

SUBJECT: Creating council to plan electric vehicle infrastructure; imposing EV fees

COMMITTEE: Transportation — committee substitute recommended

VOTE: 12 ayes — Canales, E. Thompson, Ashby, Bucy, Davis, Harris, Lozano, Martinez, Ortega, Perez, Rogers, Smithee

0 nays

1 absent — Landgraf

SENATE VOTE: On final passage, April 23 — 28-3 (Creighton, Johnson, Menéndez), on Local and Uncontested Calendar

WITNESSES: For — (*Registered, but did not testify*: Anne O’Ryan, AAA Texas; Scott Stewart, American Council of Engineering Companies of Texas; Steven Albright, Associated General Contractors of Texas Highway Heavy Utility and Industrial Branch; Eddie Solis, City of Arlington; Leticia Van de Putte, San Antonio Chamber of Commerce; Mackenna Wehmeyer, TAG Houston; Wroe Jackson, Texas Association of Manufacturers; Matt Burgin, Texas Food and Fuel Association; Shannon Rusing, Texas Oil and Gas Association; Dana Harris, The Greater Austin Chamber of Commerce)

Against — Byron Campbell, Alliance for Automotive Innovation; Cyrus Reed, Lone Star Chapter Sierra Club; Adrian Shelley, Public Citizen; Susan Shifflett, Texas Natural Gas Vehicle Alliance; Edward Murray, Texas Natural Gas Vehicle Alliance; Tom Smitty Smith, TxETRA; Devon Bijansky; Janis Bookout; Dale Bulla; (*Registered, but did not testify*: Drew Campbell, Alliance of Automotive Innovators; Carrie Simmons, Conservative Texas for Energy Innovation; Jackie Hardee, Indivisible Rosedale Huddle, Indivisible Tex Lege; Bill Kelly, Mayor’s Office, City of Houston; Karen Steakley, Tesla; Carl Richie, Texas Advanced Energy Business Alliance; Sarah Bagwell Rudy, Texas Natural Gas Vehicle Alliance; Josiah Neeley, The R Street Institute; Patrick Humphrey, United Parcel Service; and seven individuals)

On — (*Registered, but did not testify*: Laird Doran, Gulf States Toyota; Roland Luna, Texas Department of Motor Vehicles)

BACKGROUND: Interested parties note that the number of electric vehicles (EVs) have rapidly expanded in recent years, increasing the need for Texas to prepare a plan to accommodate the growth in demand for a reliable electric vehicle infrastructure network. Others raise concerns about the contribution of EVs and other alternatively fueled vehicles to funding state roads and infrastructure, which are currently funded with motor fuel taxes, and suggest imposing additional registration fees on those vehicles.

DIGEST: CSSB 1728 would establish a council to plan for the development of electric vehicle (EV) charging infrastructure in the state and impose additional registration fees for alternatively fueled vehicles.

Texas Transportation Electrification Council. CSSB 1728 would establish the Texas Transportation Electrification Council, which would be composed of the chair or administrative head of, or a senior-level designee from, the following:

- the Public Utility Commission of Texas;
- the Electric Reliability Council of Texas (ERCOT);
- the Texas Commission on Environmental Quality;
- the State Energy Conservation Office;
- the Texas Department of Licensing and Regulation;
- the Texas Department of Transportation (TxDOT);
- the Texas Department of Motor Vehicles (TxDMV);
- the Texas Department of Housing and Community Affairs;
- the Texas State Affordable Housing Corporation;
- the Texas Division of Emergency Management; and
- the Texas Economic Development and Tourism Office.

The council would have to hold at least four public meetings each year. The presiding officer would be elected annually by the council, and the executive director of TxDOT would serve as the initial presiding officer.

The council would be administratively attached to TxDOT and funded by existing TxDOT funds.

Electric vehicle charging infrastructure assessment. By March 1, 2022, the council would have to prepare an assessment of existing and planned public EV charging infrastructure and associated technologies in the state using existing databases. The assessment would have to include the number and types of EV chargers at each location. The assessment would be used in developing the EV charging infrastructure plan, as detailed below.

Provisions regarding this assessment would expire September 1, 2023.

Electric vehicle charging infrastructure plan. The council would have to develop a comprehensive plan for the development of public EV charging infrastructure and associated technologies in the state through the year 2040 and update the plan biennially.

The plan would have to:

- include phased implementation in biennial increments through 2040;
- identify areas for which additional public EV charging infrastructure was needed to ensure that the vehicle choice of residents was not constrained;
- provide for sufficient public EV charging infrastructure to meet and enable future demand for EVs in the state;
- stimulate competition, innovation, and consumer choice in public EV charging and related infrastructure and services and encourage private capital investment;
- specify the number and types of EV chargers per general location that were needed;
- examine vehicle and charging infrastructure changes necessary to provide demand response functions and two-way electricity flow capability in order to allow vehicle-to-grid integration for cost savings, grid reliability, and resiliency; and

- provide for electric transportation corridors in and along TxDOT rights of way that include the infrastructure needed for vehicle electrification, as listed by the bill.

In developing and updating the plan, the council would have to use, to the extent practicable, publicly available EV projections and models based on industry standards to determine the percentage and number of EVs by vehicle class that were expected on roadways in the state and the number of EV chargers that were needed to ensure that there was comprehensive and adequate access to public EV charging infrastructure. The council could rely on scenarios provided by ERCOT or other information from appropriate sources for the percentage and number of EVs by vehicle class on roadways.

State agency policy recommendations. The council would have to develop policy recommendations that state agencies could adopt to encourage the development of an adequate network of public EV charging infrastructure and associated technologies to meet the future electrified transportation needs in the state through the year 2040.

Stakeholder input. In performing its duties, the council would have to seek advice and input from:

- privately owned and municipally owned electric utilities;
- electric cooperatives;
- state and local transportation and transit agencies;
- port authorities and warehousing and logistics centers;
- EV charging infrastructure companies;
- environmental groups;
- consumer advocates;
- motor vehicle manufacturers;
- apartment associations; and
- certain other stakeholder groups as listed in the bill.

Authority to contract and consult. In performing its duties, the council

could contract with experts, academic scholars, and other appropriate professionals and consult with the Texas A&M Transportation Institute and institutions of higher education.

Initial report. By December 1, 2022, the council would have to prepare and submit to the governor, lieutenant governor, each member of the Legislature, and relevant state and federal agencies a report of its findings that included the EV charging infrastructure assessment, plan, and policy recommendations.

Biennial report. By December 1 of each even-numbered year, the council would have to prepare and submit to the governor, lieutenant governor, Legislature, and relevant state and federal agencies a report including a summary of the progress of the EV charging infrastructure plan, the biennial update to the plan, and any updates to the policy recommendations. The first biennial report would have to be submitted by December 1, 2024.

Expiration. These provisions would expire and the council would be abolished January 1, 2031.

Alternatively fueled vehicle fees. CSSB 1728 would impose additional registration fees on alternatively fueled vehicles based on gross weight and whether the vehicle was a plug-in hybrid. The bill also would impose an optional fee based on vehicle miles traveled that could be paid in lieu of the additional registration fee.

An "alternatively fueled vehicle" would mean a motor vehicle that was capable of being powered by a source other than gasoline or diesel fuel.

A "plug-in hybrid electric vehicle" would include a vehicle capable of being powered by a battery and by an internal combustion engine that used gasoline or diesel fuel and that recharged by plugging into an outlet.

Applicability. These provisions would not apply to a hybrid EV that was not a plug-in, a natural gas vehicle, or a vehicle used exclusively to

provide public transportation.

Alternatively fueled vehicle fee. In addition to other fees, at the time of application or renewal of registration of an alternatively fueled vehicle, other than a plug-in hybrid, the applicant would have to pay an additional fee according to the gross weight of the vehicle, as follows:

- for up to 6,000 pounds, \$190; and
- for 6,001 to 10,000 pounds, \$240.

The applicant for registration of a plug-in hybrid EV would have to pay:

- for up to 6,000 pounds, \$30; and
- for 6,001 to 10,000 pounds, \$40.

Mileage fee alternative. In lieu of paying the fees above, a person applying for registration of an alternatively fueled vehicle that was equipped with an odometer could pay an annual mileage fee.

The annual mileage fee for an alternatively fueled vehicle, other than a plug-in hybrid, that weighed up to 6,000 pounds would be:

- for up to 3,000 miles, \$30;
- for 3,001 to 6,000 miles, \$70;
- for 6,001 to 9,000 miles, \$110;
- for 9,001 to 12,000 miles, \$150; and
- for 12,001 miles or more, \$190.

The annual mileage fee for an alternatively fueled vehicle, other than a plug-in hybrid, that weighed more than 6,000 pounds would be:

- for up to 3,000 miles, \$40;
- for 3,001 to 6,000 miles, \$90;
- for 6,001 to 9,000 miles, \$140;
- for 9,001 to 12,000 miles, \$190; and
- for 12,001 miles or more, \$240.

The annual mileage fee for a plug-in hybrid that weighed up to 6,000 pounds would be:

- for up to 3,000 miles, \$5;
- for 3,001 to 6,000 miles, \$10;
- for 6,001 to 9,000 miles, \$20; and
- for 9,001 miles or more, \$30.

The annual mileage fee for a plug-in hybrid that weighed more than 6,000 pounds would be:

- for up to 3,000 miles, \$10;
- for 3,001 to 6,000 miles, \$20;
- for 6,001 to 9,000 miles, \$30; and
- for 9,001 miles or more, \$40.

A person could have such a vehicle inspected at the end of a one-year period for purposes of paying the fee. An inspection station or inspector, on completion of a motor vehicle inspection, would have to submit to TxDMV odometer readings as required by TxDMV rule.

Electric vehicle surcharge. In addition to the other registration fees, an applicant with an EV would have to pay a \$10 surcharge.

Until September 1, 2030, each surcharge would be deposited to the general revenue fund and could be used only for the operation of the Texas Transportation Electrification Council.

Annual fee adjustment. On January 1 of each year, TxDMV would have to:

- after September 1, 2030, increase the fees as necessary to adjust for inflation; and
- if the federal government collected a tax on an alternatively fueled

vehicle, decrease the fees for the type of vehicle subject to the tax as provided by the bill.

TxDMV would have to post the planned fee increases or decreases on its website by November 1 of the previous year.

Allocation of fees. Except as otherwise provided, each fee and surcharge imposed by the bill would have to be deposited to the State Highway Fund.

Implementation. TxDMV would have to adopt rules to administer the provisions of this bill.

The Department of Public Safety, in consultation with TxDMV, would have to adopt rules to implement the mileage fee alternative. A violation of such a rule would be considered to be a violation of certain laws governing vehicle inspections.

The bill would take effect January 1, 2022.

NOTES:

According to the Legislative Budget Board, the bill would have a positive impact of \$1.9 million to general revenue through fiscal 2023, and that amount would continue to increase annually thereafter. The probable revenue gain to the State Highway Fund would be \$11.7 million in fiscal 2022, \$27.7 million in fiscal 2023, and increasing amounts thereafter.