

Department of Finance and Administration

Legislative Impact Statement

Bill: SB225

Amendment Number: S1

Bill Subtitle: TO AMEND THE LAW CONCERNING THE ADDITIONAL FEE REQUIRED FOR THE REGISTRATION OF A HYBRID VEHICLE.

Basic Change :

Sponsors: Sen. B. Johnson and Rep. Holcomb

Senate Amendment No. 1 --- SB225-S1 clarifies that the definition of "electric vehicle" includes a "plug-in electric vehicle." Plug-in electric vehicles are subject to the \$200 additional registration fee.

SB225-S1 also adds a definition of "plug-in hybrid electric vehicle." A "plug-in hybrid electric vehicle" is a vehicle that is propelled by a combination of:

- Electricity that is supplied through a rechargeable battery that can be recharged by plugging into an electrical outlet or charging station, and
- An internal combustion engine.

A plug-in hybrid electric vehicle is subject to a \$100 additional registration fee. Standard hybrid vehicles are subject to a \$50 additional registration fee, as set forth in the original version of the bill.

SB225 would be effective on and after January 1, 2022.

Original Bill --- Act 416 of 2019 created an additional registration fee of \$100 to be paid when a motor vehicle is a hybrid vehicle. Act 416 also created an additional registration fee of \$200 when the motor vehicle is an electric vehicle. The additional registration fees under Act 416 are in an addition to any existing fees required to register a motor vehicle in the State of Arkansas. SB225 reduces the \$100 additional fee that is required to register or renew the registration of a hybrid vehicle in the State of Arkansas to \$50.

Revenue Impact :

FY2022 – Up to \$550,000 reduction to the State Highway and Transportation Department Fund

FY2023 – Up to \$1.1 million reduction to the State Highway and Transportation Department Fund

[Because the manufacturer's statement of origin (MSO) does not provide whether a vehicle is a "hybrid vehicle" or a "plug-in hybrid electric vehicle" as defined in the bill, the Office of Motor Vehicle is unable to distinguish between these vehicle types unless the vehicle owner advises the Department of Finance and Administration (DFA) at the time of registration. It is unknown the number of hybrid vehicles that would pay the reduced \$50 additional registration fee as well as the number of plug-in hybrid electric vehicles that would continue to pay the \$100 additional registration fee. The Revenue Impact above assumes all current hybrid vehicles would pay the \$50 reduced registration fee.]

Taxpayer Impact :

The additional registration fee for a hybrid vehicle that does not plug in would be decreased from \$100 to \$50. The existing additional \$100 registration fee for a hybrid vehicle would continue to be collected for a plug-in hybrid electric vehicle. The existing additional \$200 registration fee for an electric vehicle or a plug-in electric vehicle would continue to be collected.

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Resources Required :

Computer programming, manual updates and employee training would be required. The cost estimate for programming is \$80,000.

Time Required :

Adequate time has been provided for implementation.

Procedural Changes :

Computer programs and training manuals will need to be updated. Department employees will need to be educated on changes

Other Comments :

None.

Legal Analysis :

None.