

SUBJECT Estimated Benefits of EV Registration Fee Reduction in Michigan

LEGISLATION SB 593 (2025–2026)

DATE August 2026

In 2025, the Michigan legislature increased the state’s electric vehicle registration fee as part of its road funding legislation. As a result, the annual EV registration tax in Michigan is now approximately \$267 per vehicle — among the **highest tax of any state in the country**. This figure does not include additional registration fees and sales taxes levied on Michigan EV drivers.

Ives Street, an independent transportation analytics firm, analyzed the impacts of higher state EV registration fees on vehicle purchasing decisions, fuel consumption, and emissions in Michigan using the RMI Energy Policy Simulator. The findings indicate that reverting Michigan’s EV fee from \$267 back to approximately \$160, as proposed in SB 593, would unlock hundreds of millions of dollars in fuel savings while improving air quality and increasing demand for electric vehicles manufactured by Michigan workers.

Compared to the \$267 fee scenario, a return to the lower \$160 annual EV registration fee will increase EV adoption, resulting in:

- **\$700 million in fuel savings by 2045** for Michigan households and businesses who affordably charge EVs rather than purchasing gasoline, correlated with a 3% increase in EV sales in 2027.
- **52,000 more electric vehicles on Michigan roads by 2045.** The clean vehicle industry supports 31,000 jobs and \$27 billion in economic investment into the state of Michigan.
- **Less asthma and cleaner air** from 7 million fewer barrels of gasoline being burned, and 2.2 million metric tons fewer CO₂ emissions by 2045. That is as much carbon pollution as 295,000 homes produce through their total energy use in an entire year.

These findings are particularly relevant to Michigan’s automotive economy. Recent market experience has demonstrated that EV buyers are price sensitive and policy decisions can quickly translate into demand shifts, manufacturing layoffs, and costly production adjustments, creating market uncertainty.

Following months of federal policy whiplash on electric vehicles, including the expiration of federal EV tax credits, automakers and suppliers are adjusting investments and operations in response to changing market conditions and policy signals. Michigan is already feeling the effects, with companies scaling back operations, delaying investments, and reducing their workforce across the EV supply chain. At a time when the global auto industry is rapidly shifting toward electrification, policies that make EVs more expensive or create additional uncertainty put Michigan further behind. The increase in Michigan's EV registration taxes sends the wrong signal, adding costs for consumers and making it harder for Michigan to build demand for the technologies that will define the future of the automotive industry.

Michigan cannot secure the auto industry's future by insulating itself from the technology shaping it. Globally, in 2025, electric vehicle sales reached 20 million, capturing one-quarter of the new-car market and climbing 20 percent over the year before. Chinese automakers supplied 60 percent of global EV sales last year, while North American manufacturers supplied about 15 percent. That imbalance is not inevitable, but it will deepen if Michigan and the United States weaken their own market through policies that raise ownership costs. A strong home market gives automakers and suppliers greater reason to invest, produce, and innovate here.

The negative impacts of the \$267 Michigan tax would roughly double when combined with a congressional proposal to levy an additional \$150 federal annual EV registration, **creating the potential for Michigan EV owners to face more than \$400 in combined annual EV taxes** regardless of how much they drive.

In conclusion, our analysis finds that reverting EV registration taxes to pre-2025 levels would increase demand for Michigan-made clean vehicles, unlock hundreds of millions of dollars of vehicle ownership savings, improve the state's economic competitiveness, and reduce air and climate pollution.