

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 5, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB820 by King, Ken (Relating to imposing an additional fee for the registration of electric and hybrid vehicles.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB820, As Introduced : an impact of \$0 through the biennium ending August 31, 2025.

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>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain from New GR Account - Electric Vehicle Battery Disposal	Probable Revenue Gain from State Highway Fund 6	Probable (Cost) from Texas Department of Motor Vehicles Fund 10
2024	\$12,041,000	\$108,372,000	(\$229,440)
2025	\$17,105,000	\$153,943,000	\$0
2026	\$23,676,000	\$213,086,000	\$0
2027	\$31,787,000	\$286,087,000	\$0
2028	\$40,848,000	\$367,636,000	\$0

Fiscal Analysis

The bill would amend Transportation Code, Chapter 502, to establish additional fees to be paid at the time of registration for electric vehicles and hybrid vehicles. The bill would establish a fee of \$200 for an electric vehicle and \$100 for a hybrid vehicle. The bill would direct 90 percent of the fees collected to be deposited to the State Highway Fund.

The bill would establish a new electric vehicle battery disposal account in the General Revenue Fund and direct ten percent of the electric vehicle and hybrid vehicle fee revenue to be deposited to that account. The bill would

require the Texas Commission on Environmental Quality (TCEQ) to administer the new account and stipulate that money in the account is to be used only by TCEQ to reimburse costs incurred by the state and political subdivisions for disposal of electric vehicle batteries.

The bill would take effect on September 1, 2023.

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 in, with, or outside 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.

Methodology

Based on the analysis provided by the Comptroller's office and the Texas Department of Motor Vehicles (TxDMV), it is assumed the additional fees would apply to approximately 105,800 electric vehicles and 346,500 hybrid vehicles registered in Texas in 2022. Revenue from the fee would be allocated to a new Vehicle Battery Disposal Account in the General Revenue Fund (10 percent) and the State Highway Fund (90 percent). Based on analysis provided by the Comptroller's office, it is assumed implementation of the additional fees established by the bill would result in revenue gains of \$12.0 million to the Electric Vehicle Battery Disposal Account and \$108.4 million to the State Highway Fund (SHF) beginning in fiscal year 2024, with the number of applicable vehicles and associated revenue gains growing each fiscal year based on industry and market forecasts used by the Comptroller.

Based on the information provided by TxDMV, it is assumed the department would incur one-time costs of \$229,440 to the Texas Department of Motor Vehicles Fund in fiscal year 2024 for programming changes to the department's automated systems and the Texas International Registration Plan (TxIRP) system. Based on the information provided by TCEQ, it is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

Technology

TxDMV would incur one-time information technology costs of \$229,440 in fiscal year 2024 for programming changes to the department's automated systems and the Texas International Registration Plan (TxIRP) system.

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, 608 Department of Motor Vehicles

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