

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4113H.011
 Bill No.: HB 1921
 Subject: Motor Vehicles; Licenses - Motor Vehicle; Roads and Highways; Department of Revenue
 Type: Original
 Date: January 23, 2024

Bill Summary: This proposal establishes a road use fee for electric vehicles and plug-in electric hybrid vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	(\$113,476)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$113,476)	\$0	\$0

*Includes OA-ITSD costs of \$33,476 which could be avoided with a delayed effective date.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
State Road Fund	\$6,769,637	\$13,539,272	\$13,539,272
Total Estimated Net Effect on <u>Other</u> State Funds	\$6,769,637	\$13,539,272	\$13,539,272

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact

To implement the proposed changes, the Department will be required to:

- Update procedures, manuals, Department website, and correspondence letters;
- Update Department system(s); and
- Train staff.

FY 2025 – Motor Vehicle Bureau (MVB)

Associate Research/Data Analyst 100 hrs. @ \$25.22/hr. = \$2,522

Research/Data Analyst 40 hrs. @ \$27.00/hr. = \$1,080

Administrative Manager 20 hrs. @ \$29.31/hr. = \$586

FY 2026 – MVB Systems Analysis and Support

Associate Research/Data Analyst 119 hrs. @ \$21.64/hr. = \$2,575

Research/Data Analyst 30hrs. @ \$27.00/hr. = \$810

Administrative Manager 15 hrs. @ \$29.31/hr. = \$440

FY 2026 – Strategy and Communications Office

Associate Research/Data Analyst 40 hrs. @ \$21.64/hr. = \$866

Administrative Manager 10 hrs. @ \$29.31/hr. = \$293

Total Cost = **\$9,172**

The Department anticipates that they will be able to absorb these costs and that there will be minimal impact. If multiple bills are passed that require department resources, FTE may be requested through the appropriations process.

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

DOR also notes OA-ITSD services will be required at a cost of **\$33,476** in FY 2023 (318.82 hours x \$105 per hour).

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD costs on the fiscal note.

DOR also notes the fiscal impact estimated above is based on changes in the current Department's Motor Vehicle and Driver Licensing system environment. The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the General Assembly in 2020 (SB 176).

To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

Fusion Impact

Implementation Consultant \$250/hour x 320hrs = **\$80,000**

The costs associated with these legislative changes may be outside of the current contract and identified programming work for DOR's incoming integrated system. As such, the department has included the potential costs associated with making the changes to the integrated system by the department's current vendor.

Oversight does not have information to the contrary and therefore, Oversight will reflect the Fusion implementation consultant costs as provided by DOR.

Revenue Impact

DOR notes the 2023 the average cost of a new electric and plug-in electric hybrid vehicle was \$53,469

FY 2023 New Electric Vehicles titled 5,169 @ 4% = \$11,056,491

FY 2023 New Plug-in Electric Vehicles titled 257 @ 2% = \$274,733

New Electric \$53,469 x 4% = \$2,139

FY 2025 5,169 x \$2,139 / 2 (6 months) = \$5,528,246

FY 2026 5,169 x \$2,139 = \$11,056,491

FY 2027 5,169 x \$2,139 = \$11,056,491

New Plug-in electric Hybrid \$53,469 x 2% = \$1,069

FY 2025 257 x \$1,069 / 2 (6 months) = \$137,367

FY 2026 257 x \$1,069 = \$274,733

FY 2027 257 x \$1,069 = \$274,733

2023 the average cost of a used electric and plug-in electric hybrid vehicle was \$31,397

FY 2023 Used Electric Vehicles titled 1,626 @ 4% = \$2,042,061

FY 2023 Used Plug-in Electric Hybrid Vehicles titled 264 @ 2% = \$165,776

Used Electric \$31,397 x 4% = \$1,256

FY 2025 1,626 x \$1,256 / 2 (6 months) = \$1,021,128

FY 2026 1,626 x \$1,256 = \$2,042,256

FY 2027 1,626 x \$1,256 = \$2,042,256

Used Plug-in Electric Hybrid \$31,397 x 2% = \$628

FY 2025 264 x \$628 / 2 (6 months) = \$82,896

FY 2026 264 x \$628 = \$165,792

FY 2027 264 x \$628 = \$165,792

Projections are based off current averages as future costs are unknown.

These additional funds will be distributed to the State Road Fund.

Oversight does not have information to the contrary and therefore, Oversight will reflect the revenue estimates as provided by DOR.

Officials from the **Missouri Department of Transportation** and **Missouri Highway Patrol** defer to DOR for the potential fiscal impact of this proposal.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Cost</u> – DOR – OA-ITSD services	(\$33,476)	\$0	\$0
<u>Cost</u> – DOR – Fusion implementation consultant	(\$80,000)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$113,476)	\$0	\$0
STATE ROAD FUND			
<u>Revenue</u> – fees for electric and plug-in electric hybrid vehicles	\$6,769,637	\$13,539,272	\$13,539,272
ESTIMATED NET EFFECT ON THE STATE ROAD FUND	\$6,769,637	\$13,539,272	\$13,539,272

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

Small businesses that utilize electric or plug-in electric hybrid vehicles could be impacted as a result of this proposal.

FISCAL DESCRIPTION

Beginning January 1, 2025, this bill authorizes the Department of Revenue to charge and collect, in addition to all other required registration fees, an electric vehicle road use fee and a plug-in electric hybrid vehicle road use fee upon initial registration for each such vehicle, as defined in the bill. The one-time road use fee must be submitted with the initial vehicle registration fee.

For new electric vehicles the fee will be 4% of the list price as defined in statute and for used electric vehicles the fee will be 4% of the vehicle's Kelly Blue Book value.

For new plug-in electric hybrid vehicles the fee will be 2% of the list price as defined in statute and for used plug-in electric hybrid vehicles the fee will be 2% of the vehicle's Kelly Blue Book value.

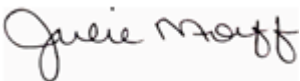
Revenue from the road use fees will be deposited into the State Road Fund and used as provided in Article IV, Section 30(b) of the Missouri Constitution.

This legislation is not federally mandated and would not require additional capital improvements or rental space.

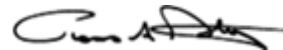
This legislation duplicates §142.869 which requires owners of electric and plug-in electric hybrid vehicles to pay a fee annually. This proposal would be in addition to the fee provided for in §142.869.

SOURCES OF INFORMATION

Department of Revenue
Missouri Department of Transportation
Missouri Highway Patrol
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
January 23, 2024



Ross Strobe
Assistant Director
January 23, 2024