

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 4, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2028 by Dean (Relating to imposing a motor fuel tax recovery fee for the registration of an electric vehicle.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2028, As Introduced : a positive impact of \$51,327,000 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 <i>General Revenue Related Funds</i>
2024	\$18,772,000
2025	\$32,555,000
2026	\$48,260,000
2027	\$70,444,000
2028	\$95,866,000

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain from <i>Available School Fund</i> 2	Probable Revenue Gain from <i>State Highway Fund</i> 6	Probable Savings/(Cost) from <i>Texas Department of Motor Vehicles Fund</i> 10
2024	\$18,772,000	\$56,317,000	(\$209,040)
2025	\$32,555,000	\$97,664,000	\$0
2026	\$48,260,000	\$144,779,000	\$0
2027	\$70,444,000	\$211,332,000	\$0
2028	\$95,866,000	\$287,597,000	\$0

**Fiscal Analysis**

The bill would amend Transportation Code, Chapter 502, to establish a motor fuel tax recovery fee to be paid in addition to other applicable registration fees at the time of registration of an electric vehicle. The bill would require the Texas Department of Motor Vehicles (TxDMV), not later than September 1 of every fifth year, by rule, to establish the amount of the fee in an amount of at least \$300 and require TxDMV to consider the annual average amount of state motor fuels taxes that an owner of an electric vehicle would pay if the vehicle operated on gasoline or diesel fuel. The bill would require the fee revenue to be remitted to the Comptroller and allocated in the same manner as gasoline tax revenues under Tax Code, Section 162.503, except as limited by Article VIII, Section 7-a, of the Texas Constitution.

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 TxDMV, it is assumed the additional motor fuel tax recovery fee would apply to approximately 105,800 currently registered electric vehicles. The revenue from the fee would be allocated to the Available School Fund (25 percent) and the State Highway Fund (75 percent) in alignment with the allocation of gasoline tax revenues under Tax Code, Section 162.503. Based on analysis provided by the Comptroller's office, it is assumed implementation of an additional fee of \$300 would result in revenue gains of \$18.8 million to the Available School Fund (ASF) and \$56.3 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 \$209,040 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.

**Technology**

TxDMV would incur one-time information technology costs of \$209,040 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 fiscal implication to units of local government is anticipated.

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

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