

LFC Requester:

Jennifer Faubion

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 1/24/24

Bill No: SB 183

Sponsor: Sen. Gonzales
Short Title: Electric & Hybrid Vehicle
Registration Fees

Agency Name and Code EMNRD - 521
Number: _____
Person Writing Analysis: AnnaLinden Weller, Policy Director
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
	Indeterminate but positive	Indeterminate but positive	Recurring	State Road Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 183 (SB 183) proposes an additional annual registration fee for electric and plug-in hybrid electric vehicles. The additional revenue from the imposition of these registration fees is distributed to the State Road Fund and the Transportation Project Fund.

The fees are as follows:

- \$120 annually is imposed for the registration of light-duty electric vehicles.
- \$60 annually is imposed for the registration of light-duty plug-in hybrid electric vehicles.

These new fees are in addition to the existing registration fees charged by MVD.

All fees collected are to be paid to the state treasurer and credited to the motor vehicle suspense fund. SB 183 outlines the distribution of the additional revenue in the fund, including allocation to the local governments road fund and the transportation project fund.

The effective date of the provisions of this act is January 1, 2025.

FISCAL IMPLICATIONS

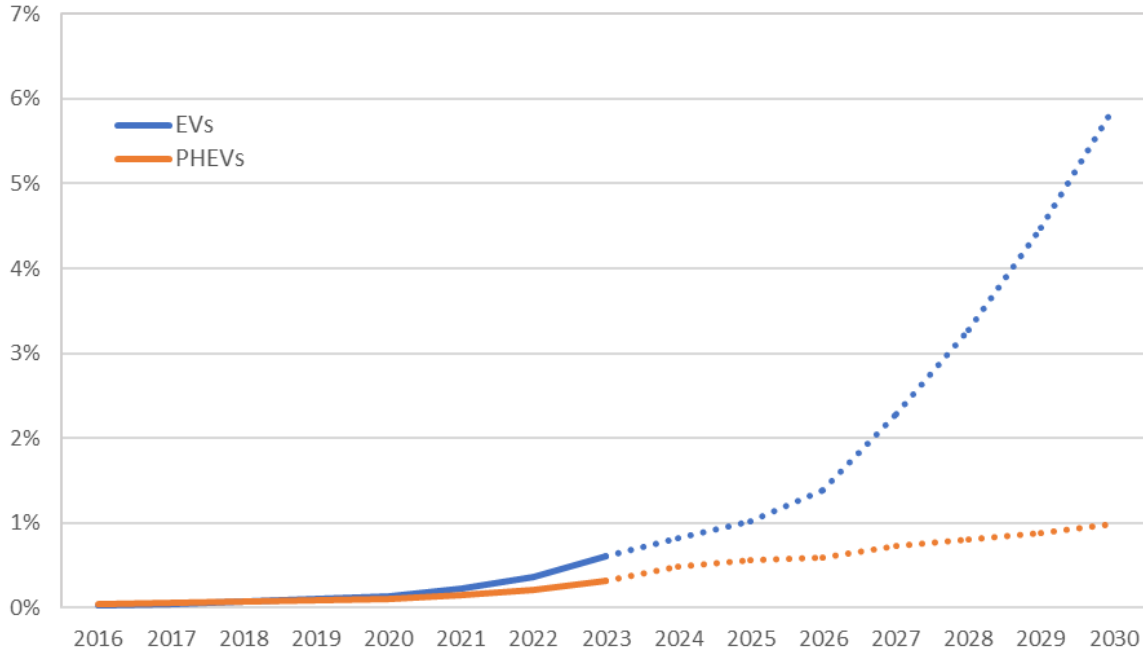
None for EMNRD.

SIGNIFICANT ISSUES

Establishing a registration fee for electric vehicles (EVs) and plug-in hybrids (PHEVs) is one way to shore up New Mexico’s state road fund as fuel economy of vehicles improves. Currently, gasoline-powered vehicles directly contribute to road maintenance through the state-imposed gas tax collected at the pump (\$0.17 per gallon). Electric vehicles do not pay any gas tax, and even gasoline-powered vehicles pay less than they used to, as fuel economies have improved. Thus, other sources of funding for the state road fund are necessary. A registration fee would ensure that EV and PHEV drivers contribute to vital road repairs and infrastructure improvements.

EMNRD has provided some preliminary, estimated impacts of the registration fees outlined in SB 183. These forecasts are based on projected adoption rates modeled from the National Renewable Energy Laboratory’s state alternative fuel vehicle registration data. In the table below, EMNRD assumes the adoption rate of new EVs accelerates in 2026 following the implementation of the Advanced Clean Cars Rule for Model Year 2027 vehicles. The assumptions below do not reflect definite impacts. However, EMNRD believes that substantial revenue – in the millions of dollars - would be collected via these fees, even in FY25.

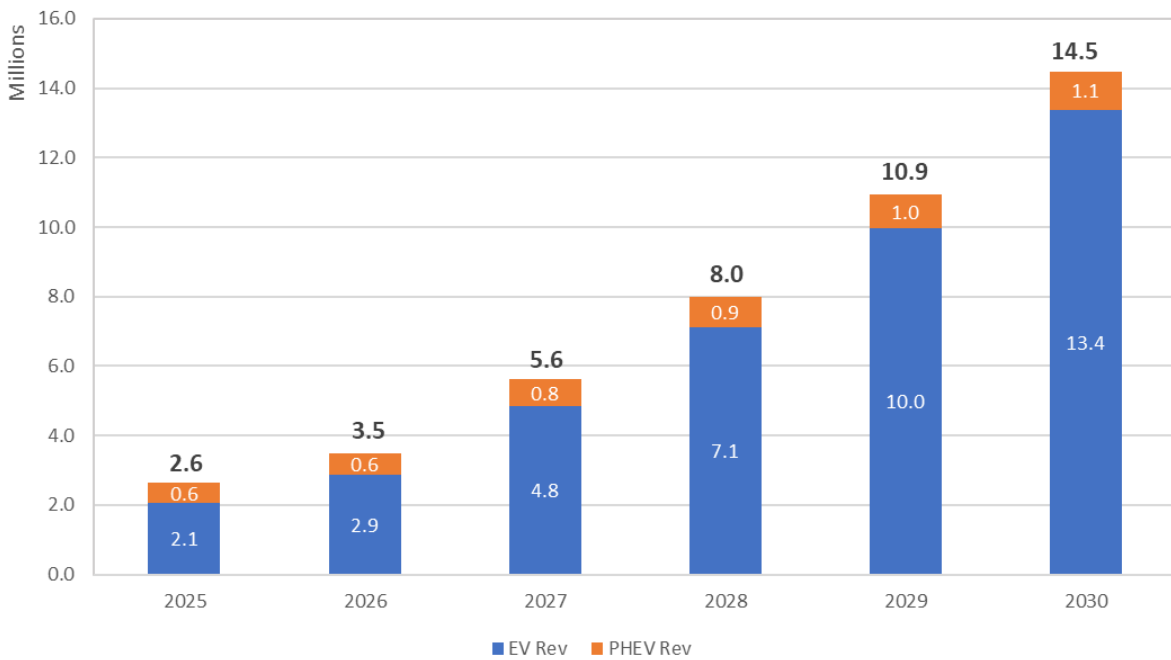
EV/PHEV % of NM total auto registrations



Projected EV/PHEV Registrations						
	2025	2026	2027	2028	2029	2030
EV Registrations	17181	23990	40387	59395	82981	111393
PHEV Registrations	9430	10316	12821	14585	16449	18668

Projected Revenues from EV/PHEV registration fees						
	2025	2026	2027	2028	2029	2030
EV Rev	\$ 2,061,699	\$ 2,878,802	\$ 4,846,414	\$ 7,127,346	\$ 9,957,737	\$ 13,367,115
PHEV Rev	\$ 565,826	\$ 618,947	\$ 769,273	\$ 875,126	\$ 986,970	\$ 1,120,091
Total Rev	\$ 2,627,525	\$ 3,497,749	\$ 5,615,687	\$ 8,002,472	\$ 10,944,707	\$ 14,487,206

Estimated EV/PHEV revenue from registration fees (USD Millions)



A flat fee on electric vehicles may shift a disproportionate burden of replacing revenue on to EV users, as the per gallon assessment of taxes for the State Road Fund and the Transportation Project Fund naturally allows heavier internal combustion engine users of state roads to assume a proportional burden of the tax contributions. A flat annual fee will effectively overcharge EV users who don't drive much, and potentially undercharges those who drive more. That said, a flat fee is probably the most practical way to offset these road fund costs in the near term.

PERFORMANCE IMPLICATIONS

None for EMNRD.

ADMINISTRATIVE IMPLICATIONS

None for EMNRD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 183 may conflict – at least on policy – with HB 140, the Clean Cars Income Tax Credit, and SB 8, the Electric Vehicle Tax Credit.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

SB 183 may conflict – at least on policy – with HB 140, the Clean Cars Income Tax Credit, and SB 8, the Electric Vehicle Tax Credit. New Mexico is currently establishing incentives for clean car adoption. Simultaneously imposing a registration fee creates a counter-incentive.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

An additional registration fee for EVs and PHEVs will not be created. The road fund will continue to depend solely on the gas tax for funding.

AMENDMENTS

N/A