

Road User Charges (Light Electric RUC Vehicles) Amendment Bill

Government Bill

Explanatory note

General policy statement

The Road User Charges (Light Electric RUC Vehicles) Amendment Bill (the **Bill**) provides for light electric RUC vehicles (**light EVs**) and plug-in hybrid electric RUC vehicles (**PHEVs**) to pay road user charges (**RUCs**) from 1 April 2024.

As background, RUCs apply to all heavy vehicles used on New Zealand roads and all light vehicles that use a motive power not wholly derived from petrol. This includes diesel vehicles and light EVs. However, light EVs have been exempted from the obligation to purchase RUC licences since 2009 to encourage people to purchase them.

The Bill amends the Road User Charges Act 2012 (the **Act**) to—

- require certain light EVs to have a RUC licence when the RUC exemption expires at the close of 31 March 2024; and
- allow for the setting of a reduced RUC rate for PHEVs. PHEVs, unlike other light EVs, pay fuel excise duty (**FED**) on any petrol purchased and, without a reduced RUC rate, would face higher taxation for their road use; and
- exempt very light electric RUC vehicles (that have a gross vehicle mass of 1,000 kg or less) (**very light EVs**) from the payment of RUCs.

The Bill also amends the Road User Charges Regulations 2012 to add a new vehicle type (type 12) for PHEVs and amends the Road User Charges (Rates) Regulations 2015 to apply a reduced rate of \$53 per 1,000 kilometres for PHEVs. This rate has been calculated by estimating the average petrol consumption of PHEVs and the amount of FED paid per 1,000 kilometres.

The Bill amends the Land Transport Management (Apportionment and Refund of Excise Duty and Excise-Equivalent Duty) Regulations 2004 to remove the ability of PHEV owners to claim refunds on any FED paid. This reflects that the reduced RUC

rate will be in place and ensures that PHEV owners will be paying roughly equivalent costs to owners of other light vehicles and avoids the need to rely on a time-consuming manual refund process.

The Bill also amends the Act to exempt very light EVs from the RUC system. The exemption is necessary because owners of those vehicles would otherwise face much higher costs through RUC than owners of equivalent petrol vehicles that pay FED. It also recognises that the costs of collecting RUC from those owners would likely outweigh the revenue collected.

The Bill also amends the definition of all-terrain vehicles (**ATVs**) in the Road User Charges (Classes of RUC Vehicles) Exemption Order 2012. Diesel ATVs are currently exempted on the basis that they are unsuitable for regular road use but the definition only applies to combustion engine vehicles. The new definition will also provide for electric ATVs and ATVs that use both kinds of power.

The Bill also amends the Act to put in place a two-month transition period beginning on 1 April 2024, during which vehicle operators will be relieved of liability for specific offences connected with the operation of a RUC vehicle without a RUC licence.

The Bill also makes several consequential amendments to various regulations and land transport rules to ensure that definitions and transitional arrangements are aligned.

Departmental disclosure statement

The Ministry of Transport is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2024&no=25>

Regulatory impact statement

The Ministry of Transport produced a regulatory impact statement on 15 December 2023 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

A copy of this regulatory impact statement can be found at—

- <https://www.transport.govt.nz/area-of-interest/revenue/road-user-charges-system/>
- <https://treasury.govt.nz/publications/informationreleases/ris>

Clause by clause analysis

Clause 1 gives the Title of the Bill.

Clause 2 provides that the Bill, once enacted, comes into force on **1 April 2024**. This is the day after the date on which the current exemption of light electric RUC vehicles (**light EVs**) from the payment of road user charges expires (*see* Road User Charges (Exemption Period for Light Electric RUC Vehicles) Order 2012) and the day on which the new exemption for very light electric RUC vehicles takes effect.

Clause 3 repeals the Bill at the 1 start of 1 July 2024.

Part 1 (clauses 4 to 8) amends the Road User Charges Act 2012.

Clause 5 amends section 5 (interpretation) by—

- inserting a new definition of plug-in hybrid electric RUC vehicle (**PHEV**) to support the amendments made to section 85 by *clause 7* and the related amendments made to secondary legislation by *clauses 13, 15, and 20*; and
- inserting a new definition of very light electric RUC vehicle for the purpose of the exclusion of those vehicles from the RUC scheme; and
- amending the definition of light electric RUC vehicle so the gross vehicle mass of that vehicle is greater than that of a very light electric RUC vehicle; and
- amending the definition of light RUC vehicle by excluding very light electric RUC vehicles.

Clause 6 inserts *new section 6AA* (transitional, savings, and related provisions), which gives effect to *new Schedule 1AA* (inserted by *clause 8*).

Clause 7 amends section 85 by authorising regulations to specify a reduced rate of road user charges for PHEVs. The reduced rate takes into account the amount of excise duty and excise-equivalent duty that is payable for petrol likely to be used by the vehicle type. *See* the new definition of PHEV inserted by *clause 5* and related amendments made to secondary legislation by *clauses 13, 15, and 20*.

Clause 8 inserts *new Schedule 1AA* (*see Schedule 1* of the Bill).

Part 2 amends or revokes instruments of secondary legislation.

Subpart 1 (clauses 9 to 13) amends the Road User Charges Regulations 2012 as follows:

- *clause 10* inserts *new regulation 3A* (transitional, savings, and related provisions), which gives effect to *new Schedule 1*:
- *clause 12* inserts *new Schedule 1* (*see Schedule 2* of the Bill):
- *clause 13* amends the Schedule by inserting a new item for type 12 vehicles (PHEVs with 2 axles) that specifies a reduced rate of RUC for PHEVs. *See* the new definition of PHEV in the Road User Charges Act 2012 and *see also* the related amendments made by *clauses 7, 15, and 20*:
- *clauses 11 and 13* also make minor consequential amendments, including by renumbering the Schedule as *Schedule 2* (as *clause 12* inserts *new Schedule 1*).

Subpart 2 (clauses 14 and 15) amends the Road User Charges (Rates) Regulations 2015.

Clause 15 amends Schedule 1 by inserting a new item for type 12 vehicles (PHEVs with 2 axles). (See the new definition of PHEV in the Road User Charges Act 2012 and the related amendments made by *clauses 7, 13, and 20*.)

Subpart 3 (clause 16) revokes the Road User Charges (Exemption Period for Light Electric RUC Vehicles) Order 2012 because the exemption in that order will have expired by the time the Bill comes into force. The expiry of the exemption is the reason for the commencement of the Bill on **1 April 2024** and for the consequential amendments to the Road User Charges Act 2012 and secondary legislation made by *clauses 8 and 12* (and *Schedules 1 and 2*).

Subpart 4 (clauses 17 and 18) amends the Road User Charges (Classes of RUC Vehicles) Exemption Order 2012.

Clause 18 amends the definition of all-terrain vehicle in clause 3(1), so that the definition provides separately for vehicles with an internal combustion engine, vehicles powered by an electric motor, and vehicles powered by both. The Bill also amends that definition in secondary legislation made under the Land Transport Act 1998 (see *subparts 6 to 8 of Part 2* of the Bill).

Subpart 5 (clauses 19 and 20) amends the Land Transport Management (Apportionment and Refund of Excise Duty and Excise-Equivalent Duty) Regulations 2004.

Clause 20 amends the definition of licensed vehicle in regulation 3(1) by excluding PHEVs from that definition. The effect of the amendment is that there will no longer be an entitlement to a refund of excise duty, excise-equivalent duty, and goods and services tax charged for motor spirits used as fuel in a PHEV. Those vehicles will now attract a reduced rate of RUC. (See the new definition of PHEV in the Road User Charges Act 2012 and the related amendments made by *clauses 7, 13, and 15*.)

Subpart 6 (clauses 21 and 22) amends the Land Transport Rule: Vehicle Standards Compliance 2002.

Clause 22 amends the definition of All-terrain vehicle in Part 2 of that rule by aligning that definition with the corresponding definition in the Road User Charges (Classes of RUC Vehicles) Exemption Order 2012 as amended by *clause 18*.

Subpart 7 (clauses 23 and 24) amends the Land Transport (Road User) Rule 2004.

Clause 24 amends the definition of all terrain vehicle by aligning that definition with the corresponding definition in the Road User Charges (Classes of RUC Vehicles) Exemption Order 2012 as amended by *clause 18*.

Subpart 8 (clauses 25 and 26) amends the Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011.

Clause 26 makes a minor technical amendment to the definition of all-terrain vehicle in regulation 3. That definition incorporates the definition in the Land Transport Rule: Vehicle Standards Compliance 2002, and that definition, as amended by the Bill, remains consistent across land transport legislation and RUC legislation.

Schedule 1 contains *new Schedule 1AA* of the Road User Charges Act 2012 (inserted by *clause 8*), which contains transitional provisions as follows in relation to light electric RUC vehicles that were exempt from RUC before **31 March 2024**:

- *clause 2* provides that the operation of a vehicle without a licence between **1 April and 31 May 2024** (the **transition period**) is not an offence if the vehicle has a compliant distance licence by 31 May 2024:
- *clause 3* makes similar provision for operating a vehicle during the transition period without displaying or carrying a RUC licence: it is not an offence if the vehicle has a licence by 31 May 2024.

Schedule 2 contains *new Schedule 1* of the Road User Charges Regulations 2012 (inserted by *clause 12*), which also contains a transitional provision relating to light electric RUC vehicles that were exempt from RUC before **31 March 2024**. *Clause 1* of the new schedule provides that an application made on or after **1 April 2024** for a distance licence for a vehicle must, in addition to including the information required by regulation 7 of the relevant regulations, specify the distance travelled by the vehicle as recorded by the vehicle's distance recorder on the date of the application.

Hon Simeon Brown

Road User Charges (Light Electric RUC Vehicles) Amendment Bill

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**Road User Charges (Light Electric RUC Vehicles)
Amendment Bill**

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Schedule 1		
New Schedule 1AA inserted into Road User Charges Act 2012		
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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Road User Charges (Light Electric RUC Vehicles) Amendment Act **2024**.

2 Commencement

This Act comes into force on **1 April 2024**.

3 Repeal of this Act

This Act is repealed on 1 July 2024.

Part 1

5

Amendments to Road User Charges Act 2012

4 Principal Act

This Part amends the Road User Charges Act 2012.

5 Section 5 amended (Interpretation)

- (1) In section 5(1), insert in their appropriate alphabetical order: 10

plug-in hybrid electric RUC vehicle means a light electric RUC vehicle with motive power partly derived from petrol and partly derived from an external source of electricity

very light electric RUC vehicle means a RUC vehicle with—

- (a) a gross vehicle mass of 1 000 kilograms or less; and 15
(b) motive power wholly or partly derived from an external source of electricity

Examples

An electric motorcycle or an electric moped.

- (2) In section 5(1), definition of **light electric RUC vehicle**, replace paragraph (a) with: 20

- (a) a gross vehicle mass of more than 1 000 kilograms but not more than 3 500 kilograms; and

- (3) In section 5(1), definition of **light RUC vehicle**, after paragraph (b), insert:

- (c) does not include a very light electric RUC vehicle 25

6 New section 6AA inserted (Transitional, savings, and related provisions)

After section 6, insert:

6AA Transitional, savings, and related provisions

The transitional, savings, and related provisions set out in **Schedule 1AA** have effect according to their terms. 30

7 Section 85 amended (Regulations specifying rates of road user charges)

After section 85(2), insert:

(2A) For the purposes of subsection (2)(a), regulations made under subsection (1) may specify, for plug-in hybrid electric RUC vehicles, a reduced rate that takes into account any excise duty or excise-equivalent duty payable under the Customs and Excise Act 2018 in relation to the amount of petrol likely to be used by the vehicle type.

5

8 New Schedule 1AA inserted

Insert the **Schedule 1AA** set out in **Schedule 1** of this Act as the first schedule to appear after the last section of the principal Act.

Part 2

Amendments to, and revocation of, secondary legislation

10

Subpart 1—Amendments to Road User Charges Regulations 2012

9 Principal regulations

This subpart amends the Road User Charges Regulations 2012.

10 New regulation 3A inserted (Transitional, savings, and related provisions)

After regulation 3, insert:

15

3A Transitional, savings, and related provisions

The transitional, savings, and related provisions set out in **Schedule 1** have effect according to their terms.

11 Regulation 4 amended (RUC vehicle types and RUC weight bands)

In regulation 4(1), (2), and (2A), replace “the Schedule” with “**Schedule 2**”.

20

12 New Schedule 1 inserted

Insert the **Schedule 1** set out in **Schedule 2** of this Act as the first schedule to appear after the last provision of the principal regulations.

13 Schedule amended

(1) In the Schedule heading, replace “Schedule” with “**Schedule 2**”.

25

(2) In the Schedule, Part 1, table, item relating to RUC vehicle type 1, replace “type 2 or 299” with “type 12, 2, or 299”.

(3) In the Schedule, Part 1, table, after the item relating to RUC vehicle type 1, insert:

12	RUC weight of not more than 3 500 kg	Powered plug-in hybrid electric RUC vehicle with 2 axles
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Subpart 2—Amendments to Road User Charges (Rates) Regulations
2015

14 Principal regulations

This subpart amends the Road User Charges (Rates) Regulations 2015.

15 Schedule 1 amended

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- (1) In Schedule 1, table, item relating to RUC vehicle type 1, replace “type 2 or type 299” with “type 12, 2, or 299”.
- (2) In Schedule 1, table, after the item relating to RUC vehicle type 1, insert:

12	Powered plug-in hybrid electric RUC vehicle with 2 axles	RUC weight of not more than 3,500 kg	53
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Subpart 3—Revocation of Road User Charges (Exemption Period for
Light Electric RUC Vehicles) Order 2012

10

16 Revocation

The Road User Charges (Exemption Period for Light Electric RUC Vehicles) Order 2012 (SR 2012/140) is revoked.

Subpart 4—Amendment to Road User Charges (Classes of RUC
Vehicles) Exemption Order 2012

15

17 Principal order

This subpart amends the Road User Charges (Classes of RUC Vehicles) Exemption Order 2012.

18 Clause 3 amended (Interpretation)

In clause 3(1), definition of **all-terrain vehicle**, replace paragraph (c) with:

20

- (c) is powered by either or both of the following:
- (i) an internal combustion engine with an engine capacity exceeding 50 ml;
 - (ii) an electric motor with an output exceeding 4 kW; and

Subpart 5—Amendment to Land Transport Management
(Apportionment and Refund of Excise Duty and Excise-Equivalent
Duty) Regulations 2004

25

19 Principal regulations

This subpart amends the Land Transport Management (Apportionment and Refund of Excise Duty and Excise-Equivalent Duty) Regulations 2004.

30

20 Regulation 3 amended (Interpretation)

In regulation 3(1), replace the definition of **licensed vehicle** with:

licensed vehicle means a motor vehicle—

- (a) that is required to be licensed under the Road User Charges Act 2012 (other than a plug-in hybrid electric RUC vehicle within the meaning of that Act); and 5
- (b) to which a licence within the meaning of that Act relates at all times during any period in respect of which a refund is applied for under section 41 of the Land Transport Management Act 2003

Subpart 6—Amendment to Land Transport Rule: Vehicle Standards
Compliance 2002 10

21 Principal rule

This subpart amends the Land Transport Rule: Vehicle Standards Compliance 2002.

22 Part 2 amended

15

In Part 2, definition of **All-terrain vehicle**, replace paragraph (c) with:

- (c) is powered by either or both of the following:
 - (i) an internal combustion engine with an engine capacity exceeding 50 ml;
 - (ii) a power source (other than an internal combustion engine) with an output exceeding 4 kW; and 20

Subpart 7—Amendment to Land Transport (Road User) Rule 2004

23 Principal rule

This subpart amends the Land Transport (Road User) Rule 2004.

24 Clause 1.6 amended (Interpretation)

25

In clause 1.6, definition of **all terrain vehicle**, replace paragraph (c) with:

- (c) is powered by either or both of the following:
 - (i) an internal combustion engine with an engine capacity exceeding 50 ml;
 - (ii) an electric motor with an output exceeding 4 kW; and 30

Subpart 8—Amendment to Land Transport (Motor Vehicle Registration
and Licensing) Regulations 2011

25 Principal regulations

This subpart amends the Land Transport (Motor Vehicle Registration and
Licensing) Regulations 2011.

5

26 Regulation 3 amended (Interpretation)

In regulation 3, definition of **all-terrain vehicle**, after “given”, insert “for All-
terrain vehicle”.

Schedule 1
New Schedule 1AA inserted into Road User Charges Act 2012

s 8

Schedule 1AA
Transitional, savings, and related provisions

5

s 6AA

Part 1
Provisions relating to Road User Charges (Light Electric RUC Vehicles) Amendment Act 2024

- 1 Interpretation** 10
- In this Part, unless the context otherwise requires,—
- exempt light electric RUC vehicle** means a light electric RUC vehicle—
- (a) registered under Part 17 of the Land Transport Act 1998 on or before 31 March 2024; and
- (b) for which a distance licence has not previously been issued 15
- transition period** means the period between **1 April 2024** and 31 May 2024.
- 2 No licence held**
- (1) This clause applies to a person who, during the transition period, operates a light electric RUC vehicle that—
- (a) is an exempt light electric RUC vehicle; and 20
- (b) does not have a distance licence that complies with section 9(2).
- (2) The person does not commit an offence against section 9(4)(a) if a distance licence that complies with section 9(2) is issued by the end of the transition period.
- 3 No licence displayed or carried** 25
- (1) This clause applies to a person who, during the transition period, operates a light electric RUC vehicle that was an exempt light electric RUC vehicle without displaying or carrying a RUC licence in accordance with section 19(1).
- (2) The person does not commit an offence against section 19(2) if a RUC licence is displayed or carried in accordance with section 19(1) by the end of the transition period. 30

Schedule 2
New Schedule 1 inserted into Road User Charges Regulations 2012

s 12

Schedule 1
Transitional, savings, and related provisions

5

r 3A

Part 1
**Provisions relating to Road User Charges (Light Electric RUC
Vehicles) Amendment Act 2024**

- 1 Application for distance licence for light electric RUC vehicle** **10**
- (1) This clause applies to an application for a distance licence made on or after **1 April 2024** in relation to a light electric RUC vehicle—
- (a) registered under Part 17 of the Land Transport Act 1998 on or before 31 March 2024; and
- (b) for which a distance licence has not previously been issued. **15**
- (2) The application must, in addition to containing the information required by regulation 7, specify the distance travelled by the vehicle as recorded by the vehicle's distance recorder on the date of the application.