

Fiscal Note

BILL # HB 2866

TITLE: electric vehicles; registration fee

SPONSOR: Cook

STATUS: House Engrossed

PREPARED BY: Jordan Johnston

Description

The bill would create a new annual \$135 registration fee, in lieu of the current \$8 registration fee, for motor vehicles that are fueled solely by alternative fuel.

Estimated Impact

We estimate the bill would increase revenues to the Highway User Revenue Fund (HURF) by \$9.3 million beginning in FY 2025.

We have requested the Arizona Department of Transportation's (ADOT) estimated impact of this legislation and are awaiting a response.

Analysis

Under current statute, all registered motor vehicles must pay an \$8 fee, except that motorcycles pay a \$9 fee. The bill would establish a \$135 fee, in lieu of the current \$8 fee, for the registration of any motor vehicle that is fueled solely by alternative fuel.

A.R.S. § 1-215 defines alternative fuel as one of the following sources: electric, natural gas, hydrogen, blend (70% alternative fuel and 30% gas), and solar. In addition, under A.R.S. § 28-1177, off-highway vehicles (OHV) that operate primarily off of highways are not required to pay a registration fee when registering such vehicles.

According to information presented by ADOT, there are approximately 72,300 registered electric vehicles in Arizona, excluding OHV's (e.g. golf carts) that are currently exempt from registration fees. According to information published by the U.S. Department of Energy, there are about 600 natural-gas powered vehicles and no hydrogen powered vehicles in Arizona as of 2022. ADOT states on their website that blend-fuel vehicles are currently unavailable in Arizona, and solar powered vehicles are not widely available for purchase. This results in a total current alternative fuel vehicle count of about 72,900.

The bill effectively increases the registration fee by \$127 for alternative fuel vehicles (new \$135 fee minus the current \$8 fee). Under the assumption of 72,900 alternative fuel vehicles in the state, we estimate the bill would increase revenues to the Highway User Revenue Fund (HURF) by \$9.3 million beginning in FY 2025.

Local Government Impact

Local governments receive 49.5% of HURF revenues. Of the estimated \$9.3 million increase, we estimate that local governments would receive about \$4.6 million in HURF distributions.

2/29/24

