

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

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 16, 2021**

**TO:** Honorable Terry Canales, Chair, House Committee on Transportation

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB1728** by Schwertner (relating to the equalization for road use by and public charging infrastructure for alternatively fueled vehicles; authorizing a fee and a surcharge.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1728, Committee Report 2nd House, Substituted : a positive impact of \$1,902,000 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.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	\$315,000
2023	\$1,587,000
2024	\$2,035,000
2025	\$3,230,000
2026	\$3,898,000

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund 1</b>	<b>Probable Revenue Gain/(Loss) from State Highway Fund 6</b>	<b>Probable Savings/(Cost) from Texas Department of Motor Vehicles Fund 10</b>
2022	(\$330,000)	\$645,000	\$11,713,000	(\$596,500)
2023	\$0	\$1,587,000	\$27,669,000	\$0
2024	(\$320,000)	\$2,355,000	\$39,882,000	\$0
2025	\$0	\$3,230,000	\$50,056,000	\$0
2026	(\$320,000)	\$4,218,000	\$67,151,000	\$0

**Fiscal Analysis**

The bill would add Chapter 490I to the Government Code to establish the Texas Transportation Electrification Council (council), which would be administratively attached to the Texas Department of Transportation (TxDOT). The bill would stipulate that the council shall be funded using TxDOT's existing funds. The bill would require the council to assess 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 Texas. The council would be required to submit a report that includes the assessment and plan

that were prepared, as well as policy recommendations. The initial assessment and report would be due no later than December 1, 2022, and would be updated biennially. The bill would authorize the council to consult with the Texas A&M Transportation Institute (TTI) to perform the council's duties. Chapter 490I would expire and the council would be abolished January 1, 2031.

The bill would add Subchapter M to Chapter 502 of the Transportation Code to establish additional fees for certain vehicles not powered by gasoline or diesel fuel to be paid at the time of registration or renewal of registration. The additional fees would be deposited to the State Highway Fund (SHF). An alternatively fueled vehicle (AFV), as defined by the bill, weighing 6,000 pounds or less would be subject to an additional \$190, with similar plug-in hybrid electric vehicles (HEV) subject to an additional fee of \$30. AFVs and plug-in HEVs weighing 6,001 pounds or more would be subject to an additional fee of \$240 and \$40, respectively. In lieu of paying the flat fees described above, the bill would allow a person to pay a fee based on mileage driven in a one-year period. The annual mileage fees for an AFV weighing 6,000 pounds or less would be between \$30 and \$190 depending on the number of miles driven. The annual mileage fees for plug-in HEVs weighing less than 6,000 pounds would be between \$5 and \$30. The fee for AFVs and plug-in HEVs weighing 6,001 pounds or more would range between \$40 and \$240, and \$10 and \$40, respectively. Beginning in fiscal year 2031, the bill would require the Texas Department of Motor Vehicles (TxDMV), on January 1 of each year, to increase the fees to adjust for inflation as determined by the National Highway Construction Cost Index or decrease the fees if the federal government collects a tax on an AFV.

The bill would impose an additional surcharge of \$10 at the time of registration or registration renewal of an electric vehicle. The bill would require each surcharge collected to be deposited to the General Revenue Fund to be used only for the operations of the council established by the bill. This requirement would expire on September 1, 2030, and the surcharge would be deposited to the SHF beginning in fiscal year 2031.

The fees and surcharge imposed by the bill would not apply to hybrid electric vehicles that are not plug-in hybrid electric vehicles, natural gas vehicles, or vehicles used exclusively for public transportation.

The bill would take effect on January 1, 2022.

## **Methodology**

Based on the analysis provided by the Comptroller's office, it is assumed the additional fees established by the bill would apply to approximately 241,000 vehicles in fiscal year 2022. The provided analysis assumes AFV and plug-in HEV owners would opt to pay the annual mileage fee instead of the flat fee at the time of registration and the largest percentage of electric vehicles and plug-in HEVs would be driven between 6,001 and 9,000 miles per year. Based on analysis provided by the Comptroller's office, it is assumed implementation of the additional fees and surcharges established by the bill would result in a revenue gains of \$645,000 to the General Revenue Fund and \$11.7 million to the SHF beginning in fiscal year 2022, with the number of applicable vehicles and associated revenue gains to the General Revenue Fund and SHF growing each fiscal year based on industry and market forecasts used by the Comptroller. The forecasted revenue in fiscal year 2022 is adjusted for the January 1, 2022, effective date of the bill.

Based on information provided by TxDMV, it is assumed the agency would incur onetime costs in fiscal year 2022 to the Texas Department of Motor Vehicles Fund of \$501,500 for programming changes to the agency's automated systems to accommodate the new AFV fees and electric vehicle surcharge and a cost of \$95,000 for a special mailing to affected customers to provide notification of the vehicle registration requirements of the new legislation.

The bill would specify that the Texas Transportation Electrification Council is to be funded using TxDOT's existing funds. TxDOT estimates the costs of the administrative functions and reporting requirements of the bill to be approximately \$1.0 million per year (not included in the table above). Based on the analysis provided by the Texas A&M Transportation Institute (TTI), it is assumed TTI would require \$180,000 for each fiscal year in which it helps with the assessment (2022, 2024, 2026). TTI also anticipates a cost of \$150,000 for supplies and equipment in 2022 and \$140,000 in supplies and equipment in 2024 and each biennium afterwards. Costs from the General Revenue Fund for TTI are reflected in the table above.

Note: 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 Texas Department of Motor Vehicles anticipates a one-time information technology cost of \$501,500 for programming changes to the agency's automated systems.

### **Local Government Impact**

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

**Source Agencies:** 300 Trusteed Programs - Gov, 304 Comptroller of Public Accounts, 332 Dept Housing-Comm Affairs, 405 Department of Public Safety, 452 Dept of License & Reg, 473 Public Utility Commission of Texas, 575 TX Division of Emergency Management, 582 Commission on Environmental Quality, 601 Department of Transportation, 608 Department of Motor Vehicles

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