

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 656

**PRINTER NO.** 859

**AMOUNT**

See Fiscal Impact

**FUND**

Motor License Fund

**DATE INTRODUCED**

May 1, 2023

**PRIME SPONSOR**

Senator Rothman

**DESCRIPTION**

Senate Bill 656 amends Title 75 (Vehicles) to establish an electric vehicle Road User Charge (RUC) on noncommercial passenger Electric Vehicles (EV) with a gross vehicle weight of not more than 14,000 pounds.

The legislation defines Electric Vehicle (EV), Hybrid Electric Vehicle (HEV) and Plug-in Hybrid Electric Vehicle (PHEV); however, the RUC only applies to an EV. For purposes of this bill, EVs do not include a golf cart, neighborhood EV or motorcycle.

Title 75 is amended by adding a new section 9024 (relating to electric vehicle road user charge). EV owners or registrants shall pay a RUC of \$290 per year, which shall be concurrent with paying the vehicle registration fee, as follows:

- 1) A flat charge of \$290 per year provided by credit or debit card, electronic funds transfer or check or money order to the Department of Transportation (department); or
- 2) An electronic payment plan of \$24.17 per month by credit or debit card or electronic funds transfer to the department.

Owners or registrants of an EV shall be responsible for paying any tax, fee, levy or charge imposed by the Congress of the United States after the effective date of this Act. The registration of an EV shall not be valid unless the owner or registrant enrolls in a payment option for the RUC.

The bill imposes penalties and a prohibition on renewal of the EV's registration or transfer of title for failure to pay the RUC within 30 days of the enrollment date established by the department. The department may not prohibit the renewal of a vehicle registration if the EV's owner or registrant is enrolled in a payment plan and makes timely payments according to the schedule established by the department.

The bill repeals the Alternative Fuels Tax imposed on EV owners and registrants under section 9004(d) (relating to imposition of tax, exemptions and deductions) of Title 75 only if the electricity derived is from the legal residence of the owner or registrant.

Senate Bill 656 removes any liability, criminal penalties, fines, liens and interest on the owner or registrant of an EV for any unpaid Alternative Fuels Tax owed to the

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Department of Revenue from the legal residence of the owner or registrant prior to the effective date of this section.

RUC revenue collected by the department shall be deposited into the Motor License Fund. For purposes of aligning the RUC with the allocations of proceeds, the RUC must be allocated in accordance with the oil company franchise tax for highway maintenance and construction under section 9502 (relating to imposition of tax) of Title 75.

The legislation provides the following exemptions to owners and registrants of EVs from paying the RUC:

- 1) The federal government;
- 2) Commonwealth agencies;
- 3) Entities exempt under the Commerce Clause of the U.S. Constitution; and
- 4) Political subdivisions, volunteer fire companies, volunteer ambulance services, volunteer rescue squads, a second-class county port authority, and a nonpublic school not operated for profit.

The department may promulgate regulations to implement this section.

This act shall take effect January 1, 2024, or immediately, whichever is later.

### **FISCAL IMPACT:**

The Alternative Fuels Tax is computed by the department on a gallon equivalent basis and is statutorily required to be deposited into the Motor License Fund. Currently, the rate is set at \$0.0183 per kWh. In 2022-23, there was an estimated \$300,000 collected in the Alternative Fuels Tax from electricity usage. The repeal of the tax on EV owners and registrants will lead to a reduction in those revenue collections, which will be offset by the new Road User Charge revenue.

According to the Department of Environmental Protection's Drive Electric Pennsylvania Coalition, there were 9,784 EVs registered in Pennsylvania in 2019, which has increased to 43,725 in March 2023. Assuming 32,794 (75%) of registered EVs in Pennsylvania will be required to pay an annual Road User Charge of \$290, the Motor License Fund will realize approximately \$9.2 million of additional revenue. All Road User Charge revenue is required to be allocated for purposes of highway maintenance and construction.

The Department of Transportation has indicated it will incur system infrastructure improvement costs in the amount of \$1,325,000 to accommodate Road User Charge payment options.