



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: Third Reading

- 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</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>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue - DoJ	\$7,200			
State Special Revenue - DoT	\$23,000	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$77,508	\$187,048	\$219,205	\$251,341
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 188 provides additional revenue to the Highway Special Revenue Account (restricted) by imposing a new fee on all electric vehicles. There are some programming costs associated with the passage of this bill.

FISCAL ANALYSIS

Assumptions:

Department of Justice

- The bill is effective January 1, 2022.
- There is assumed to be 60 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 \$7,200. (60*\$120=\$7,200)
- 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 \$150 for electric vehicles under 6,000 lbs. and \$250 for electric vehicles over 6,000 lbs. that will be deposited to the Highway Special Revenue account. This will result in a revenue increase to the fund of \$75,250 in FY 2022. (985 vehicles less than 6,000 lbs. * \$150 fee = \$147,750) (11 vehicles over 6,000 lbs.* \$250 fee = \$2,750) (\$147,750+\$2,750=\$150,500) (\$150,500/2 (half year) = \$75,250)
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 \$178,950 in FY 2023, \$210,150 in FY 2024 and \$241,350 in FY 2025 to the state special revenue fund.
 - i. FY 2023- (985 vehicles+ 208 new vehicles=1193 total vehicles) (1193 total vehicles*150 registration fee=\$178,950 revenue)
 - ii. FY 2024- (1193 vehicles + 208 new vehicles =1,401 total vehicles) (1,401 total vehicles * 150 registration fee =\$210,150 revenue)
 - iii. FY 2025- (1,401vehicles + 208 new vehicles =1,609 total vehicles) (1,609 total vehicles * \$150 registration fee=\$241,350 revenue)
6. There are no assumptions of how many additional electric vehicles over 6,000 lbs. will be sold each year. The revenue for FY 2023, FY 2024, and FY 2025 are estimated as \$2,750 each year for the identified 11 vehicles above.
7. There is a 3% fee charged on all MVD transactions. It is expected that there will be an increase of state special revenue of \$2,258 in FY 2022, \$5,348 in FY 2023, \$6,305 in FY 2024, and \$7,241 in FY 2025.
 - i. FY 2022 - (\$75,250 increase in revenue * .03 administrative fee =\$2,258 increase in administrative fee revenue)
 - ii. FY 2023- (\$178,250 increase in revenue *.03 MVD administrative fee =\$5,348 in administrative fee revenue)
 - iii. FY 2024 - (\$210,150 increase in revenue *.03 MVD administrative fee =\$6,305 in administrative fee revenue)
 - iv. FY 2025- (\$241,350 increase in revenue *.03 MVD administrative fee =\$7,241 in administrative fee revenue)

Department of Transportation (MDT)

8. The Motor Carriers Services (MCS) Division will have to update the IRP registration system in ePART at a cost of \$23,000 to accommodate the collection of the electric vehicle fee for vehicles weighing over 26,000 lbs. or with three or more axles regardless of weight.
9. There are no IRP qualified electrical vehicles traveling through Montana and the department does not have any data indicating if there are apportioned electric vehicles operating in Montana. Because of this, MDT cannot project when and how much revenue would be generated from these larger vehicles.
10. Revenue generated from out-of-state apportioned vehicles and the additional Fees in Lieu of Taxes would be minimal. MDT does not have access to data from the IRP clearinghouse to determine a value.

	<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>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses - DoJ	\$7,200	\$0	\$0	\$0
Operating Expenses - DoT	\$23,000	\$0	\$0	\$0
TOTAL Expenditures	\$30,200	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$30,200	\$0	\$0	\$0
TOTAL Funding of Exp.	\$30,200	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$77,508	\$187,048	\$219,205	\$251,341
TOTAL Revenues	\$77,508	\$187,048	\$219,205	\$251,341
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$47,308	\$187,048	\$219,205	\$251,341



 Sponsor's Initials

2/25/21

 Date

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 Budget Director's Initials

2/25/21

 Date