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Transportation

Texas to study additional fees on electric and hybrid vehicles

October 28 — Electric and hybrid vehicles, also known as alternatively fueled vehicles (AFVs), will be studied in Texas this interim. Under a new law, the Texas Department of Motor Vehicles (TxDMV) and other agencies are directed to study the impact on the state of the AFV industry, options for collecting fees from AFV owners, and the feasibility of such fees. The study was required under [SB 604](#) by Buckingham, the bill enacted by the 86th Legislature that extended TxDMV another 12 years. The vehicle study and any legislative recommendations are due to the governor, lieutenant governor, House speaker, and Legislature by December 1, 2020.

An “alternatively fueled vehicle” is defined in the [Transportation Code](#) as a motor vehicle capable of using a fuel other than gasoline or diesel fuel, such as electricity or natural gas, as opposed to a “conventional vehicle,” which is powered exclusively by gasoline or diesel fuel. About 257,000 AFVs were registered in Texas at the end of 2018, a 9.8 percent increase from 2017 and a 21 percent increase from 2016, according to a [2018 report](#) from TxDMV. While AFVs account for only 1 percent of total state vehicle registrations, TxDMV expects this number to increase.

The growing popularity of AFVs has led to concerns about lost revenue typically received from drivers of conventional vehicles, such as gas tax revenue. To recover those funds, 21 states as of October 2018 have enacted laws requiring an additional registration fee for hybrid and electric vehicles, according to a 2019 National Conference of State Legislatures [report](#). The motor fuels tax brought in \$3.7 billion to Texas in fiscal 2018 and was the state’s fourth-largest source of tax revenue, according to the Texas [comptroller’s office](#). The funds typically are used for transportation projects, such as building and maintaining state highways and bridges. The current state tax is 20 cents per gallon on both gasoline and diesel fuel. When federal gas taxes are included, Texans pay 38.4 cents in motor fuels taxes per gallon of gasoline.

Other bills considered during the 2019 regular session would have imposed an additional fee on the annual registration of an AFV. [HB 4218](#) by Israel and [SB 1076](#) by Watson would have required TxDMV to develop a registration fee based on the average annual motor fuels tax that an owner would pay if the vehicle operated only on gasoline or diesel fuel. The fee would have been between 75 and 85 percent of that amount. TxDMV would have had to review the fee at least once every five years and collected fees would have been deposited to the State Highway Fund (SHF). SB 1076’s [fiscal note](#) estimated that Texas drivers pay \$127 in motor fuel taxes annually and calculated an AFV registration fee of \$102, which would have brought \$52.9 million to the SHF in fiscal 2020-21. SB 1076 was left pending in the Senate Transportation Committee.

[SB 1216](#) by Schwertner, which was left pending in the Senate Transportation Committee, also would have imposed an additional registration fee in an amount equal to the product of the miles driven by the AFV in the previous year and the average amount of motor fuels taxes a conventional vehicle pays for each mile driven. The [fiscal note](#) estimated that the bill would have levied a registration fee of \$127, increasing the SHF by \$66.2 million in fiscal 2020-21. [HB 1971](#) by Ken King, which died in the House Transportation Committee, would have imposed a flat fee of \$200 on the registration of electric vehicles or \$100 on hybrid vehicles, with an estimated increase of \$55 million to the SHF in fiscal 2020-21, according to the [fiscal note](#).

Supporters of an additional registration fee on electric and hybrid vehicles say that AFVs contribute the same amount of wear to state highways and roads as conventional vehicles and that owners should pay their fair share toward highway funding. They say transportation infrastructure revenue currently is not high enough to keep up with road maintenance due to a growing population, so it is necessary to recover funds from AFV owners. AFV motorists currently pay little, if any, in fuel taxes toward road maintenance. Supporters say because the number of electric

cars is growing in Texas, the state should ensure that all motorists pay a proportionate share of highway funding.

Critics of imposing an additional fee on AFV owners say it could harm the growth in sales of environmentally friendly vehicles that benefit the state by making the air cleaner, keeping Texans healthier, and lowering health care costs. They also question whether the fee would undermine current cash incentives provided by the state to individuals who purchase certain AFVs.

Other critics debate how an additional AFV fee should be calculated. They say that before instituting such a fee, the state should develop a long-term transportation funding plan for all types of vehicles, taking into account how increased fuel efficiency affects highway funding. Some proposals include establishing an additional registration fee on all vehicles based on a metric such as odometer readings or vehicle weight, which contribute to the wear and tear on roads. Others say that while an additional fee on AFV registrations is warranted, the proposed fees would be too high.

— Casey Floren

General Government

Proposed constitutional amendments to go before voters

[October 30](#) — Voters will consider 10 propositions to amend the Texas Constitution in the election on Tuesday, November 5. The propositions were approved for the ballot by the 86th Legislature earlier this year.

Among the issues to be considered by voters are proposals to:

- allow municipal judges to hold office in more than one municipality;
- allow the Texas Water Development Board to issue more project bonds;
- allow temporary property tax exemptions after a disaster;
- prohibit a state individual income tax;
- dedicate sporting goods sales tax revenue for parks and historic sites;
- increase the Cancer Prevention and Research Institute's bond authority;
- allow increased distributions to the Available School Fund;
- create the Flood Infrastructure Fund;
- exempt precious metals held in Texas depositories from property taxes; and
- allow retired law enforcement animal transfer without a fee.

The Texas Legislature proposes amendments to the state constitution in joint resolutions, which must be approved by at least a two-thirds vote of the membership of each house. A joint resolution includes the ballot wording of the proposed amendment and a specific election date. The Texas [secretary of state](#) conducted a random drawing to assign a number to each proposition for this year's [election](#).

Constitutional amendments take effect when the official vote canvass confirms statewide majority approval unless a later date is specified. Some amendments are self-enacting, and others required the Legislature to enact "enabling" legislation. If voters reject the amendment, any enabling legislation dependent on it does not take effect.

More information about the proposed amendments for the upcoming election, including ballot language and arguments for and against each measure, can be found in the HRO's focus report, [Constitutional amendments proposed for November 2019 ballot](#).

— Janet Elliott