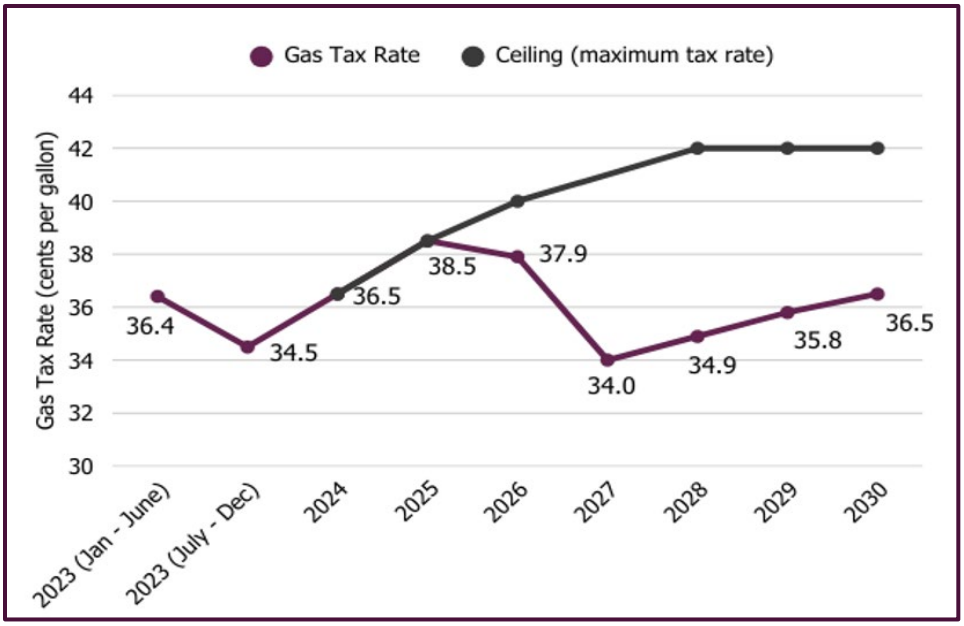
Figure 4: Forecasted Gas Prices, Ceiling, and Floor



Source: OLRGC based on Utah Code § 59-13-201 and projections from the Tax Commission, LFA, and GOPB.

Figure 5 shows the gas tax rate in cents per gallon as compared to the ceiling. Again, this value is derived from the statewide average rack price and created using estimates from the Tax Commission, LFA, and GOPB.

Figure 5: Forecasted Gas Tax Rate and Ceiling



Note: Gas tax rates for years 2027-2030 are estimates based on forecasts from S&P Global and Moody's as of September 9, 2025. These forecasts represent expectations as of the date the forecasts were made and are based on data available at the time the estimates were prepared. However, these forecasts are subject to a high degree of uncertainty given the volatility in gasoline prices and are not intended to represent a guarantee of future rack prices or gas tax rates.

Source: OLRGC based on Utah Code § 59-13-201 and projections from the Tax Commission, LFA, and GOPB.

Per Utah Code §59-12-104(1), gasoline is exempt from sales tax in Utah, which is similar to the majority of states. However, California, Connecticut, Illinois, Indiana, and Michigan levy sales tax in addition to gas tax on gasoline.[8] **Figure 6** below shows the 2025 gas tax rate across Western states.

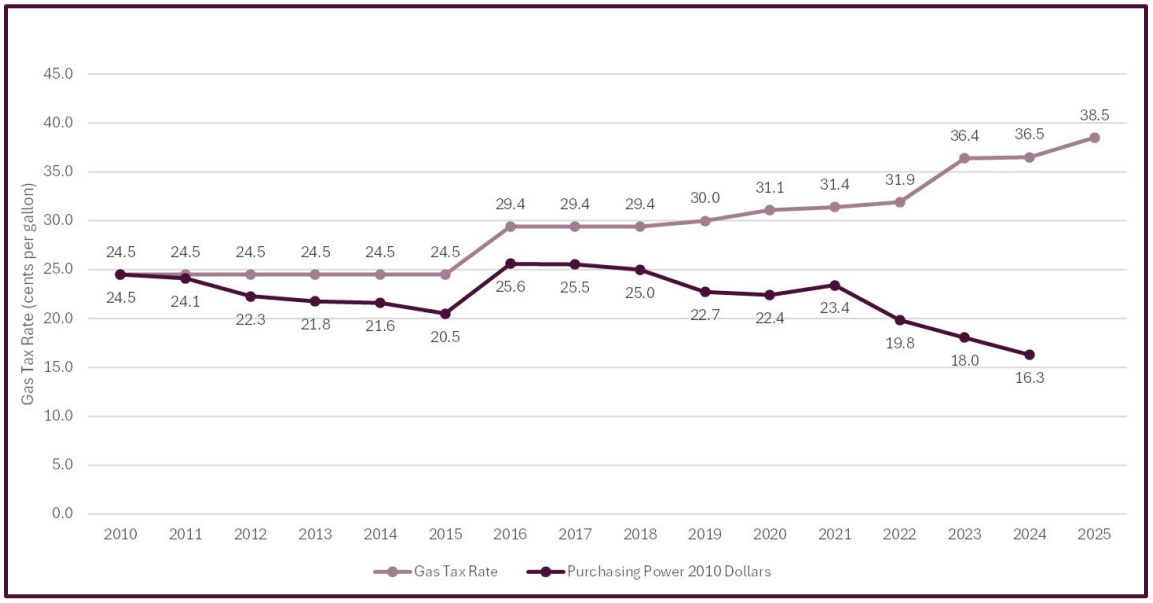
Figure 6: Gasoline Tax Rates in Cents Per Gallon in Western States, 2025

State	Gas Tax *(cents per gallon)*
California	59.60¢
Washington	49.40¢
Oregon	40.00¢
Utah	**38.50¢**
Idaho	33.00¢
Montana	33.00¢
Wyoming	24.00¢
Nevada	23.85¢
Colorado	22.00¢
New Mexico	18.88¢
Arizona	18.00¢

Source: Federation of Tax Administrators, 2025

Figure 7 shows the decrease over time in the purchasing power of Utah's gas tax due to inflation. Even though the state gas tax rate has increased over time, in 2010 dollars, the purchasing power of that gas tax rate has decreased when indexed to the National Highway Construction Cost Index.

Figure 7: Purchasing Power of State Gas Tax Rate, 2010-2025



Source: OLRGC generated graph based on Tax Commission and National Highway Construction Cost Index data

Vehicle Registration

Fleet

Vehicle registration fees are one of the primary sources of state transportation funding. Additionally, as mentioned above, Utah is one of many states that charge varying registration fees for alternative fuel vehicles and gas vehicles.

Figure 8: National Average Vehicle Fuel Efficiency by Model Year

Source: OLRGC created graphic based on EPA data

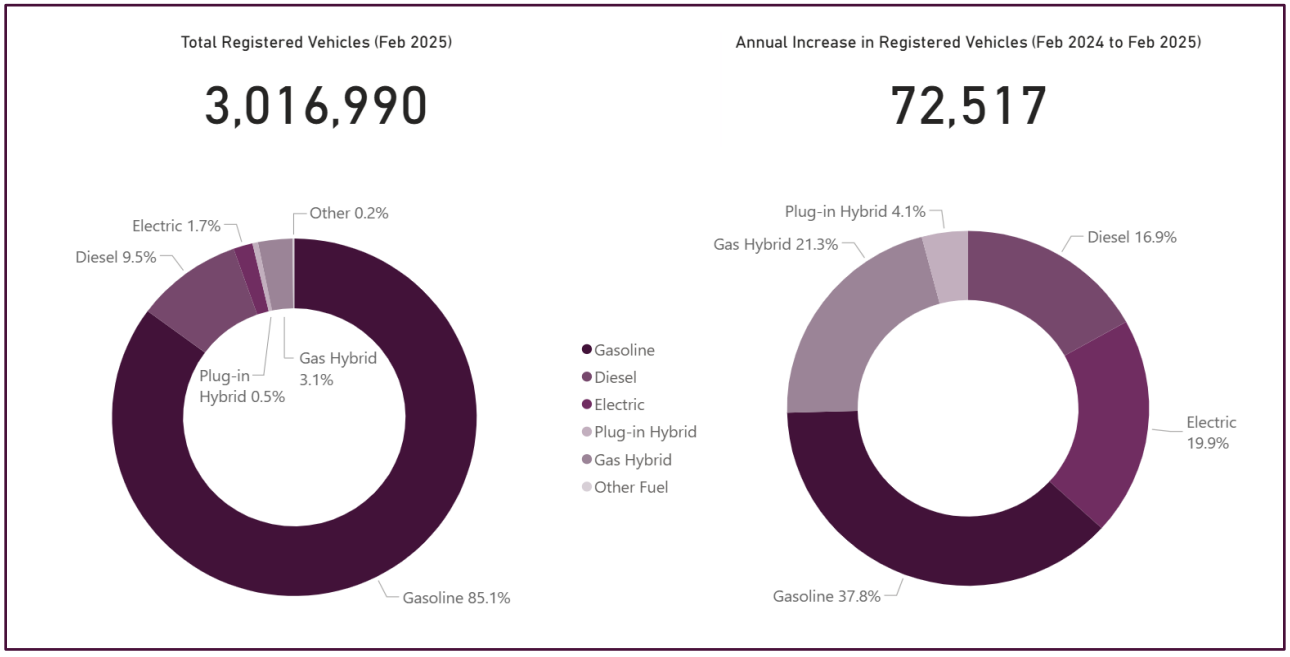
Utah currently has approximately three million on-highway vehicle registrations, including passenger cars, motorcycles, and light trucks, for approximately 3.5 million people.[9] This represents approximately one percent of all vehicles registered nationally.[10]

As shown in **Figure 8**, model year 2023 vehicles nationally hit a record high fuel economy of 27.1 miles per gallon[11], an increase of 1.1 miles per gallon from model year 2022. This milestone in vehicle fuel efficiency is one factor contributing to the need for additional transportation funding sources.

According to the International Energy Agency, approximately 10 percent of new vehicle sales in the United States were electric vehicles (including battery EVs and plug-in hybrid electric vehicles) in 2024.[12] **Figure 9** shows that while alternative fuel vehicles, including EVs, plug-in

hybrids, and gas hybrids make up a small overall portion of Utah's fleet, they are increasing at a growing rate, accounting for approximately 45 percent of new vehicle registrations between February 2024 and February 2025.[13]

Figure 9: On-Highway Vehicle Registrations, 2025



Source: OLRGC generated graph based on Department of Motor Vehicles data

Fees

Vehicle registration fees are one of the primary sources of transportation funding. Generally, passenger vehicles are registered on an annual basis, where the owner pays state registration fees (set in statute), a uniform fee in lieu of property tax (which is assessed to meet the Utah Constitution's requirement of property tax on tangible personal property), and other fees which are distributed to local governments or specific accounts.

Figure 10 shows an example of registration fees for a standard passenger vehicle according to the 2025 rates. While some of the smaller fees listed below are dedicated for a specific purpose or remitted to local governments, the registration fee and alternative fuel fees are retained by the state to fund transportation. These fees are in addition to uniform fee in-lieu of property tax, which is also remitted to local governments.

Figure 10: Example of Registration Fees for a Standard Passenger Vehicle, 2025

Fee Type	Amount (12-month)
Registration fee (**41-1a-1206**)* **Including additional $7 added in G.S. 2023's H.B. 301*	$64.00
Electronic fee (**41-1a-1221**)	$3.00
Driver education fee (**41-1a-1204**)	$2.50
Uninsured motorist fee (**41-1a-1218**)	$1.00
Corridor preservation fee* (**41-1a-1222**) **Applicable only in Box Elder, Davis, Iron, Morgan, Salt Lake, Summit, Tooele, Utah, Wasatch, Washington, and Weber counties.*	$10.00** ***This is a local fee that is remitted to the county and only imposed in certain counties.*[14]
Local emissions compliance fee* (**41-1a-1223**) **EVs are exempt; Only in emissions counties*	$3.00** ***This is a local fee that is remitted to the counties. The fee is set at $3 in Salt Lake, Davis, and Cache counties and $2 in Utah and Weber counties.*
Alternative fuel fees:* (**41-1a-1206**) Hybrid Plug-in Hybrids Electric Vehicles / other alternative fuel **This amount is the maximum amount a vehicle owner enrolled in the RUC program would pay (the RUC cap).*	 $38.75** $76.75** $157.75** ***Including additional $14 from G.S. 2023's H.B. 301.*
Sample registration fees in Salt Lake County* **Exact amount will depend on the county*	Gas Vehicle: $83.50 Hybrid: $119.25 Plug-in Hybrid: $157.25 Electric Vehicle: $237.25

Source: Tax Commission and OLRGC, based on Utah Code §41-1a-1206

When registering an alternative fuel vehicle in Utah, the owner may choose between:

1. Enrolling in the RUC program with UDOT to pay a fee per mile driven, up to the amount of the alternative fuel fee (as described in **Figure 10** above); or
2. Paying an alternative fuel fee (as described in **Figure 10** above) to the Department of Motor Vehicles at the time of registration, in addition to annual registration fees.

In summary, the decrease in gas tax revenue over time – a result of the stagnant gas tax rate at the federal level and the overall increasing fuel efficiency of all vehicles – combined with rising transportation costs, results in a need for rethinking transportation funding.

Utah's Road Usage Charge (RUC) Program

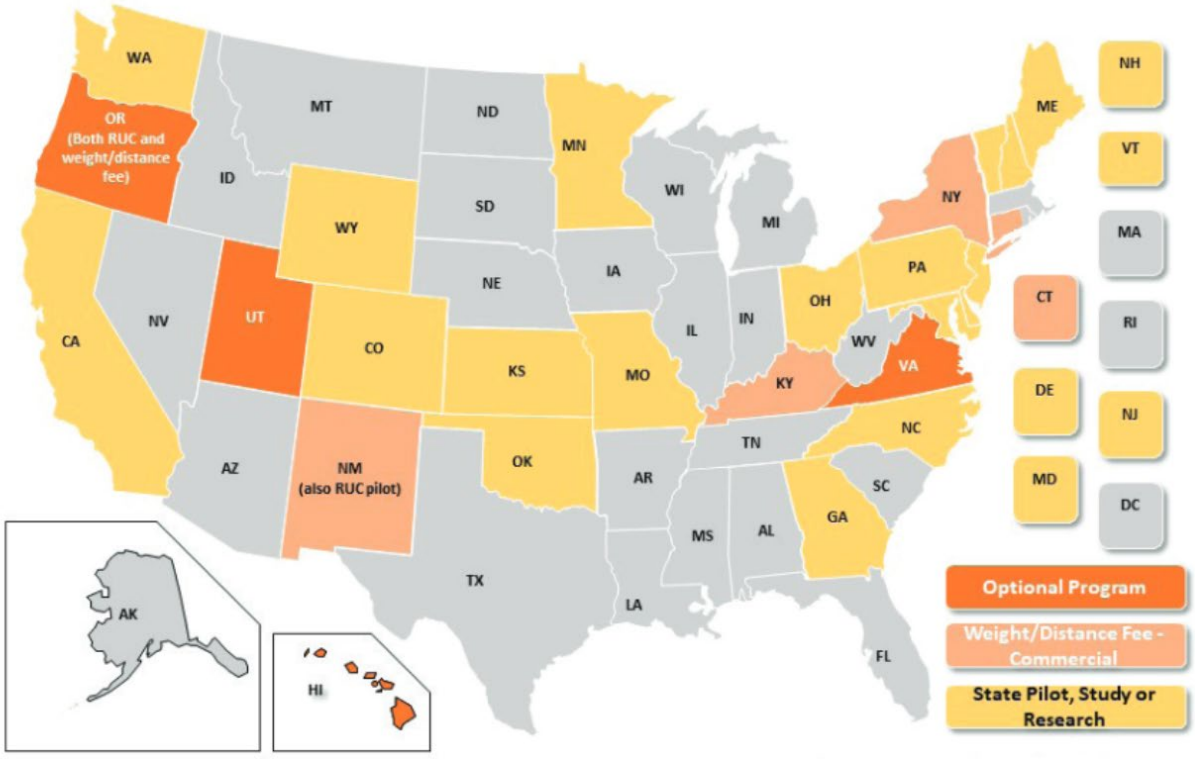
Background

State and federal governments have been exploring systems for users to pay per mile of road usage, as transportation costs increase and gas tax revenues decrease. A RUC system (also called a "Vehicle Miles Traveled Fee" or a "Mileage-based User Fee") is one approach.

Legislative History

Utah has been a national leader in establishing a RUC program and was one of the first states to stand up a fully operational program. To date, four states have fully operational programs – Oregon, Virginia, Hawaii, and Utah.[15] These, and additional pilot programs or other research, are shown in **Figure 11** below.

Figure 11: National RUC Programs



Source: Transportation Investment Advocacy Center

Utah began exploring the idea of mileage-based funding in 2003, when the Legislature created the Transportation Planning Task Force.[16] In 2015's H.B. 362, along with reconfiguring the gas tax to index it for inflation and other transportation funding changes, the Legislature directed UDOT to study a mileage-based program and make recommendations to the Legislature.

In 2017's S.B. 174, the Legislature created the Transportation Governance and Funding Task Force, which led to the creation of the RUC Advisory Committee within UDOT and additional program parameters for a RUC pilot program. In 2018's S.B. 136, the Legislature also created the Transportation and Tax Review Task Force, added the additional registration fees for EVs and hybrids, and indexed all registration fees to inflation.

The Legislature created a permanent RUC program beginning January 1, 2020, to be operated by UDOT (2019's S.B. 72).[17] This set up the program structure, which is still in place today, allowing alternative fuel vehicle owners to choose between paying the RUC per-mile fee or a higher annual registration fee. The program also allows UDOT to use program revenue to cover its administrative costs, with any excess revenue going into the Transportation Fund.

In 2020, the Legislature passed S.B. 150, which required UDOT to submit a plan to the Legislature to enroll all vehicles in the state into the RUC program by December 31, 2031, as well as annually report to the Legislature on the RUC program.

In 2021, S.B. 82 created the Road Usage Charge Special Revenue Fund as a dedicated account for RUC revenue. The following year, the Legislature passed H.B. 186, which adjusted the registration fees for EVs to be equal to the RUC program cap.[18] This bill also gave the Tax Commission the authority to annually adjust the RUC mileage rates and caps for inflation. As of 2022, hybrid vehicles (plug-in and gas hybrids) are no longer allowed to join the program, but those already enrolled in the program may remain in the program.

Most recently in 2023, S.B. 185 provided that excess RUC revenue, after covering UDOT's administrative costs, are transferred to the Transportation Fund, which then gets distributed to local governments as part of the B&C Road formula.[19]

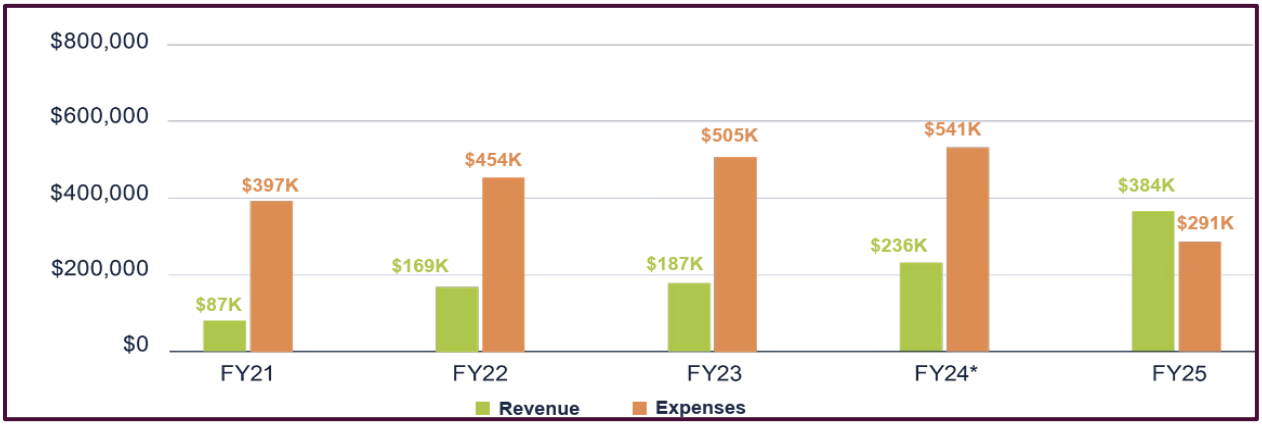
Current Program

Utah's RUC program provides EV owners with a choice between paying the alternative fuel fee at the time of registration or paying per-mile throughout the year, up to the amount of the alternative fuel fee (currently $157.75).

The current RUC program is limited to only fully electric vehicles (EVs); hybrid vehicles already in the program are allowed to stay in the program. As of July 2025, the current RUC program has 9,703 vehicles enrolled, a 45 percent increase from July 2024.[20]

Figure 12 shows the program revenue and expenditures from fiscal year 2021 to 2025. In fiscal year 2025, UDOT's administrative costs for the program were approximately $291,000. RUC program revenue for the same fiscal year was approximately $384,000. Due to a vendor change in the third-party program manager vendor and scaling of the program, FY2025 marked the first time the RUC program revenue exceeded expenditures.

Figure 12: RUC Program Revenue and Expenditures, FY2021-2025



**One-time cost of $320K for transition to RUC 2.0 not included*
Source: UDOT

UDOT's new vendor contract began May 1, 2024. Currently, participants have two options for mileage reporting:

1. Picture of odometer with smartphone app or via SMS text message. This option is available for all vehicle makes and models.
2. Telematics wirelessly from car. This option is available on many EVs.

As Utah's program does not use any location tracking, RUC participants must pay the per-mile fee for all miles driven, including those on private roads or out-of-state. **Figure 13** shows the alternative fuel fee to register a vehicle and the per-mile fee for vehicle owners who opt to enroll in the RUC program. These fees are in addition to the other registration fees, shown in **Figure 10**, and the uniform fee in lieu of property tax.

Figure 13: Vehicle Registration Fees for Alternative Fuel Vehicles and RUC Mileage Rates*

Year	EV	Plug-in Hybrid (PHEV)	Gas Hybrid	Per-mile Fee
2019	$60.00	$26.00	$10.00	N/A
2020	$90.00	$39.00	$15.00	1.5 cents
2021	$120.00	$52.00	$20.00	1.5 cents
2023	$130.25	$56.50	$21.75	1 cent
2024**	$138.50	$60.25	$23.25	1.06 cents
2025	$143.25	$62.25	$24.25	1.11 cents
2026	$180.00	$64.00 (estimate)	$25.00 (estimate)	1.25 cents
2032	$240.00	$74.75 (estimate)	$29.50 (estimate)	1.5 cents

**Excluding additional $14 registration fee, which is also annually adjusted for inflation, created by G.S. 2023's H.B. 301*
***Beginning in 2024, the Tax Commission annually adjusts these fees for inflation.*
Source: Utah State Tax Commission

Other RUC Programs

Virginia's Highway Use Fee

In 2020, Virginia implemented a Highway Use Fee.[21] This is an annual fee paid at the time of vehicle registration for all vehicles with a fuel efficiency of 25 miles per gallon (MPG) or greater. The Highway Use Fee is calculated on an individual basis, being 85 percent of the difference between an individual vehicle's fuel efficiency and the average Virginia fuel economy.

Example: Mary's vehicle has a fuel economy of 32 MPG. She pays approximately $114.91 in gas tax per year for her vehicle. The average Virginia vehicle has a fuel economy of 23.7 MPG and the average Virginian drives 11,600 miles per year. Therefore, the average Virginian pays approximately $155.16 in gas tax per year. Mary's Highway Use Fee is 85 percent of the difference in gas tax, $34.21.

In addition to the Highway Use Fee, Virginia also established the Mileage Choice program. This is a voluntary program for anyone who is required to pay the Highway Use Fee (vehicles with 25 MPG or greater, including electric vehicles, hybrids, and fuel-efficient gas vehicles). This program operates similarly to Utah's RUC program, where drivers pay per mile, up to the amount of the Highway Use Fee. Virginia's program currently has approximately 28,000 participants.

Hawaii's HiRUC Program

Hawaii has the newest RUC program, created in the 2023 legislative session. The program took effect July 1, 2025. EV drivers can pay a flat fee of $50, which is equivalent to the current EV registration surcharge, or pay 0.8 cents per mile driven. Hawaii's program becomes mandatory for EV owners in 2028, and the plan is to transition all vehicles in the state to the RUC program by 2033.

Oregon's OReGO Program

OReGO was the first permanent RUC program in the U.S., established in 2015. The voluntary program currently has approximately 800 participants and the current rate is 2.0 cents per mile. Program participants pay a per-mile fee and are eligible to receive a refund of any gas tax paid. Any vehicle with a fuel economy of 20 MPG or greater is eligible to enroll in the program. OReGO participants can opt into using GPS, which allows participants to not pay for miles driven out-of-state. Fully electric vehicles enrolled in the OreGO program receive a reduced registration fee.

Federal RUC Pilot

In 2021, the IIJA authorized $50 million for a national motor vehicle per mile user fee pilot program. The law required the FHWA to form an advisory board of stakeholders within 90 days and for the board to report recommendations to the Secretary of Transportation to stand up a national pilot within one year. To date, members of the Federal System Funding Alternatives Advisory Board have been appointed, including UDOT's Executive Director Carlos Braceras as chair, but no further action has been taken. A national RUC pilot program has also not been created.

A federal RUC pilot program is an important step in the transition from a gas tax model of transportation funding to a per mile user fee model. Particularly for the commercial trucking industry, which is integral to transportation funding and international commerce, a national RUC pilot is needed to create uniformity and prevent commercial trucks from paying 50 different fees in each state. The pilot program is also essential to ensure the future of the federal Highway Trust Fund.

Regional RUC Pilots and Commercial Pilots

The Eastern Transportation Coalition (TETC) is a partnership of 19 states, primarily on the east coast, and Washington, D.C. The group consists of more than 250 agencies working to address transportation needs of the eastern corridor. To date, TETC has conducted approximately 10 passenger vehicle pilot programs representing 14 states and approximately 2,700 vehicles. It

has also conducted approximately three commercial vehicle pilots, representing 19 million miles traveled across 49 states and Canada.[22]

RUC America, formerly known as RUC West, is a consortium of primarily western states studying a mileage-based user fee. RUC America consists of 19 state departments of transportation, including Utah, and has funded multiple research projects to allow states to share resources in the development of an interstate RUC system.[23]

Other Notable Alternatives to Gas Tax

To supplement gas tax revenue, states have implemented a variety of alternative funding mechanisms. These can be used in combination and are not intended to supplant the gas tax.

Utah's Kilowatt per Hour Charging Tax

In its 2023 General Session, the Utah Legislature passed H.B. 301, which modified the state's gas tax and registration fees, and implemented a new tax on the sale of electricity at commercial EV charging stations.

This new tax (established in UCA §59-30-102) is levied at the point of sale and functions as a sales tax at a rate of 12.5 percent of the total sale of electricity. This tax does not apply to residential EV charging, only commercial chargers, whether they charge per hour, per kilowatt, or on a subscription model. This tax was intended to capture drivers who travel through the state, as opposed to Utah residents who may primarily charge at home.

Ten states, including Utah, have now implemented a kilowatt per hour charging tax on commercial EV charging.[24] As shown in **Figure 14**, the other states all structured their taxes as a set rate of cents per kilowatt hour. Some states have also allowed their rates to adjust annually along with the gas tax.

Figure 14: Kilowatt Per Hour Commercial EV Charging Taxes by State

State	Rate	Effective Date
Utah	12.5% of total sale	January 1, 2024
Pennsylvania	1.72 cents per kWh	October 1, 1997
Maryland	3 cents per kWh	July 1, 2025
Georgia	2.8 cents per kWh	January 1, 2026
Iowa	2.6 cents per kWh	July 1, 2023
Kentucky	3 cents per kWh	January 1, 2024
Minnesota	5 cents per kWh	July 1, 2027
Montana	3 cents per kWh	July 1, 2025
Oklahoma	3 cents per kWh	January 1, 2024
Wisconsin	3 cents per kWh	January 1, 2025

Source: The Eastern Transportation Coalition[25]

Utah's tax took effect January 1, 2024. As of July 2025, it has collected $1,531,116 in revenue for the Transportation Fund.[26]

Retail Package Delivery Fee

Colorado and Minnesota have both enacted a retail package delivery fee at the state level, with other states discussing imposing this fee. This model allows states to collect additional revenue for dedicated transportation purposes from deliveries, which cause additional wear and tear on roadways.

Colorado's Fee, enacted in 2021, adds a 27-cent fee on all retail and food deliveries, which are collected by the retailer at the point of sale. Colorado later amended its law to exempt businesses with less than $500,000 in annual sales. In its first year, the fee generated $75.9 million.[27]

Minnesota's Fee, enacted in 2023, adds a 50-cent fee on retail purchases greater than $100, if the purchase includes at least one taxable item. Therefore, Minnesota's fee does not apply to food, baby products, or medical devices. Minnesota estimates the fee will generate $59 million in its first year.[28]

Transportation Network Company (Uber/Lyft) Fees

Fourteen states have implemented a fee on transportation network company (TNC) rides, and seven of those states dedicated the fee revenue to transportation purposes.[29] Neighboring states Nevada and Colorado have both established this fee.

Georgia established a fee on TNC rides in 2020, setting a 50-cent fee on all trips and a 25-cent fee on shared trips. This fee is indexed to CPI and earmarked for transit projects. In 2025, this fee equals 62 cents per trip and 31 cents per shared trip. In FY2024, Georgia collected $32.4 million from this fee.

Maryland allows local governments to impose a fee up to 25 cents per trip to help fund local transportation. **Nevada** charges a flat three percent fee on all rides, capped at $5 million biannually to its highway fund, with any excess going to the general fund.

Future Considerations

The Legislature has the authority to modify any of the three primary state-level sources of transportation funding, including changing the percentage of state sales tax that is earmarked for transportation, altering the gas tax structure or rate, or adjusting vehicle registration fees.

As gas tax revenue declines, the Legislature may have to use additional general fund appropriations, or increase the portion of sales tax directed to transportation, to support transportation needs.

The Legislature could also expand the RUC program. If Utah were to expand the current RUC program, outstanding policy questions to consider include:

1. Which vehicles should be included in the program?
2. Should the cap be removed?
3. Should the program be mandatory?
4. How will we balance data privacy concerns with paying per mile on roads driven out of state or on private roads?

Federal action could also impact future transportation funding. Earlier this year, Congress debated creating a federal vehicle registration fee in the federal tax bill to fund the federal Highway Trust Fund. The April 2025 proposal to create a federal vehicle registration fee was:

- $200 for electric vehicles
- $100 for hybrid vehicles
- $20 for all other vehicles.[30]

While this did not make it into the final version of H.R. 1, known as "The One Big Beautiful Bill Act," the idea is still being considered as part of the 2026 surface transportation reauthorization bill.

Conclusion

In summary, Utah's current transportation infrastructure is primarily funded, at the state level, through gas tax revenue, a portion of state sales tax, and vehicle registration fees. This is in addition to federal and local funding sources.

As vehicle technology changes over time, sources of transportation funding may also need to change. As vehicles have become more fuel efficient, including an increase in the number of hybrid and electric vehicles, Utah is seeing a decrease in gas tax revenues. This, coupled with rising transportation costs, requires exploring new sources of transportation funding, such as a RUC program.

The future of transportation funding, including supplementing the gas tax, is a topic of significant consideration for all states and the federal government.

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