



MEMORANDUM IN OPPOSITION OF HB 2199

RELATING TO: Electric Vehicle Registration Fees

INTRODUCED BY: Representative Canales

SUMMARY OF PROVISIONS: H.B. 2199 establishes an annual fee of \$200 for the registration of electric vehicles (EV) in the State of Texas.

STATEMENT OF OPPOSITION: Consumer Reports respectfully opposes HB 2199 to establish a \$200 annual fee for the registration of EVs in the state. The fee imposed by this legislation penalizes consumers looking to transition to EVs and will not solve road funding problems in Texas. H.B. 2199 imposes punitive registration fees on consumers looking to purchase EVs far exceeding the gas-tax equivalent in the state. Based on our analysis of average state fuel taxes paid by drivers of new gas-powered vehicles in the state, [the maximum justifiable fee for EV drivers in Texas is \\$71.](#)

In recent years, EV sales have increased as buyers have recognized the numerous cost, public health, and environmental benefits that these vehicles can provide. EVs generally score well on Consumer Reports' (CR) road tests, and typically receive high marks in owner satisfaction surveys. Additionally, our analyses show that the total cost of owning EVs, versus their gas-powered counterparts, is lower over the vehicle's life span due to lower fuel and maintenance costs.¹

We agree that it is only fair that EV drivers should contribute to road construction and maintenance, but the fees imposed by this legislation will set a disproportionate fee scale for EV owners, punishing drivers who are looking to transition to a cleaner, more cost effective vehicle choice. In addition to gas-tax revenue, funding sources for highway funding include registration fees, toll fees, general fund dollars, and other revenue sources for the state that EV drivers already contribute to. Additionally, EV drivers are already paying a variety of taxes on the additional electricity they use, whether it be home charging or public charging.

In Texas, gas taxes account for only 29% of highway funding revenues.² With the rate of EV adoption in Texas, our analysis shows that if Texas imposes a punitive \$200 annual EV tax, the new funding would only account for less than 0.3% of the state's road maintenance fund by

¹ Electric Vehicle Ownership Costs: Today's Electric Vehicles Offer Big Savings for Consumers, Consumer Reports, 2020.

<https://advocacy.consumerreports.org/wp-content/uploads/2020/10/EV-Ownership-Cost-Final-Report-1.pdf>

² Rising Trend of Punitives Fees on Electric Vehicles Won't Dent State Highway Funding Shortfalls but Will Hurt Consumers, Consumer Reports, 2019.

<https://advocacy.consumerreports.org/wp-content/uploads/2019/09/Consumer-Reports-EV-Fee-analysis.pdf>

2025. This minimal increase in funding for road maintenance is not enough to justify the disproportionate burden that will be placed on EV owners with this increase in registration fees.

CR has conducted a national state-by-state analysis of the expected annual gas tax revenue that a new, gas-powered vehicle would contribute to state highway funds, based on average miles traveled, fuel economy standards, and the state gas taxes, to consider what would be a justifiable EV fee in each state.³ Based on our analysis of the state's highway fund revenues, the maximum justifiable EV fee in Texas is \$71.⁴ This is significantly less than the annual fee of \$200 that has been proposed in this legislation.

The primary cause of the road funding shortfall in Texas has nothing to do with EVs, but rather with the fact that Texas has not increased their gas tax since 1991. Decades of inflation have significantly eroded the buying power of those tax revenues. The state cannot rely on increased EV fees to make up for this revenue loss, and should consider alternative strategies such as a road usage charge or a vehicle miles traveled fee that applies to all vehicles, not just electric ones. A mileage-based fee would also be more equitable because it would be tied to actual road usage, whereas the flat fee as has been proposed would benefit Texans who drive more and be unfair for Texans who drive less.

Finally, the fees imposed in this legislation will hurt low-income consumers the most, since the fees to register vehicles are paid in lump sum rather than spread out over time like a traditional gas tax. Low-income consumers who can benefit the most from transitioning to EVs should not be burdened with punitive registration fees that discourage them from adopting this cost-saving technology.

Consumer Reports respectfully urges you to oppose HB 2199 to establish punitive fees on the registration of EVs in Texas, and asks that you consider reducing the fee amount outlined in this bill to \$71.

For more information, contact:

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³ Ibid.

⁴ Fact Sheet: Texas' proposed fees for EVs will punish drivers, won't solve road fund problems, Consumer Reports, 2022.
<https://advocacy.consumerreports.org/research/fact-sheet-texas-proposed-fees-for-evs-will-punish-drivers-wont-solve-road-fund-problems/>