

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 582** HLS 21RS 857

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 13, 2021	2:39 PM	Author: MCFARLAND
Dept./Agy.: OMV/DOTD		Analyst: Benjamin Vincent
Subject: Electric/Hybrid Vehicle Fee; Redirection of TTF Revenues		

TAX/GASOLINE TAX EG SEE FISC NOTE GF EX See Note Page 1 of 1
 Dedicates a portion of the existing tax levied on gasoline and diesel into the Construction Subfund and imposes a one-time road-use fee on electric and hybrid vehicles

Proposed law imposes a one-time fee of \$1000 per electric vehicle and \$500 per hybrid vehicle, to be collected by dealers and remitted to the Office of Motor Vehicles, and dedicates the avails to the Construction Subfund (CSF).

Proposed law redirects \$120 million of gasoline and diesel fuels tax collections annually from the Transportation Trust Fund (TTF) to the CSF.

Effective July 1, 2021.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law reduces dedicated TTF revenues by \$120 mil annually (redirecting that amount to the CSF). TTF is the means of finance for a significant portion of the DOTD operating budget. In FY21, the fuels taxes that are redirected by proposed law are a portion of approximately \$465 mil in dedicated TTF revenues. DOTD reports that for FY21, \$414 mil of their \$656 mil operating budget was supported by TTF resources. This implies a necessary offsetting increase in annual general fund expenditures to fund DOTD operations that may be comparable in magnitude to the \$120 million TTF reduction.

Additionally, OMV reports that they have no capability for tracking or flagging vehicles as either electric or hybrid presently exists, and that they would have to rely on vehicle dealers to collect and remit the fee appropriately. OMV would incur some costs to promulgate the requirements for dealers to follow and process the remittances.

REVENUE EXPLANATION

Proposed law redirects \$120 mil of fuels tax revenues from the TTF to the CSF, which may result in significant state general fund expenditure requirements to backfill the DOTD budget. The Expenditure Explanation section above contains some detail on the potential expenditure impact due to this redirection of dedicated revenues.

The net revenue impact of proposed law is limited to new revenues from the fee of \$1000 on electric vehicles and \$500 on hybrid electric vehicles. These fees are to be collected by dealers during sales of new or used vehicles. Estimates imply a total of approximately 2,900 such vehicles in the state, however information on typical sales of these vehicles is not available, thus the revenue impact is indeterminable. For information purposes, in a hypothetical scenario where 500 electric vehicles and 350 hybrid vehicles were sold in a given year, the implied revenue impact would be \$675,000 for such a year.

However, OMV reports that at present they have no ability to monitor or compel compliance by dealers to collect and remit the fee, which may result in compliance problems.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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