

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

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**March 29, 2023**

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

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

**IN RE: HB3418** by Canales (Relating to the implementation by the Texas Department of Transportation of a vehicle mileage user fee pilot program and a task force to assist in developing and evaluating the program.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Chapter 502, Transportation Code, by adding a new subchapter to establish a vehicle mileage user fee pilot program to assess the feasibility of eliminating state motor fuels taxes and other transportation user fees. The subchapter would expire on November 1, 2026. The bill would establish a vehicle mileage user fee task force to guide the development and evaluation of the pilot program. The task force would consist of seven members, including members appointed by the Governor, Lieutenant Governor, Speaker of the House of Representatives, and include members of the Senate and House Committees on Transportation.

It is assumed the bill would require the Texas Department of Transportation (TxDOT) (identified as “the department” in the bill text), in consultation with the Texas Department of Motor Vehicles (TxDMV) and the Texas A&M Transportation Institute (TTI) to develop and implement a statewide vehicle mileage user fee pilot program for owners of commercial motor vehicles. The bill would specify a maximum number of vehicles to be included in the program, to be equipped with on-board vehicle-mileage-counting equipment deemed appropriated by TxDOT, and the testing and analysis criteria for the pilot program. The bill would require TxDOT by rule to establish a process for compensating pilot program participants, which may include a refund of motor fuels taxes paid by the participant. The bill would require TxDOT to apply for certain federal grant funding from the U.S. Department of Transportation (USDOT) to obtain full or partial funding for the pilot program. The bill would require TxDOT to submit to the legislature a report summarizing the results of the program by September 1, 2026. The bill would take effect on September 1, 2023.

TxDOT reports having received USDOT grant funding from the source specified by the bill (Surface Transportation System Funding Alternatives (STSFA) grant; renamed as the Strategic Innovation for Revenue Collection (SIRC) program). Based on this information, it is assumed, if TxDOT were to apply for and receive such federal grant funding for this pilot program, any non-federal matching funds requirements could be accommodated through the reallocation of the department's existing resources. Based on the information provided by TxDOT, TxDMV, and TTI, it is assumed any other costs or duties associated with implementing the provisions of the bill could be accomplished within existing resources. The bill does not establish a fee or authorize the assessment or collection of a fee as part of the pilot program. Therefore, no impact to state revenue is anticipated.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 300 Trusted Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 601 Department of Transportation, 608 Department of Motor Vehicles, 727 Texas A&M Transportation Institute

**LBB Staff:** JMc, AAL, TG