



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

Bill # HB0188

Title: Generally revise electric vehicle laws and fees

Primary Sponsor: Loge, Denley M

Status: As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue - DoJ	\$2,400	\$0	\$0	\$0
State Special Revenue - DoT	\$23,000	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	(\$103,245)	(\$235,381)	(\$223,707)	(\$239,199)
State Special Revenue	\$48,480	\$115,818	\$137,592	\$158,551
<b>Net Impact-General Fund Balance:</b>	<u>(\$103,245)</u>	<u>(\$235,381)</u>	<u>(\$223,707)</u>	<u>(\$239,199)</u>

**Description of fiscal impact:** HB 188 provides additional funding for the Highway Special Revenue Account (restricted) by imposing a new fee on all electric vehicles and reduces the revenue in the general fund and MVD Administration Fund by removing the current fee schedule for electric vehicles only. There are some programming costs associated with the passage of this bill.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Justice**

1. The bill is effective January 1, 2022.
2. There is assumed to be 20 hours of programming to MERLIN and the online registration required for the additional fee at a contracted rate of \$120/hour, resulting in an expense in FY 2022 of \$2,400 at the Department of Justice.

3. There are 985 vehicles classified as electric vehicles under 6,000 lbs. and 11 electric vehicles over 6,000 lbs. in FY 2021.
4. The bill creates a new fee of \$100 for electric vehicles under 6,000 lbs and \$150 for electric vehicles over 6,000 lbs that will be deposited to the Highway Special Revenue account. This will result in revenue increase to that fund of \$50,075 in FY 2022.
5. It is assumed that there will be an average of 208 electric vehicles under 6,000 lbs. sold each year. This will result in a revenue increase of \$119,300 in FY 2023, \$140,100 in FY 2024 and \$160,900 in FY 2025 to the state special revenue fund.
  - i. FY 2023: (985 vehicles+ 208 new vehicles=1193 total vehicles) (1193 total vehicles\*100 registration fee =\$119,300 revenue)
  - ii. FY 2024: (1193 vehicles + 208 new vehicles =1,401 total vehicles) (1,401 total vehicles \*100 registration fee =\$140,100 revenue)
  - iii. FY 2025: (1,401vehicles + 208 new vehicles =1,609 total vehicles) (1,609 total vehicles \* \$100 registration fee =\$160,900 revenue)
6. Electric vehicles would only be subject to the new \$100 or \$150 fee.
7. General fund revenue would be reduced due the elimination of the current registration fee of \$217 for new vehicles purchased in FY 2022. The general fund impact is (\$22,568) in FY 2022. (208 new vehicles /2 half a year=104 new vehicles) (104 new vehicles\*-\$217 registration fee=-\$22,568 loss of revenue)
8. Currently, there are 582 electric vehicles which are four years or newer which are subject to the current \$217 registration fee. It is assumed that half of the vehicles would register after January 1, 2022. This would result in an initial loss of general fund revenue of (\$63,147) in FY 2022 (582 current vehicles /2 half a year =291 vehicles registered) (291 vehicles \*\$217 registration=-\$63,147 loss of revenue)
9. Based on the assumption of 208 new vehicles on average per year, it is estimated that the general fund will realize a loss of revenue totaling (\$168,826) in FY 2023, (\$138,012) in FY 2024 and (\$135,408) in FY 2025.
  - i. FY 2023: (362 vehicles three years old +208 vehicles two years old +208 vehicles one year old =788 total vehicles) (788 vehicles \* -\$217 registration fee =\$168,826 loss in revenue)
  - ii. FY 2024: (220 vehicles three years old +208 vehicles two years old +208 vehicles one year old =636 total vehicles) (636 vehicles \* -\$217 registration fee =\$138,012 loss in revenue)
  - iii. FY 2025: (208 vehicles three years old + 208 vehicles two years old + 208 vehicles one year old =624 total vehicles) (624 vehicles \*-\$217 registration fee =\$135,408 loss in revenue)
10. As of the November 2020, there were 403 vehicles between four and ten years old which would be subject to the current \$87 registration fee. The estimated general fund revenue loss applicable to these vehicles in FY 2022 is -\$17,530 (403 vehicles \* -\$87 registration fee=-\$35,061 revenue loss) (-\$35,061 loss/2 half year=-\$17,530 loss of revenue)
11. It is expected that the general fund revenue loss will be (\$66,555) in FY 2023, (\$85,695) in FY 2024 and (\$103,791) in FY 2025.
  - i. FY 2023: (403 current 4-10 year old vehicles + 362 vehicles three years old =765 total vehicles) (765 vehicles \* -\$87 registration fee =\$66,555 loss of revenue)
  - ii. FY 2024: (765 total vehicles +220 aging in vehicles =985 total vehicles) (985 vehicles \* -\$87 registration fee =\$85,695 loss of revenue)
  - iii. FY 2025: (985 total vehicles + 208 aging in vehicles =1,193 total vehicles) (1,193 vehicles \* -\$87 registration fee=\$103,791 loss of revenue)
12. There is a 3% fee charged on all MVD transactions. It is expected that there will be a loss of state special revenue of (\$1,595) in FY 2022, (\$3,482) in FY 2023, (\$2,508) in FY 2024, and (\$2,349) in FY 2025.
  - i. FY 2022 - (-\$53,170 net loss in revenue \* .03 administrative fee =\$1,595 loss in administrative fee revenue)
  - ii. FY 2023- (-\$116,081 net loss in revenue \* .03 MVD administrative fee =\$3,482 loss in administrative fee revenue)

- iii. FY 2024 - (\$-83,607 net loss in revenue \*.03 MVD administrative fee =\$2,508)
- iv. FY 2025- (\$-78,299 net loss in revenue \*.03 MVD administrative fee =\$2,349)

13. Permanent registration is for vehicles 11 years or older and the revenue impact of permanent registrations will be minimal and cannot be determined at this time.

**Department of Transportation**

14. The Motor Carriers Services (MCS) Division of the Department of Transportation (DoT) will need to update the International Registration Plan (IRP) registration system in ePART at a cost of \$23,000 to accommodate the collection of the electric vehicle fee for vehicles with a gross vehicle weight (GVW) over 6,000 pounds.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses - DoJ	\$2,400	\$0	\$0	\$0
Operating Expenses - DoT	\$23,000	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$25,400</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$25,400	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$25,400</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$103,245)	(\$235,381)	(\$223,707)	(\$239,199)
State Special Rev (02) DoJ	(\$1,595)	(\$3,482)	(\$2,508)	(\$2,349)
State Special Rev (02) DoT	\$50,075	\$119,300	\$140,100	\$160,900
<b>TOTAL Revenues</b>	<u>(\$54,765)</u>	<u>(\$119,563)</u>	<u>(\$86,115)</u>	<u>(\$80,648)</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$103,245)	(\$235,381)	(\$223,707)	(\$239,199)
State Special Revenue (02)	\$23,080	\$115,818	\$137,592	\$158,551

**NOT SIGNED BY SPONSOR**

\_\_\_\_\_  
*Sponsor's Initials*                      1/27/21  
*Date*

\_\_\_\_\_  
*Budget Director's Initials*                      KA  
*Date*

\_\_\_\_\_  
*Date*                      1/25/21  
*Date*