LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 2, 2023

TO: Honorable Todd Hunter, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2191** by Canales (Relating to mobile source emissions reductions and transportation electrification.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2191, As Introduced : a positive impact of $43,088 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:

Fiscal Year	**Probable Net Positive/(Negative) Impact to *General Revenue Related Funds***
2024	$0
2025	$43,088
2026	$0
2027	$0
2028	$0

All Funds, Five-Year Impact:

Fiscal Year	**Probable Revenue Gain from *General Revenue Fund* 1**	**Probable (Cost) from *General Revenue Fund* 1**	***Change in Number of State Employees from FY 2023***
2024	$0	$0	0.0
2025	$398,000	($354,912)	4.5
2026	$348,989	($348,989)	4.5
2027	$349,030	($349,030)	4.5
2028	$370,626	($370,626)	4.5

Fiscal Analysis

The bill would amend the Government Code to establish the Texas Transportation Electrification Council which is comprised of a representative from the Public Utility Commission, the Electric Reliability Council, The Texas Commission on Environmental Quality (TCEQ), the State Energy Conservation Office, the Texas Department of Licensing and Regulation (TDLR),the Texas Department of Transportation, the Texas Department of Motor Vehicles (TxDOT), the Texas Department of Housing and Community Affairs, the Texas State Affordable Housing Corporation, the Texas Division of Emergency Management, the Texas Economic Development and Tourism Office. The council would be administratively attached to TxDOT.

The bill would require the Council to prepare an assessment of existing and planned public electric vehicle charging infrastructure and planned infrastructure and to develop a plan for the development of public electric vehicle charging infrastructure though 2040. The council would be required to develop policy recommendations that other state agencies may adopt to encourage the development of electric vehicle charging infrastructure. The bill would also require the council to prepare a biennial report that summarizes the progress made and any policy recommendations.

The bill would amend the Health and Safety Code to require that TCEQ establish an online registration program for sellers and lessors of new motor vehicles to apply to receive incentives under the Light-Duty Motor Vehicle Purchase Program. The bill would also require that the electric drive vehicle be less than $55,000 to be eligible for the $2,500 Light-Duty Motor Vehicle Purchase Program incentive. A new light-duty electric drive vehicle is eligible for $4,000 in Light-Duty Motor Vehicle Purchase Program incentives if the vehicle was sold or leased after September 1, 2024; has four wheels; was manufactured for use on public roads, highways and streets; has not been modified; has a maximum speed capability of at least 55 miles per hour; is propelled solely by an electric battery, is designed, used, or maintained primarily to transport property.

The bill would amend the Health and Safety code to require TCEQ to establish and administer a grant program to encourage the purchase, construction and installation of infrastructure needed to support drayage trucks that are or cargo handling that is powered by alternative fuel. Any grants awarded by this program may not exceed more than 80 percent of the total estimate costs related to the infrastructure project.

The bill would amend the Health and Safety Code to permit TCEQ to expend 8 percent of the total amount deposited to Texas Emissions Reduction Plan (TERP) Trust Fund No. 1201, which is outside the Treasury, instead of $6,000,000 for Alternative Fueling Facilities Programs and permits TCEQ to expend more than $60,000 on Alternative Fueling Facilities Programs if that is less than 50 percent of the total cost of the project.

The bill would amend the Occupations Code to permit TDLR to issue a a fee, and provide a civil penalty. The bill would require TDLR to administer and enforce the provisions of the new "Electric Vehicle Supply Equipment" chapter as established by the bill.

The bill would authorize TDLR to periodically inspect electric vehicle supply equipment in order to verify compliance with the chapter, and to contract to perform the department's duties related to electric vehicle supply equipment, including inspections. The bill would require TDLR to establish fees by rule in an amount reasonable and necessary to cover the costs of administering the chapter.

The bill outlines the duties of electric vehicle supply providers and requires registration of each charging unit of electric vehicle supply equipment operated by the provider prior to the equipment being made available for use for commercial transactions. Electric vehicle supply equipment would be exempt from the requirements of the chapter if the equipment is installed in or adjacent to a private residence for noncommercial use, or if it is provided at no charge for the exclusive use of an individual, or a group of individuals, including employees, tenants, visitors, or residents of a multi-unit housing, business or office development.

Electric vehicle charging equipment installed before the effective date of the bill would have until March 1, 2028, to be in full compliance with the chapter. Equipment installed on or after the bill's effective date but before March 1, 2025, would have to be in compliance by March 1, 2025. Equipment installed on or after March 1, 2025, would need to be in compliance and be registered prior to operation.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2023.

Methodology

Based on analysis and forecasting by TDLR, this estimate assumes population growth for electronic vehicles and charging devices through fiscal year 2028. Projections for the five-year period anticipate 234,966 electronic vehicles registered in fiscal year 2024, 308,655 in fiscal year 2025, 405,453 in fiscal year 2026, 532,610 in fiscal year 2027, and 699,644 in fiscal year 2028. Projections for the five-year period anticipate approximately 9,600 new devices registered in fiscal year 2025, 4,800 renewals and 1,150 new registrations in fiscal year 2026, 4,800 renewals and 1,175 new registrations in fiscal year 2027, and 5,950 renewals and 1,200 new registrations in fiscal year 2028. These numbers take into account expected growth as a result of federal infrastructure legislation investments in electric vehicle infrastructure.

This estimate assumes TDLR would need to register half the 4,800 metering devices in fiscal year 2024 at a full fee of $54 and half with a $27 registration that would expire in one year, so those devices would need to renew in the fiscal year 2025 for a full two-year registration. The bill also requires a $1 registration sticker for each device to demonstrate its registration and provide information to consumers. Under the bill's provisions, renewals would be $50 every two years.

TDLR anticipates and this estimate assumes that the agency would require 5.0 additional full-time-equivalent (FTE) positions to implement the provisions of the bill beginning in fiscal year 2025. A License and Permit Specialist ($43,139 per year with estimated benefits of $13,731) would be responsible for the registration of the metering device and their renewal. A Customer Service Representative ($45,510 per year with estimated benefits of $14,485) would be needed to manage any contacts about charging providers or metering devices. A Legal Assistant ($55,096 per year with estimated benefits of $17,537) to intake any complaints about charging providers or metering devices and review those complaints for jurisdiction and whether a violation has occurred. An Administrative Assistant ($40,913 per year with estimated benefits of $13,022) to perform the administrative part of intaking the complaints as it is anticipated there would be a high volume of complaints, many of which will be non-jurisdictional. This position would begin as a half-time position for fiscal years 2025 through 2027 but would increase to a full-time position in fiscal year 2028 to address the projected increase in complaints over the five-year period. And lastly, a Program Specialist ($67,089 per year with estimated benefits of $21,354) to serve as the agency's subject matter expert on the metering devices and electric vehicles. The program specialist would assist in enforcement investigations and any complaint inspections, conduct outreach with the industry and public, and oversee issues with the inspection and calibration of devices. These FTEs will costs would total $251,748 per fiscal year in salaries, $2,800 per fiscal year in travel expenses, and one time startup costs in fiscal year 2025 of $30,000.

The anticipated revenue estimated by the Comptroller of Public Accounts would be $0 in fiscal year 2024, $398,000 for registration and sticker fees in the fiscal year 2025, $303,000 in the fiscal year 2026, $305,000 in fiscal year 2027, and $364,000 in fiscal year 2028. This analysis assumes that any increased cost to TDLR above Comptroller of Public Accounts revenue estimates from the fee authorized in the bill would be offset by an increase in fee-generated revenue because TDLR is statutorily required to generate sufficient revenue to cover its costs of operation.

Based on information provided by TCEQ, the agency would incur a cost of $100,000 in fiscal year 2024 to establish an online portal to verify that incentives are available. These costs would be funded out of the Texas Emissions Reduction Plan (TERP) Trust Fund No. 1201 which is located outside of the Treasury. This analysis assumes that any the fiscal impact of allowing the TERP trust fund to maintain any unencumbered federal funds at the end of the biennium would not have a significant fiscal impact on the funding deposited to Congestion Mitigation and Air Quality program at TxDOT from the TERP Trust fund.

This analysis assumes that all other affected agencies would absorb any fiscal impact within existing resources.

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.

Local Government Impact

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

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs, 452 Department of Licensing and Regulation, 473 Public Utility Commission of Texas, 575 Texas Division of Emergency Management, 582 Commission on Environmental Quality, 601 Department of Transportation, 608 Department of Motor Vehicles, 712

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