

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

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

**April 6, 2021**

**TO:** Honorable Robert Nichols, Chair, Senate Committee on Transportation

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

**IN RE: SB1728** by Schwertner (Relating to the equalization for road use consumption for alternatively fueled vehicles imposed at the time of registration or registration renewal; authorizing a fee.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1728, As Introduced : an impact of \$0 through the biennium ending August 31, 2023. However, the two-year impact to the State Highway Fund is estimated to be \$93,397,000 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, Six- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2021	\$0
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

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

<i>Fiscal Year</i>	<b>Probable Revenue Gain/(Loss) from State Highway Fund 6</b>	<b>Probable Savings/(Cost) from Texas Department of Motor Vehicles Fund 10</b>
2021	\$0	(\$328,500)
2022	\$37,790,000	\$0
2023	\$55,607,000	\$0
2024	\$78,347,000	\$0
2025	\$105,505,000	\$0
2026	\$135,594,000	\$0

**Fiscal Analysis**

The bill would amend the Transportation Code to add Section 502.360 to impose an additional fee at the time of registration or renewal of registration of an alternatively fueled vehicle (AFV) capable of being powered by a source other than gasoline or diesel fuel, a hybrid electric vehicle, or a natural gas vehicle. The bill would

establish fees of \$200 for AFVs and \$40 for hybrid electric vehicles with a gross weight less than 6,000 pounds and fees of \$250 for AFVs and \$50 for hybrid electric vehicles with a gross weight of 6,001 to 10,000 pounds. The bill would establish an additional fee on each class of natural gas vehicles, to be calculated by the Texas Department of Motor Vehicles (TxDMV), that is equal to the difference between the average annual amount of motor fuels tax, a conventionally fueled vehicle in its class would pay, and the average amount a natural gas vehicle in the same class would pay in fuel tax. The bill would require TxDMV to review and update the fee for natural gas vehicles at least once every five years. The bill would direct the additional fees to be deposited to the State Highway Fund.

The bill would take effect on September 1, 2021.

### **Methodology**

Based on the analysis provided by the Comptroller's office and TxDMV, it is assumed the additional fees would apply to approximately 300,000 vehicles in fiscal year 2022. Based on analysis provided by the Comptroller's office, it is assumed implementation of the additional fees established by the bill would result in a revenue gain to the State Highway Fund (SHF) of \$37.8 million beginning in fiscal year 2022, with the number of applicable vehicles and associated revenue gains to the SHF growing each fiscal year based on industry and market forecasts used by the Comptroller.

Based on information provided by TxDMV, it is assumed the agency would incur one-time costs in fiscal year 2021 to the Texas Department of Motor Vehicles Fund of \$122,000 for programming changes to the agency's automated systems by the bill's effective date of September 1, 2021, and a cost of \$206,500 for a special mailing to affected customers, to provide notification of the vehicle registration requirements of the new legislation.

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 \$122,000 in fiscal year 2021 for programming changes to the agency's automated systems.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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