

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 21, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB505 by Nichols (Relating to imposing an additional fee for the registration of an electric vehicle.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB505, 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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain from State Highway Fund</i>	<i>Probable Savings/(Cost) from Tx Dept of Motor Vehicles Fnd</i>
	6	10
2024	\$79,537,000	(\$214,440)
2025	\$124,475,000	\$0
2026	\$179,253,000	\$0
2027	\$259,878,000	\$0
2028	\$342,217,000	\$0

Fiscal Analysis

The bill would amend Chapter 502 of the Transportation Code to establish an additional fee to be paid at the time of registration for electric vehicles with a gross vehicle weight of 10,000 pounds or less. Fees collected would be deposited to the State Highway Fund. The bill would establish a fee of \$400 for the registration of a new electric vehicle to which Transportation Code, Section 548.102, applies (two-year initial inspection for a passenger car or light truck) and \$200 for registration or renewal of registration of an electric vehicle to which Section 548.101 applies (general one-year inspection). The bill would require the Texas Department of Motor Vehicles (TxDMV) to adopt rules to administer the imposition of the additional fee.

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 fees would apply to approximately 105,800 currently registered vehicles. 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 \$79.5 million beginning in fiscal year 2024, 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 the information provided by TxDMV, it is assumed the department would incur one-time costs of \$214,440 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.

Technology

TxDMV would incur one-time information technology costs of \$214,440 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 fiscal implication to units of local government is anticipated.

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

LBB Staff: JMc, AAL, GDZ, TG