

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 9, 2013**

**TO:** Honorable Jim Pitts, Chair, House Committee on Appropriations

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3836** by Harper-Brown (Relating to the establishment of a motor vehicle mileage fee program for certain motor vehicles by the Texas Department of Motor Vehicles; authorizing a fee.), **As Introduced**

**The provisions of the bill could result in an indeterminate revenue gain depending upon the number of electric and liquefied fuel motor vehicles registered in the state; the fee that would be assessed; and the rate of compliance. There would also be an indeterminate cost in implementing the provisions of the bill due to unknown administrative and technological program requirements.**

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would require the Texas Department of Motor Vehicles (DMV) to establish and implement a vehicle mileage fee based on the number of miles traveled for all electric and liquefied fuel motor vehicles registered in Texas. The bill would require DMV to work with the Texas Department of Transportation (TxDOT), Department of Public Safety (DPS), and Comptroller of Public Accounts (CPA) to establish an administrative framework to implement a vehicle mileage fee and determine the amount of the vehicle mileage fee on a per mile basis and considering the average amount of gasoline tax paid by a gasoline-powered motor vehicle. The bill would require the vehicle mileage fee program to begin no later than January 1, 2014.

The CPA is unable to determine the amount of revenue that would be generated as a result of this bill. Because DMV does not capture information regarding vehicle fuel type in its registration and title system, the revenue gain resulting from this bill cannot be determined. Because the bill does not specify the fund in which the fees are to be deposited, the fees would be deposited to the credit of the General Revenue Fund pursuant to Section 404.094, Government Code.

For illustrative purposes, DMV provided an analysis using national data. According to the data, there are approximately 2,000 electric vehicles and 8,773 natural gas vehicles in Texas. The average number of vehicle miles driven annually in the United States is 13,476 miles and the average fuel economy of new cars sold was 24.1 miles per gallon in October 2012. The state gasoline tax is \$0.20 per gallon; which equals approximately \$0.008 per mile based on average fuel economy and DMV estimates the average annual gasoline tax paid per vehicle in Texas is approximately \$112. Assuming 10,773 vehicles in Texas would be subject to the vehicle mileage fee at a compliance rate of 100 percent, the fee would generate \$798,692 in fiscal year 2014 and \$1,187,149 in fiscal year 2015, which would be the first full year of implementation. DMV

anticipates that there would be a small decline in revenue annually because there is an average increase in vehicle efficiency of .54 miles per gallon each year, which would result in a reduction of the vehicle miles traveled tax rate. Based on this assumption, the fee would generate \$1,181,361 in fiscal year 2016, \$1,171,871 in fiscal year 2017, and \$1,167,099 in fiscal year 2018. However, the gain to General Revenue Funds cannot be determined based on actual data not being available at this time.

This analysis assumes DMV would incur costs to implement the vehicle mileage based fee that could include costs for technological support and programming. The cost would depend upon final program design and cannot be determined at this time. TxDOT and DPS anticipate any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 405 Department of Public Safety, 601 Department of Transportation, 608 Department of Motor Vehicles

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