



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 Amended in Conference Committee

- 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>
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	\$101,043	\$243,863	\$285,640	\$327,416
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 electric vehicles classified as light vehicles and 11 electric vehicles classified as heavy trucks in FY 2021.

4. The conference committee on the bill adjusted the new fee to \$195 for electric vehicles classified as light vehicles and \$375 for electric vehicles classified as heavy trucks that will be deposited to the Highway Special Revenue account. This will result in revenue increase to the fund of \$98,100 in FY 2022. (985 light electric vehicles *\$195 fee =\$192,075) (11 electric heavy truck vehicles *\$375 fee=\$4,125) (\$192,075+\$4,125=\$196,200) (\$196,200/2 (half year) =\$98,100)
5. It is assumed that there will be an average of 208 light electric vehicles sold each year. This will result in a revenue increase of \$232,635 in FY 2023, \$273,195 in FY 2024 and \$313,755 in FY 2025 to the state special revenue fund.
 - i. FY 2023- (985 vehicles+ 208 new vehicles=1193 total vehicles) (1193 total vehicles*195 registration fee=\$232,635 revenue)
 - ii. FY 2024- (1193 vehicles + 208 new vehicles =1,401 total vehicles) (1,401 total vehicles *195 registration fee =\$273,195 revenue)
 - iii. FY 2025- (1,401 vehicles + 208 new vehicles =1,609 total vehicles) (1,609 total vehicles * \$195 registration fee=\$313,755 revenue)
6. There are no assumptions of how many additional electric vehicles classified as heavy trucks or motorhomes will be sold each year. The revenue for FY 2023, FY 2024, and FY 2025 are estimated as \$4,125 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 \$2,943 in FY 2022, \$7,103 in FY 2023, \$8,320 in FY 2024, and \$9,536 in FY 2025.
 - i. FY 2022 - (\$98,100 increase in revenue * .03 administrative fee =\$2,943 increase in administrative fee revenue)
 - ii. FY 2023- (\$232,635+\$4,125 increase in revenue *.03 MVD administrative fee =\$7,103 in administrative fee revenue)
 - iii. FY 2024 - (\$273,195+\$4,125 increase in revenue *.03 MVD administrative fee =\$8,320 in administrative fee revenue)
 - iv. FY 2025- (\$313,755+\$4,125 increase in revenue *.03 MVD administrative fee =\$9,536 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)	\$101,043	\$243,863	\$285,640	\$327,416
TOTAL Revenues	\$101,043	\$243,863	\$285,640	\$327,416
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$70,843	\$243,863	\$285,640	\$327,416



 Sponsor's Initials

4-29-21

 Date

KA

 Budget Director's Initials

4/29/21

 Date