



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0439 - Create a GVW fee for electric vehicles and hybrids being permanently registered (Loge, Denley M)

Status: As Amended in Senate 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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$1,718	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$2,410	\$5,583	\$8,415	\$12,566
Net Impact-General Fund Balance:	<u>(\$1,718)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 439, as amended, will assess a gross vehicle weight (GVW) fee for permanent registration of electric vehicles and plug-in hybrid electric vehicles. Revenue from the GVW permanent registration fee is deposited into the highway restricted account in the state special revenue fund.

FISCAL ANALYSIS

Assumptions:**Department of Transportation**

- The effective date of HB 439 is January 1, 2024.
- HB 439 establishes a new permanent registration fee for electric and plug-in hybrid vehicles 11 years and older. The amount of the fee is based on the vehicle's gross weight, which is identified by a class associated with a specific weight range. Vehicle weight classes are created and defined in section 1 of HB 439.
- The amended bill removes the fees for class 3 and class 4 vehicles and provides coordination instruction with HB 60.
- Electric vehicles with model year 2016 or prior are the subject of analysis for this fiscal note since any vehicles newer than this first become eligible for permanent registration beyond FY 2027, which is outside the scope of this analysis.

5. As of December 2022, all currently registered electric vehicles of model year 2016 or older are class 1 vehicles, meaning they have a gross weight of less than 6,000 pounds.
6. The registration fee for a class 1 electric vehicle is \$260. The registration fee for a class 1 plug-in hybrid electric vehicle is \$140.
7. Based on vehicle registration data for calendar year 2022, it is estimated that there will be 60 electric vehicles and 71 plug-in hybrid vehicles eligible (aged 11 years or more) for permanent registration in CY 2024; these estimates are 86 and 104 in CY 2025, 134 and 168 in CY 2026, and 217 and 207 in CY 2027.
8. Analysis of vehicle registration trends indicates that about 17% of electric and plug-in hybrid vehicles eligible for permanent registration within a calendar year will choose to permanently register. This determination is based on empirical evidence that indicates, for a given calendar year, 25% of vehicles with new permanent registration eligibility and 10% of vehicles with existing permanent registration eligibility choose permanent registration in that year.
9. Permanent registrations of electric vehicles and plug-in hybrid vehicles, respectively, are projected to be 11 and 13 in CY 2024; 14 and 18 in CY 2025; 23 and 30 in CY 2026; and 38 and 31 in CY 2027.
10. Estimated revenue impacts are \$2,340 in FY 2024 (half the CY 2024 impact because of the January 1, 2024 effective date), \$5,420 in FY 2025, \$8,170 in FY 2026, and \$12,200 in FY 2027.
11. All revenue from the permanent registration fee is directed to the department's highway restricted account in the state special revenue fund.
12. Once a vehicle is permanently registered, there is no new revenue until the vehicle is sold and re-registered by the new owner.

Department of Justice

13. The permanent registration fees for electric vehicles in HB 439 will subject to the 3% administrative fee for the motor vehicle division administration account provided for in 61-3-111, MCA.
14. Revenue from this fee is state special revenue and is minimal, equaling \$70 in FY 2024, \$163 in FY 2025, \$245 in FY 2026, and \$366 in FY 2027.
15. It is estimated that to create a new fuel type, a fee structure for fuel type, and vehicle weight that only calculates for permanent registrations there will be required approximately 20 hours for programming modifications at a cost of \$39.20 per hour (20 X \$39.20 = \$784), 20 hours of testing from a Business Analyst at \$28.78 per hour (20 X \$28.78 = \$575.60) and Quality Assurance testing at \$17.90 per hour (20 X \$17.90 = \$358.00). The total programming and testing fiscal impact is \$1,717.60 in general fund expenditure in FY 2024.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$1,718	\$0	\$0	\$0
TOTAL Expenditures	\$1,718	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1,718	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$1,718	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$2,410	\$5,583	\$8,415	\$12,566
TOTAL Revenues	\$2,410	\$5,583	\$8,415	\$12,566
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,718)	\$0	\$0	\$0
State Special Revenue (02)	\$2,410	\$5,583	\$8,415	\$12,566



 Sponsor's Initials

7/12/2023

 Date



 Budget Director's Initials

4-11-23

 Date