

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 16, 2021

TO: Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2577 by Kuempel (Relating to the light-duty motor vehicle purchase or lease incentive program.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB2577, Committee Report 1st House, Substituted : an impact of \$0 through the biennium ending August 31, 2023.

However, there would be revenue gains to the State Highway Fund that would be realized from owners of light-duty electric vehicles receiving incentives and remitting \$750 under the provisions of the bill. The portion of those gains that would be realized from the owners of electric motorcycles are not included in the table below because the number of owners is unknown and the amount that would be remitted cannot be estimated.

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

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain/(Loss) from State Highway Fund</i>
2022	\$675,000
2023	\$675,000
2024	\$675,000
2025	\$675,000
2026	\$675,000

Fiscal Analysis

The bill would amend the Health and Safety Code to make electric motorcycles eligible for a \$2,500 electric

vehicle incentive. Under current law an electric vehicle must have four wheels to be eligible for the incentive.

In addition, the bill would require a person who receives an electric vehicle incentive grant through the Light-Duty Motor Vehicle Purchase or Lease Incentive Program (LDPLIP) to remit \$750 to the Comptroller for deposit to Fund 0006 – State Highway Fund (SHF).

This bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2021.

Methodology

According to the Comptroller of Public Accounts and based on information provided by the Texas Commission on Environmental Quality, there are approximately 900 electric vehicle incentives awarded through the LDPLIP program each fiscal year for four-wheel vehicles.

The table above reflects revenue gains that would be realized under the provisions of the bill based on the owners of these vehicles that are anticipated to receive an incentive grant. These individuals would be required to remit \$750 to the SHF which would result in a gain to the SHF of approximately \$675,000 per fiscal year (900 vehicle incentive grants awarded x \$750 remittance = \$675,000). The table above does not include revenue gains for owners of motorcycles that would receive LDPLIP incentives and also remit \$750 to the SHF under the provisions of the bill because that number is unknown and the amount that would be remitted cannot be estimated.

Enactment of House Bill 3745, Eighty-sixth Legislature, 2019 established the Texas Emission Reduction Plan Fund (TERP Fund) as a trust fund held by the Comptroller outside of the treasury and administered by the Texas Commission on Environmental Quality (TCEQ) effective with the beginning of fiscal year 2022. This fund will consist of revenues from fees, surcharges, and transfers previously deposited to the credit of General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 (Account No. 5071). Funds expended by TCEQ from this account are done so without legislative appropriation. This estimate assumes that any funds used by TCEQ to provide LDPLIP grants for eligible electric motorcycles would be expended from the TERP Fund without cost to the state.

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.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 601 Department of Transportation

LBB Staff: JMc, AJL, MW, GDZ, CMA