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FISCAL IMPACT STATEMENT

LS 7124

BILL NUMBER: SB 348

NOTE PREPARED: Feb 12, 2015

BILL AMENDED: Feb 12, 2015

SUBJECT: Advanced Technology Vehicles.

FIRST AUTHOR: Sen. Yoder

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill imposes an annual fee on advanced technology vehicles. It deposits the fees in the Motor Vehicle Highway Account.

Effective Date: July 1, 2015.

Explanation of State Revenues: *Summary:* This bill is expected to increase revenue to the State Highway Fund by an estimated \$1.8 M in FY2016 and \$3.8 M in FY 2017.

Additional Information: Under the bill, electric, hydrogen, and plug-in hybrid vehicles will be subject to an advanced technology vehicle fee after December 31, 2015. Fees are based on vehicle type and range from \$50 to \$250 per vehicle for electric and plug-in hybrid vehicles and \$100 to \$500 per vehicle for hydrogen fuel cell and electric-fuel hybrid vehicles.

Revenue collected from this fee is to be deposited in the Motor Vehicle Highway Account (MVHA).

Using Energy Information Administration (EIA) data, LSA estimates that there will be roughly 72,000 advanced technology vehicles in service in Indiana during CY 2016 and 79,000 advanced technology vehicles in service in CY 2017. This would result in the MVHA receiving additional revenue estimated at \$6.8 M in CY 2016 and \$7.4 M in CY 2017.

The bill contains two rate structures, depending upon the technology used by a particular vehicle. LSA utilized EIA information in order to determine the appropriate rate for each vehicle type.

The lower rate structure (\$50 - \$250 per vehicle based on vehicle weight) applies to plug-in and plug-in hybrid vehicles. Plug-in and plug-in hybrid vehicles used for this estimate include the following type: 100-mile electric vehicles, 200-mile electric vehicles, plug-in 10 gasoline hybrids, and plug-in 40 gasoline hybrids.

The higher rate structure (\$100 - \$500 per vehicle based on vehicle weight) applies to other advanced vehicle technology types. Vehicles included for this estimate include electric-diesel hybrids, electric-gasoline hybrids, and hydrogen fuel cell vehicles. While electric-diesel hybrids and electric-gasoline hybrids are similar to plug-in hybrids in that both types of vehicle use a combination of electricity and an internal combustion engine, they are, in fact different. Non-plug-in hybrids use motor fuel and an internal combustion engine as their primary source of energy, whereas plug-in hybrids use electricity as their primary source of energy. Therefore these electric-diesel and electric-gasoline hybrids are not considered plug-ins for purposes of the bill.

The BMV is to collect these fees for the majority of vehicles. Motor carriers that are base-registered in Indiana for the International Registration Plan (IRP) will pay only a portion of the required fee and will pay it to the Indiana Department of Revenue (DOR). Specifically, these carriers will pay a percentage of the impact fee that equals the apportioned share of their IRP registration fee that goes to Indiana.

The MVHA is funded through a combination of revenue sources including portions of the Gasoline Tax, Special Fuel Tax, Motor Carrier Fuel Use Tax/Surtax, Vehicle Registration, Title Fees, 1% of sales tax revenue, and other smaller sources of revenue. There was \$726.8 M in the MVHA that was available for disbursement in FY 2014.

Of the total available for disbursement in the MVHA, 53% goes to the State Highway Fund (INDOT), and 47% to local units. The local MVHA distribution method is different for counties and cities and towns. For cities and towns, it is entirely population-based. For counties, 5% of the amount available is distributed equally to all counties, 30% is based on county vehicle registration, and 65% is mileage-based. Local MVHA distributions are used by counties, cities, and towns for the expenses of highway and street departments, construction, maintenance, and reconstruction cost of roads, and equipment purchases. Cities and towns may use a portion of their distribution for public safety expenditures.

Explanation of Local Expenditures:

Explanation of Local Revenues: Local units (counties, cities, and towns) will receive additional revenue from the MVHA. In CY 2016, local units are estimated to receive an additional \$3.2 M, and in CY 2017 they should receive an additional \$3.5 M from the MVHA.

State Agencies Affected: INDOT, BMV, DOR.

Local Agencies Affected: Counties, cities, and towns.

Information Sources: Energy Information Administration Alternative Fuel Vehicle and Vehicle by Technology data (www.eia.gov).

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