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The Multibillion-Dollar Implications of EVs for State Budgets.

It's not just the decline in fuel tax revenues and its impact on highway construction and maintenance. Real estate will also be affected, and sales taxes are likely to take a hit. States need to begin developing strategies.

America's transition to electric vehicles promises clear benefits for the environment and human health. And with an aggressive ramp-up of EV car and truck manufacturing and its associated domestic supply chain, the nation has the opportunity to remain economically competitive with China and the European Union.

This is great news, of course, but states must quickly develop new transportation funding strategies to make up for declining fuel tax revenue or we will face a significant national challenge.

Federal and state fuel taxes are the main source of highway and road funding, and the Congressional Budget Office projects that balances in both the highway and transit accounts of the federal Highway Trust Fund will be exhausted by 2028. The decline of fuel-tax revenues resulting from EVs never needing to visit a gas pump will further diminish state and local governments' ability to maintain our deteriorating network of roads, highways and bridges. At the same time, governments will be faced with increased expenditures due to aging road infrastructure that is threatened by extreme weather events.

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June 20, 2024 • Jay Golden, Syracuse University

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