



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 845

PRINTERS NO. 2123

PRIME SPONSOR: Langerholc

COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
Motor License Fund	See "Fiscal Impact"	See "Fiscal Impact"

SUMMARY: Allows electric vehicles to exceed the 80,000 lb. weight limit by up to 2,000 lbs. attributable to the weight of the battery, and also eliminates the alternative fuels tax on electricity for noncommercial electric vehicles and replaces it with an annual electric vehicle road use fee. The changes relating to vehicle weight limits would take effect in 60 days while the electric vehicle road use fee would take effect in 180 days.

ANALYSIS: This legislation amends Title 75 (Vehicle Code) to increase weight limits by up to 2,000 lbs. attributable to the weight of the battery for electric vehicles and imposes an Electric Vehicle Road Use Fee (fee) on electric and hybrid electric vehicles.

Maximum Gross Weight of Vehicles: The legislation would permit electric vehicles to exceed the gross vehicle weight limits by 2,000 lbs. to compensate for the extra weight of the electric battery or battery pack.

Fee Structure: The fee will be concurrent with the respective individual's vehicle registration, so the registration of an electric or hybrid electric vehicle will not be complete until the fee is paid. The fee will be levied based upon the weight of the vehicle. The fee does not include qualified motor vehicles (Commercial vehicles). Below is breakdown of the fee classification:

- Motorcycle & Neighborhood Electric Vehicles = \$15
- Hybrid Electric Vehicle not more than 26,000 lbs. = \$75
- Electric Vehicle not more than 26,000 lbs. = \$175
- Electric or Hybrid Vehicle more than 26,000 lbs. = \$250

The fee on electric vehicles will be imposed annually in lieu of the alternative fuels tax currently assessed upon electricity used to power electric vehicles operating on highways.

In addition, the revenue from the fee will be deposited to the Motor License Fund, with the same allocation procedures as the Oil Company Franchise Tax for highway maintenance and construction.

Exemptions: The same entities exempt from all other fuel taxes under Section 9004(e) of the Vehicle Code shall remain exempt from the fee. If the exempt entity uses the vehicle for non-exempt purposes, the entity shall pay an administrative penalty to the Department of Revenue (DOR) of \$500. To maintain the exempted status, an exempt entity must:

- Maintain records of vehicle usage; and
- Certify that an individual trip made was for tax exempt purposes.
 - Individual trip logs and driver signatures must be included.

DOR may inspect the substantiating records for an exempt entity at any time. The exempt entity shall pay a fine of \$500 to DOR for electric vehicle owned or operated if they refuse in writing to examine their books, records, papers or other equipment associated with the operation of the vehicle.

A person may be entitled to a refund to the EV fee paid by applying for an annual refund in a manner similar to the refund process used for liquid fuels and alternative liquid fuels under section 9017 of the Vehicle Code.

DOR, in coordination with PennDOT, shall promulgate the regulations to implement the fee.

FISCAL IMPACT: According to the DOR and PennDOT, this legislation would generate approximately \$5.2 million in new revenue for the Motor License Fund in 2021-22. According to PennDOT, there are roughly 10,875 electric, plug-in vehicles and 35,406 hybrid electric vehicles registered in Pennsylvania. By eliminating the alternative fuels tax on electric vehicles, this would result in a revenue reduction, which is currently deposited into the Motor License Fund. See table below:

Fiscal Impact (in millions)						
New Revenue	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>	<u>25-26</u>
Electric Vehicle Road Fee	\$0.0	\$5.4	\$6.2	\$7.1	\$8.0	\$9.0
Revenue Loss						
Current Alternative Fuels Tax on Electric Vehicles	\$0.0	-\$0.2	-\$0.2	-\$0.2	-\$0.2	-\$0.3
Total Revenue Impact	\$0.0	\$5.2	\$6.0	\$6.9	\$7.8	\$8.7

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House Appropriations Committee (R)

DATE: November 18, 2020

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.