



- **Who We Are**
- **Upcoming Projects**
- **Transportation Funding**
- **Public Infrastructure Needs**

May 20, 2025

Serving Tennessee Since 1978

Serve as a forum for the discussion and resolution of intergovernmental problems; provide high quality research support to state and local government officials to improve the overall quality of government in Tennessee; and improve the effectiveness of the intergovernmental system to better serve the citizens of Tennessee.

Key Takeaways:

- State agency
- Evidence-based research and policy recommendations
- Overseen by 25 commission members
 - ❖ 6 county officials currently (includes development district representative)
 - ❖ Others: city officials (4), legislators (10), executive branch (3), Comptroller (1), private citizens (2)

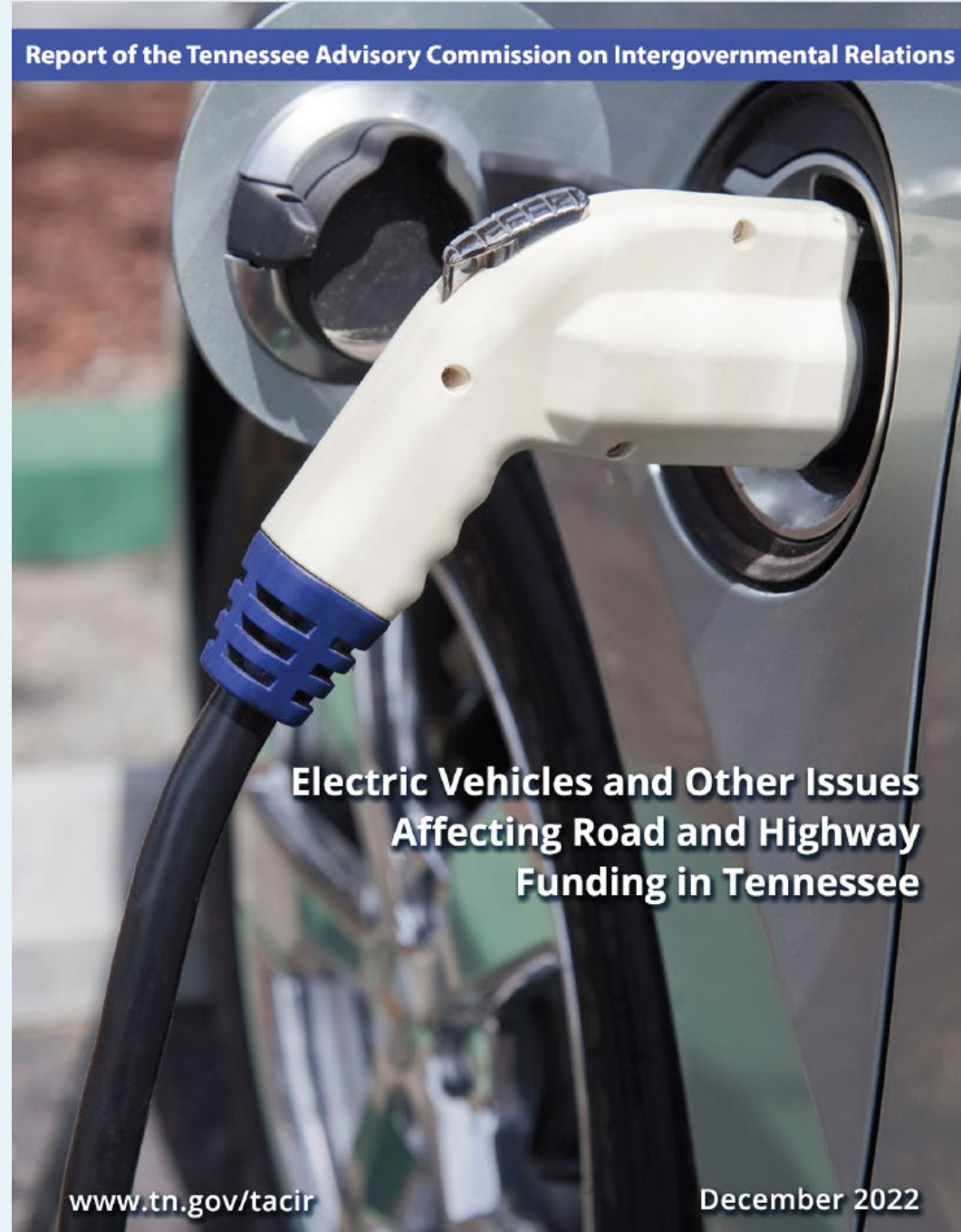


Upcoming Research Projects

- Health Insurance Coverage for Stuttering—Public Chapter 416
- Facilities for Housing and Treating Juvenile Offenders—Public Chapter 418
- Cosmetology and Barbering—Public Chapter 102
- Continuum of Care (Homelessness)—Public Chapter 445
- Ambulance Services—Public Chapter 413
- Transportation Funding Alternatives—Public Chapter 438



Commission members at their January 2021 meeting expressed concerns about the effect EVs might have on state and local road funding.



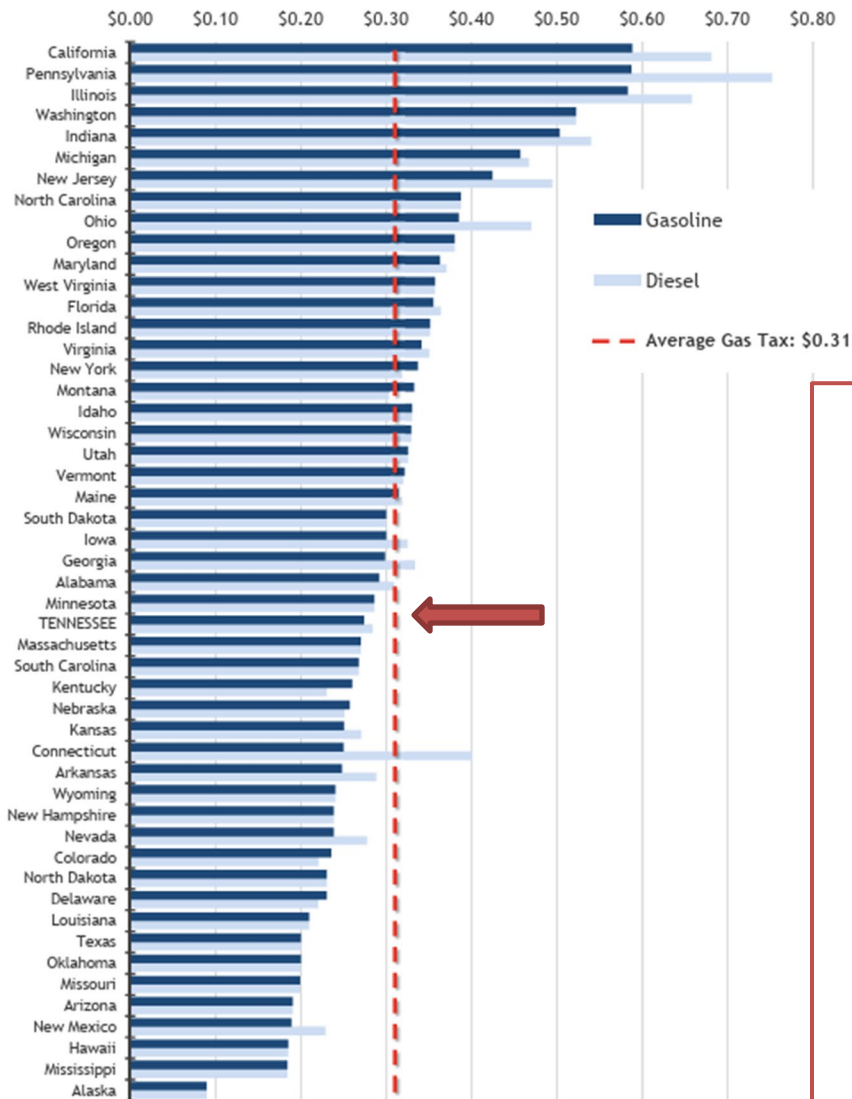
**Electric Vehicles and Other Issues
Affecting Road and Highway
Funding in Tennessee**

www.tn.gov/tacir

December 2022

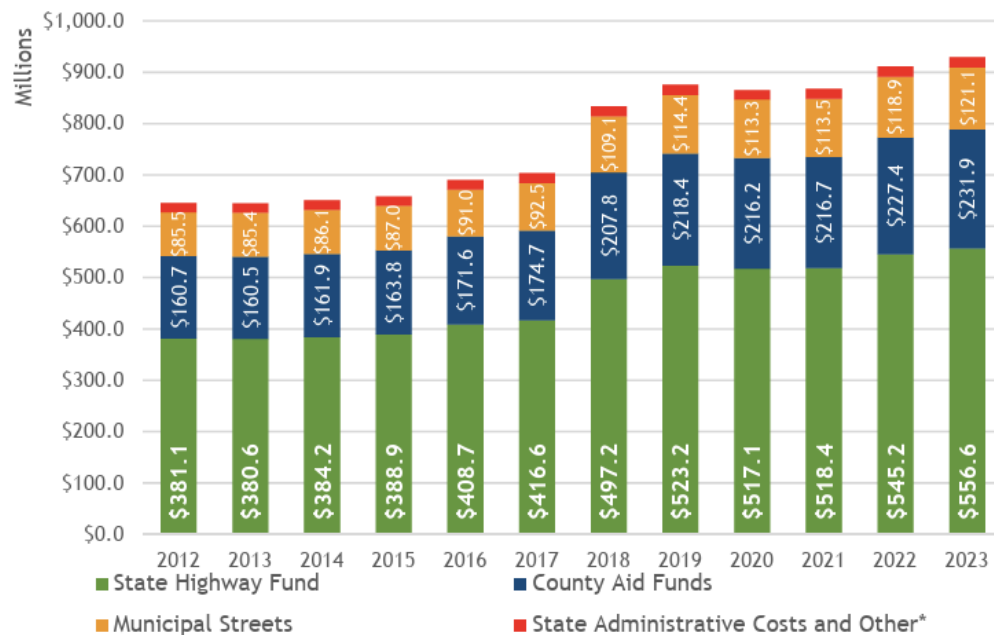


Figure 2. State Fuel Tax Rates, January 2022



Source: US Energy Information Administration 2022b.

Figure 3. Estimated Allocation of Revenue from Tennessee's Gasoline Tax State Fiscal Years 2011-12 through 2022-23

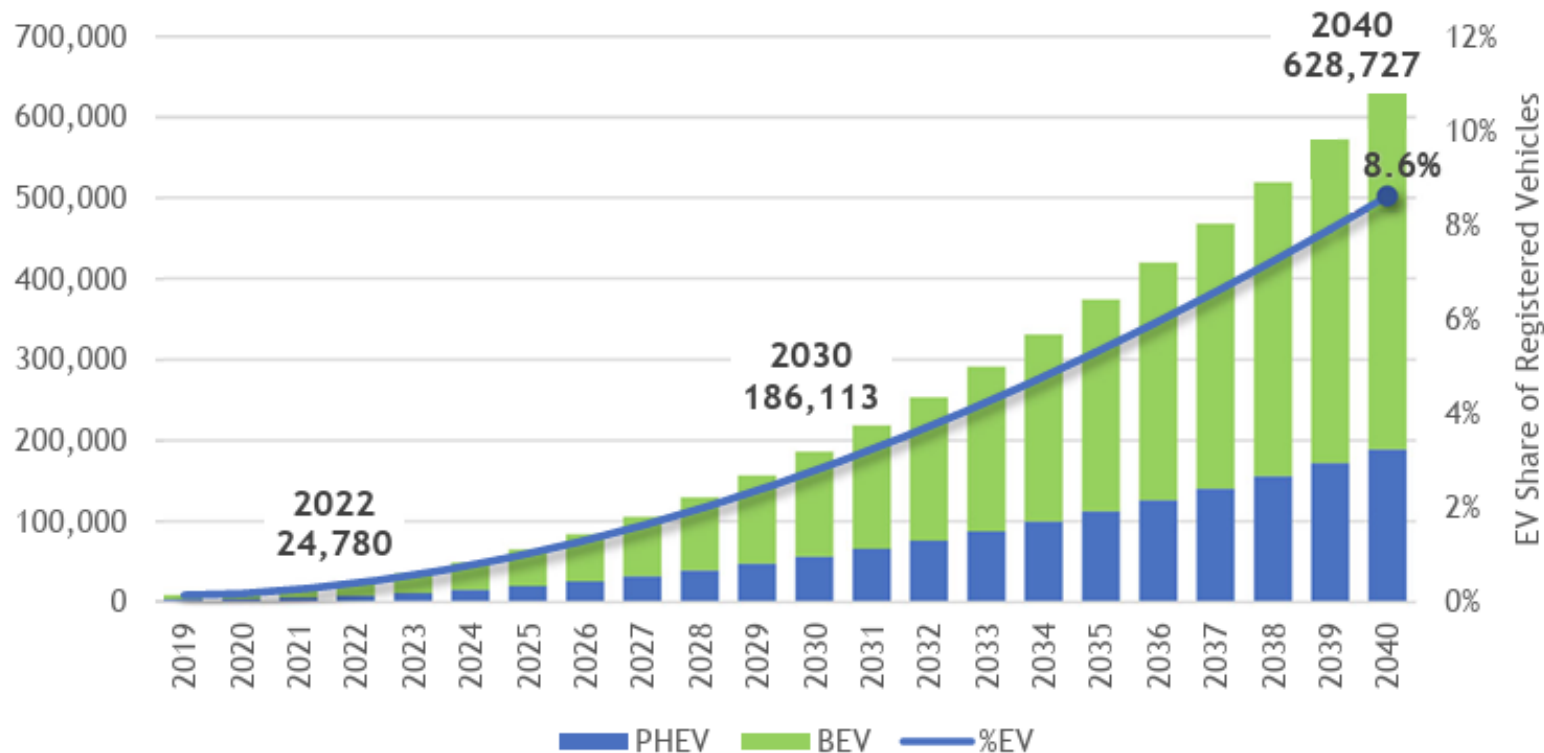


Source: TACIR staff analysis of Tennessee Department of Revenue data. 2023 based on estimates.

* Includes statutory allocations for mass transit projects, wildlife resources, and the University of Tennessee Center for Government Training.



**Figure 6. Projected Numbers of Electric Vehicles Registered in Tennessee
(based on historic registration data)**



Source: TACIR staff projections of Tennessee Department of Revenue vehicle registration data.

Estimated revenue decrease that could be attributed only to EVs replacing gas-fueled vehicles:

\$17.4 to \$33.4 million less distributed to counties in 2040

Table 1. Estimates of Forgone Revenue Attributed to EVs Replacing Gas-fueled Vehicles

Year	Number of EVs		Forgone gas tax revenue*	Revenue from EV registration fees	Net total forgone revenue^	Forgone revenue by level of government		
						State Highway Fund	County Aid Funds	Municipal Streets Funds
2022	16,774	BEV	(\$2,632,915)	\$1,677,400	(\$955,515)			
	8,006	PHEV	(754,590)		(754,590)			
					(\$1,710,105)	(\$419,752)	(\$828,497)	(\$414,792)
Share of forgone revenue if EV registration fee shared with local governments:						(\$1,059,073)	(\$402,469)	(\$201,499)

Projections based on vehicle registration data								
2030	129,960	BEV	(\$18,014,133)	\$12,996,028	(\$5,018,105)			
	56,153	PHEV	(4,673,778)		(4,673,778)			
					(\$9,691,883)	(\$1,049,705)	(\$5,548,881)	(\$2,778,081)
Share of forgone revenue if EV registration fee shared with local governments:						(\$6,002,988)	(\$2,248,136)	(\$1,125,543)
2040	439,897	BEV	(\$56,538,970)	\$43,989,701	(\$12,549,269)			
	188,830	PHEV	(14,573,468)		(14,573,468)			
					(\$27,122,737)	(\$34,905)	(\$17,392,278)	(\$8,707,550)
Share of forgone revenue if EV registration fee shared with local governments:						(\$16,801,061)	(\$6,219,727)	(\$3,113,945)

Projections based on increased EV adoption								
2030	214,110	BEV	(\$29,591,685)	\$21,410,961	(\$8,180,724)			
	92,376	PHEV	(7,666,301)		(7,666,301)			
					(\$15,847,026)	(\$1,654,880)	(\$9,112,347)	(\$4,562,153)
Share of forgone revenue if EV registration fee shared with local governments:						(\$9,815,415)	(\$3,674,369)	(\$1,839,595)
2040	845,868	BEV	(\$108,472,906)	\$84,586,768	(\$23,886,138)			
	362,951	PHEV	(27,948,754)		(27,948,754)			
					(\$51,834,891)	\$130,237	(\$33,365,238)	(\$16,704,511)
Share of forgone revenue if EV registration fee shared with local governments:						(\$32,109,013)	(\$11,881,802)	(\$5,948,697)

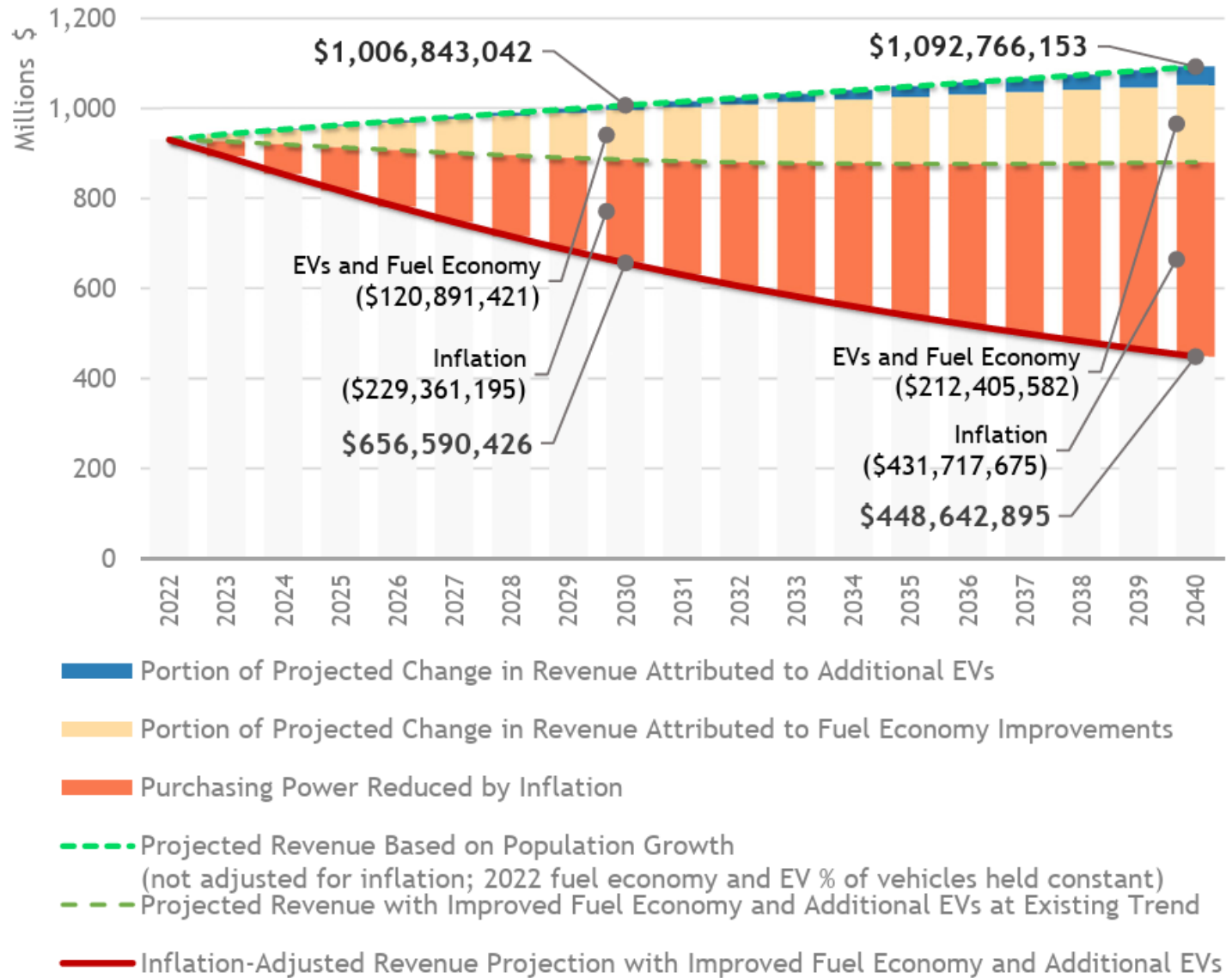
Note: BEV are battery electric vehicles (fully electric). PHEV are plug-in hybrid electric vehicles.

* Includes 26¢/gallon gasoline taxes imposed by Tennessee Code Annotated, Section 67-3-201, and 1¢/gallon special privilege tax imposed by Tennessee Code Annotated, Section 67-3-203.

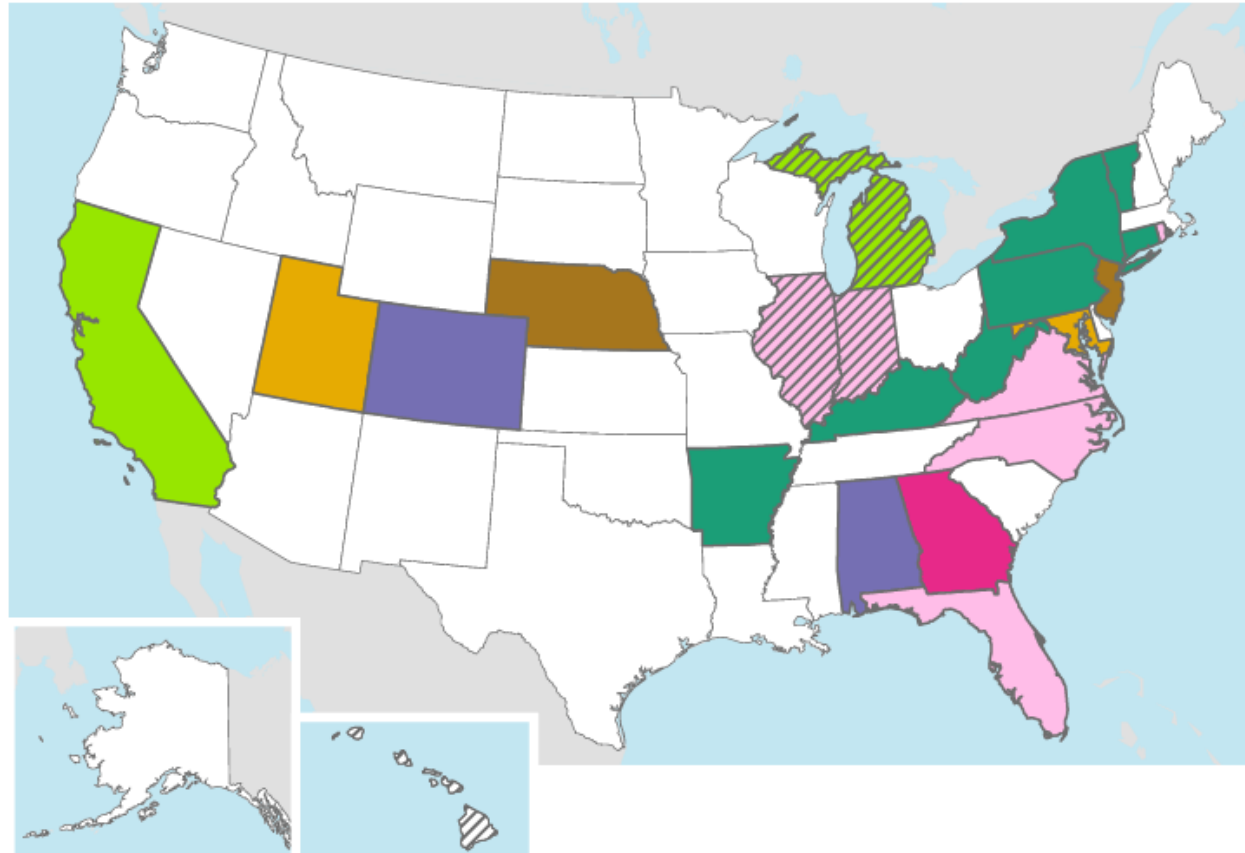
^ State, county, and municipal amounts do not add up to net total, which also includes some revenue (approximately 1.5%) that would be allocated for other, non-highway purposes.











Figure 1. Select Factors Affecting Tennessee's State Gas Tax Revenue Projections through 2040 Based on Historic EV Registrations



Map 6. States That Have Mechanisms to Automatically Adjust Gas Tax Rates (2021)



Variable Tax Type

- | | |
|---|--|
|  Varies with gas prices |  Varies with inflation (State's CPI) |
|  Varies with inflation (CPI) |  Varies with price and inflation (CPI) |
|  Varies with Highway Construction Cost Index |  Varies with price and legislative adjustment |
|  Varies with inflation (CPI) and fuel efficiency |  State sales tax applies to gasoline |

Source: NCSL 2021.



Public Chapter 438, Acts of 2025

1. Identify the critical, long-term highway and bridge infrastructure needs of this state, the annual highway and bridge infrastructure funding gap, and the amount needed to fund the maintenance, repair, and modernization of existing highways and bridges across the state.
2. Identify the recurring expenditures associated with the state highway fund, including, but not limited to, salary increases for employees of the department of transportation.



Public Chapter 438, Acts of 2025

3. Include a comprehensive review and analysis of appreciated sources of revenue that have the potential to grow over time and that will meet the critical, long-term highway and bridge infrastructure needs of this state, including, but not limited to, the following revenue sources:
 - Road usage fees
 - Rental car fees
 - Transportation network company fees
 - Retail delivery fees
 - Commercial vehicle road usage charges
 - Highway impact fees for heavy trucks
 - State sales tax from the sale of new or used vehicles



Public Infrastructure Needs Inventory

- Created by the General Assembly in 1996
- Managed by TACIR (Tennessee Advisory Commission on Intergovernmental Relations)
- Purpose: **Collect and report** accurate data on local infrastructure needs
- Covers: Roads, bridges, schools, utilities, public buildings, and more
- **Participation is voluntary but widespread**



How PINI Works

Our Partners | Their Roles

Development Districts

- Schools
- Local Governments
- Utilities

Department of Transportation

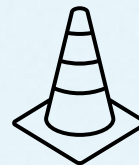
- Bridges
- Roads

Department of Finance and Administration

- State budget requests from every state agency and University

Type of Projects Included

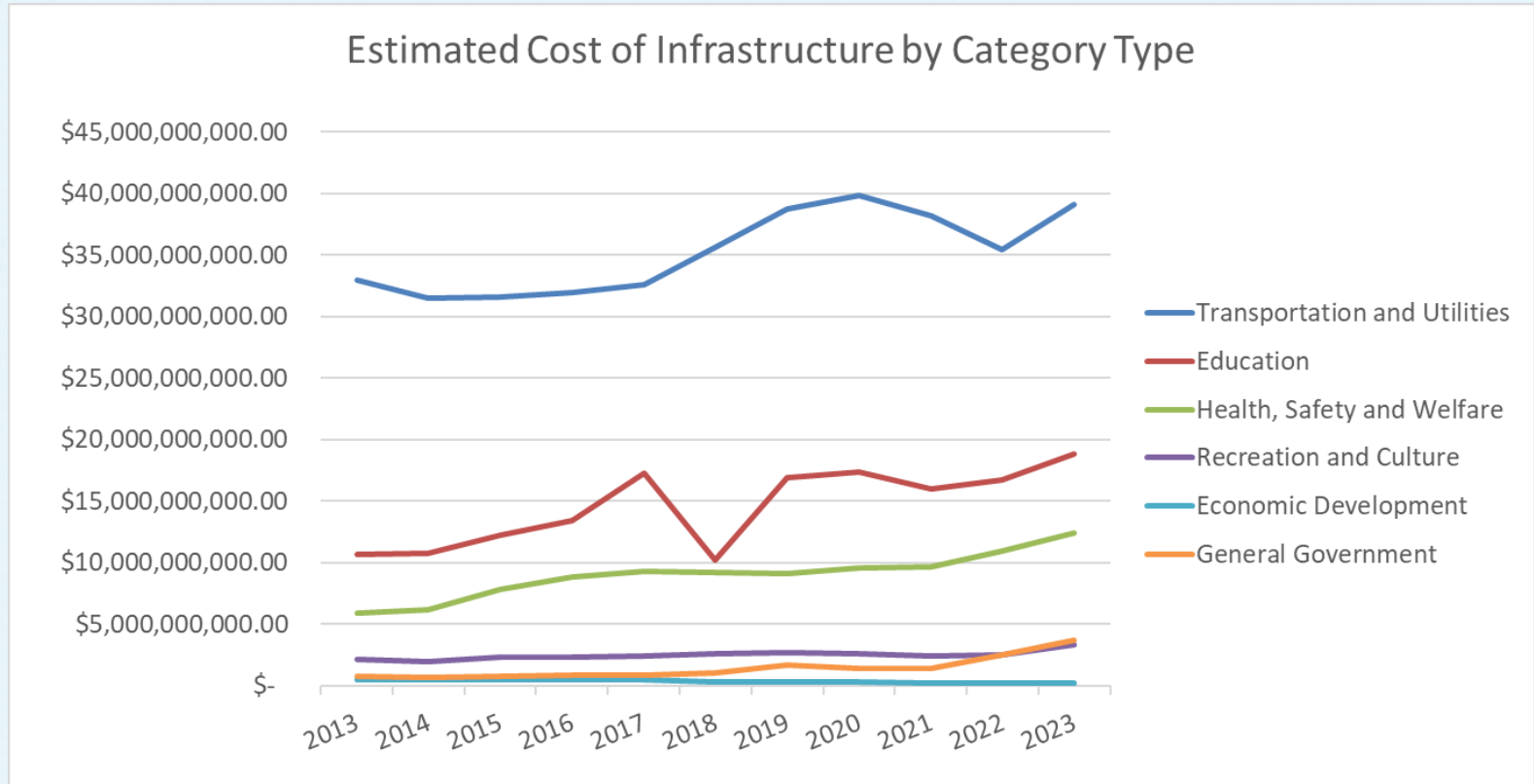
Business District Development
Community Development
Fire Protection
Public Housing
Industrial Sites and Parks
K-12 New School Construction
K-12 Existing School Improvements
Law Enforcement



School-system-wide Needs
Libraries, Museums, and Historic Sites
Other Education
Other Facilities
Post-secondary Education
Public Buildings
Public Health Facilities
Recreation
Solid Waste



Infrastructure Needs are Climbing



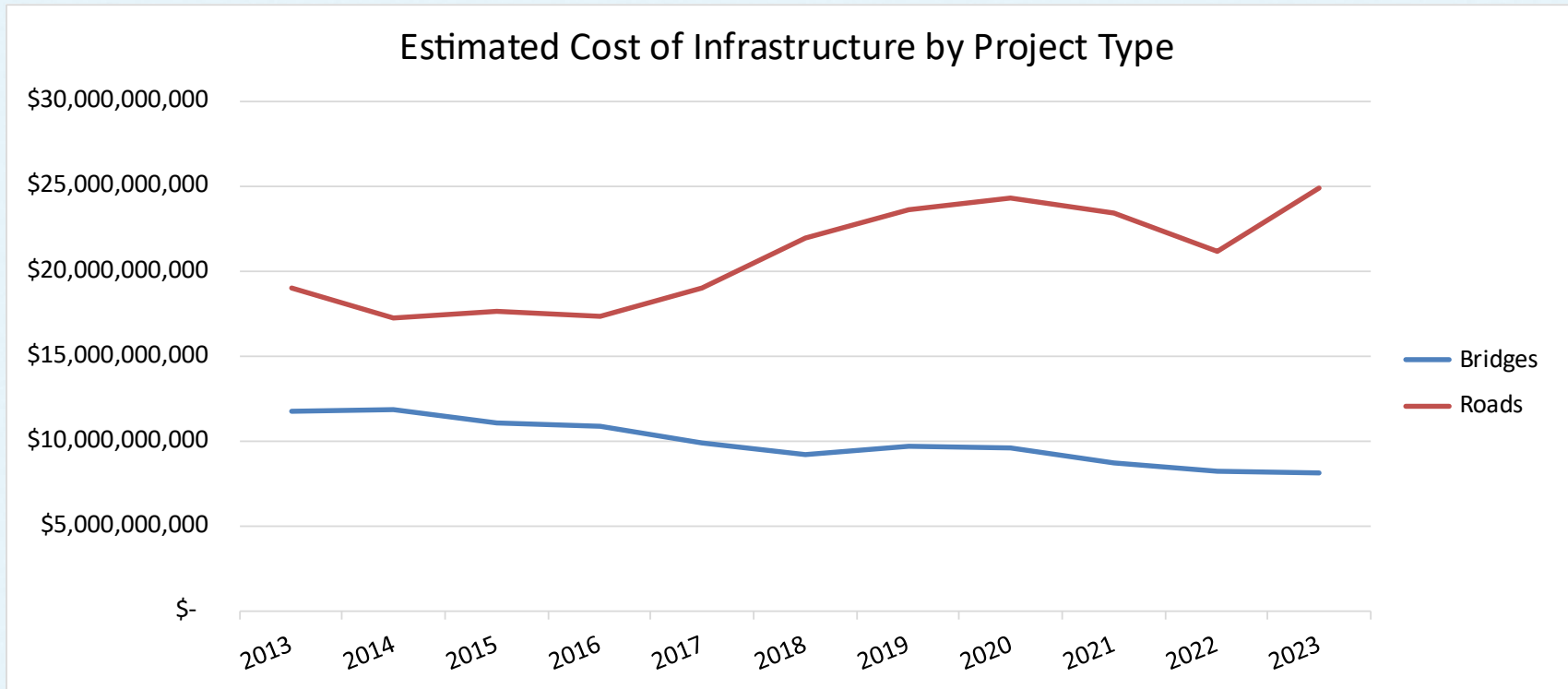
(2013–2023) Changes in reported costs:

- **General Government ↑ 371%**
- **Health, Safety, and Welfare ↑ 109%**
- **Education ↑ 77%**
- **Economic Development ↓ 51%**

85% of projects unfunded in 2018 remain unfunded in 2023

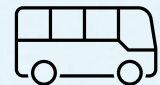


Road Needs Climb—Bridge Needs Decline

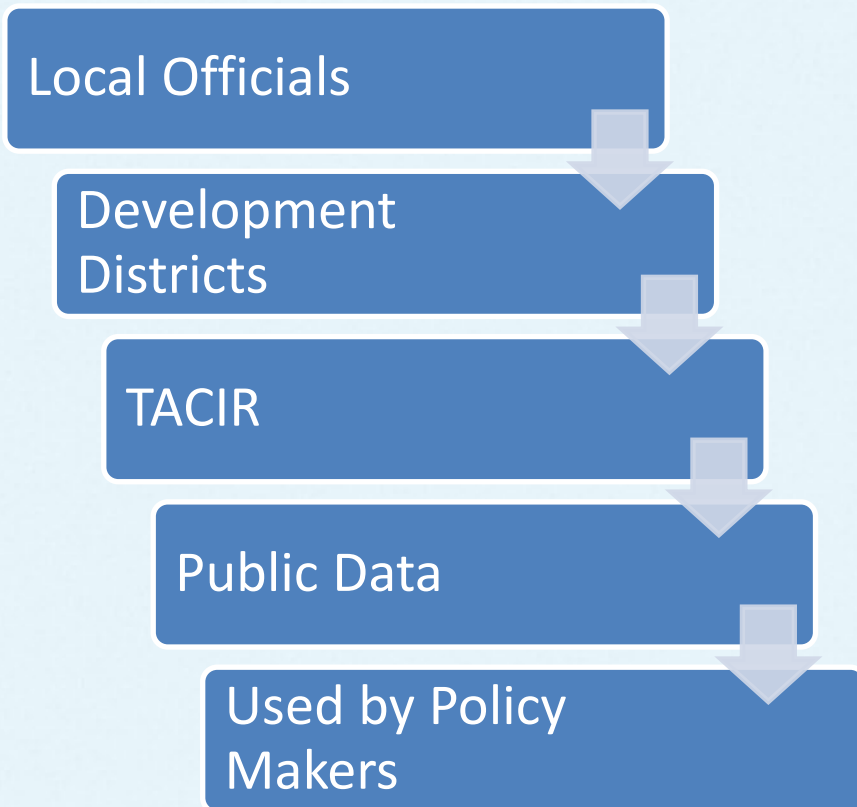


(2013–2023) Changes in reported costs:

- **Bridges ↓ 30%**
- **Roads ↑ 30%**
- **Sidewalks & signalization ↑ 220–299%**
- **Public transit ↑ 470%**



From Local Input to Statewide Impact



Trusted by decision-makers statewide
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Guides real policy and investment

- Transportation Modernization Act
- COVID infrastructure reports
- Wastewater system study

Data used by:
Legislators, assistant commissioners, grant writers, local planners

Identifies funding gaps
85% of previously unfunded projects remain unfunded after 5 years



Thank You and Contact Us!

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