

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 18, 2021

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB839 by Schwertner (relating to the regulation of electric vehicle supply equipment; requiring an occupational registration; authorizing fees; authorizing an administrative penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB839, Committee Report 1st House, Substituted : a positive impact of \$59,332 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.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$29,173
2023	\$30,159
2024	\$57,843
2025	\$119,772
2026	\$129,691

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$187,027)	\$216,200	2.5
2023	(\$173,351)	\$203,510	2.5
2024	(\$171,470)	\$229,313	2.5
2025	(\$201,670)	\$321,442	3.0
2026	(\$252,934)	\$382,625	4.0

Fiscal Analysis

The bill would amend the Occupations Code relating to the regulation of electric vehicle supply equipment, requiring an occupational registration, and authorizing fees and an administrative penalty. The bill would require the Texas Commission of Licensing and Regulation (Commission) and the Texas Department of Licensing and Regulation (TDLR) to implement the provisions of the new "Electric Vehicle Supply Equipment" chapter.

The bill would require the Commission to establish by rule fees in an amount reasonable and necessary to cover the costs of administering the chapter.

The bill would require TDLR to periodically or in response to a complaint, conduct an inspection of electric vehicle supply equipment in order to verify compliance with registration requirements and standards. The bill would authorize TDLR to contract for these inspections.

The bill would require electric vehicle supply providers to have the equipment inspected and maintained. Nonexempt electric vehicle supply providers would be required to register each charging unit of electric vehicle supply equipment operated by the provider with TDLR before the electric vehicle supply equipment is made available for use on a digital network for a commercial transaction. TDLR would issue a registration to an applicant that meets certain requirements and pays any required fees. A registration would be valid for one or two years, as set by rule, and renewal would be required at or before the end of the registration period.

Methodology

According to TDLR, research groups and business analyses anticipate large growth for electric vehicle charging stations over the next decade, with compound annual growth rate estimates ranging from 31.1 percent to 46.6 percent. TDLR reports that based on information from the Comptroller of Public Accounts and the Texas Department of Motor Vehicles, their cost analysis for the bill estimated an increase in electric vehicles in Texas at 30 percent per year over the next five years. Also using an estimate of 30 percent growth for metering devices, the number of devices in Texas would grow from 4,700 in fiscal year 2022 to 13,424 in fiscal year 2026.

TDLR anticipates the fee for a two-year registration would be \$60 for an initial and \$50 for a renewal, with the initial fee decreasing to \$55 beginning in fiscal year 2025. TDLR would need to register half the 4,700 metering devices in the first year at a full fee of \$60 and half with a \$30 registration that would expire in one year, so those devices would renew in the second year and even out the revenue over the years. TDLR reports there would also be a \$1 registration sticker required for each device.

Based on information provided by TDLR, this analysis assumes implementation of the bill's provisions would result in a revenue gain to the General Revenue Fund of \$216,200 in fiscal year 2022, \$203,510 in fiscal year 2023, \$229,313 in fiscal year 2024, \$321,442 in fiscal year 2025, and \$382,625 in fiscal year 2026.

In order to administer and enforce the Electric Vehicle Supply Equipment program, TDLR anticipates requiring additional full-time equivalent (FTE) program and administrative staff. As the number of electric vehicles in Texas increases, this analysis assumes a concurrent growth in the number of metering devices, which results in an increasing number of FTEs for this program at TDLR as identified in the table above. The total cost for FTEs is estimated to be \$187,027 in fiscal year 2022 and \$173,351 in fiscal year 2023, with increases in subsequent years as shown.

This analysis assumes that any increased cost to TDLR, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee-generated revenue.

Based on information provided by the Office of the Attorney General and the Office of Court Administration, this analysis assumes any additional work resulting from the passage of the bill could be reasonably absorbed with current resources.

According to the Comptroller of Public Accounts, the initial and renewal registration fees as well as the schedule of applications and violations subject to administrative penalty are unknown; the fiscal impact on the state cannot be estimated.

Local Government Impact

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

Source Agencies: 212 Office of Court Admin, 302 Office of the Attorney General, 304 Comptroller of Public Accounts,
452 Dept of License & Reg

LBB Staff: JMc, SZ, MB, DFR