

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 23, 2021

TO: Honorable Chris Paddie, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2221 by Canales (relating to mobile source emissions reductions and transportation electrification; authorizing a surcharge.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2221, Committee Report 1st House, Substituted : a positive impact of \$9,892,000 through the biennium ending August 31, 2023.

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

This bill relates to mobile source emissions reductions and transportation electrification as well as authorizing a surcharge.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	\$3,543,000
2023	\$6,349,000
2024	\$9,019,000
2025	\$12,290,000
2026	(\$320,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from State Highway Fund 6
2022	(\$330,000)	\$3,873,000	\$5,809,000
2023	\$0	\$6,349,000	\$9,524,000
2024	(\$320,000)	\$9,339,000	\$14,008,000
2025	\$0	\$12,290,000	\$19,379,000
2026	(\$320,000)	\$0	\$42,183,000

Fiscal Analysis

This bill would establish the Texas Transportation Electrification Council, which would be administratively attached and funded using existing funds of the Texas Department of Transportation (TxDoT). This bill would require the Council to prepare an assessment of public electric vehicle charging infrastructure and use the assessment in developing a plan for the development of public electric vehicle charging infrastructure and

associated technologies in the state.

The bill would authorize the council to consult with the Texas A&M Transportation Institute (TTI) in regard to preparing the assessment and developing and updating a comprehensive plan for the development of public electric vehicle charging infrastructure. The council would be required to submit a report that includes the assessment and plan that were prepared, as well as policy recommendations.

The bill would require the Texas Commission on Environmental Quality (TCEQ) to establish a grant program to encourage the purchase, construction, and installation of infrastructure needed to support the use of drayage trucks or cargo handling equipment that are powered by an alternative fuel.

The bill would authorize an additional surcharge, administered by DMV, of \$100 for an electric vehicle registration or renewal of registration. The bill would require that \$40 of this surcharge be deposited to the General Revenue Fund in fiscal years 2022 through 2025, with \$60 going to the State Highway Fund (SHF). After 2025, all \$100 of this surcharge would be deposited in the SHF. The bill would require that the \$40 portion of electric vehicle (EV) surcharge that goes to GR may be used only for the operations of the Council.

Methodology

TTI anticipates that it would require \$180,000 for each fiscal year in which it helps with the assessment (2022, 2024, 2026). They also anticipate a cost of \$150,000 for supplies and equipment in 2022 and \$140,000 in supplies and equipment in 2024 and every biennium afterwards. The fiscal impact from the \$100 electric vehicle registration fee is based on information provided by the Comptroller of Public Accounts regarding the number of electric vehicles registered in Texas contained in the Texas Department of Motor Vehicles 2020 Alternatively Fueled Vehicles Report and projected forward using industry market analysis forecasts. This estimate anticipates a \$31.9 million gain to the General Revenue Fund and a \$90.9 million gain to the State Highway Fund over the years 2022-2026. TxDOT notes that the development of EV charging infrastructure does not fall within the allowable uses of the State Highway Fund, therefore TxDOT would be required to use funds from another source past 2025 to fund the Council.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Technology

The Department of Motor Vehicles estimates that they would incur total programming costs of \$112,000 which can be absorbed using their current resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 332 Dept Housing-Comm Affairs, 452 Dept of License & Reg, 473 Public Utility Commission of Texas, 582 Commission on Environmental Quality, 601 Department of Transportation, 608 Department of Motor Vehicles, 727 Texas A&M Transportation Institute

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