

JLBC Fiscal Note

BILL # HB 2012

SPONSOR: Kupper

PREPARED BY: Jordan Johnston

TITLE: vehicle registration; fees; alternative fuel

STATUS: Introduced

Description

The introduced version of HB 2012 would modify vehicle registration fees (currently \$8 for all motor vehicles) as follows: 1) \$8 fee for vehicles powered exclusively by gasoline or diesel fuel, 2) \$85 for vehicles fueled exclusively by alternative fuel, and 3) \$40 fee for vehicles fueled by a combination of alternative fuel and gasoline. The bill further adjusts registration fees for vehicles fueled exclusively by alternative fuel or a combination of alternative fuel and gasoline proportionally if the gas tax rate is modified.

Estimated Impact

We estimate that the bill would increase Highway User Revenue Fund (HURF) revenues by \$18.4 million beginning in FY 2027.

Analysis

Our estimate assumes the following:

- 1) There are 130,000 vehicles fueled exclusively by alternative fuel in FY 2025. This estimate is based on:
 - Arizona Department of Transportation (ADOT) data indicating there are 128,800 electric-powered vehicles registered in the state in FY 2025.
 - The U.S. Department of Energy reported approximately 1,300 vehicles in Arizona were powered by other alternative fuels in 2023 (i.e. compressed natural gas, propane, hydrogen, methanol). Our estimate prorates the 2023 registration count to 1,200 vehicles in 2025 based on recent projections for each vehicle category.
 - Since the owners currently pay \$8 per vehicle, the new \$85 fee would generate an additional \$78 per vehicle. With 130,000 vehicles, the additional revenue would be \$10.1 million.
- 2) There are 260,000 "hybrid" vehicles fueled exclusively by a combination of alternative fuel and motor vehicle fuel in FY 2025. This estimate is based on:
 - The U.S. Department of Energy reported approximately 25,600 plug-in hybrid vehicles in Arizona in 2023. Our estimate prorates the 2023 registration count to 35,000 vehicles in 2025 based on recent projections for the vehicle category.
 - The U.S. Department of Energy reported approximately 175,700 hybrid electric vehicles in Arizona in 2023. Our estimate prorates the 2023 registration count to 225,000 vehicles in 2025 based on recent projections for the vehicle category.
 - Since the owners currently pay \$8 per vehicle, the new \$40 fee would generate an additional \$32 per vehicle. With 260,000 vehicles, the additional revenue would be \$8.3 million.
- 3) The gas tax rate remains at \$0.18/gallon in FY 2027.
- 4) Local governments receive 49.5% of all HURF revenues. We estimate the bill will increase the local HURF revenues by \$9.1 million beginning in FY 2027.