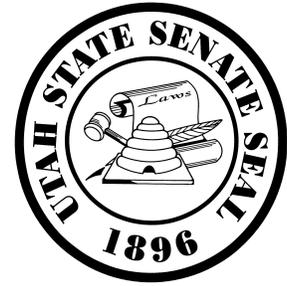




# Fiscal Note

## H.B. 220

2023 General Session  
Emissions Reduction Amendments  
by Stoddard, A.



### General, Income Tax, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$(45,586,900)	\$42,487,300	\$(3,099,600)

### State Government

UCA 36-12-13(2)(c)

Revenues	FY 2023	FY 2024	FY 2025
Income Tax Fund	\$0	\$(44,700,000)	\$(44,700,000)
Income Tax Fund, One-time	\$0	\$44,700,000	\$0
Road Usage Charge Program Sp. Rev	\$0	\$750,000,000	\$750,000,000
New Account Created By Bill (FN Only)	\$0	\$115,000,000	\$231,000,000
<b>Total Revenues</b>	<b>\$0</b>	<b>\$865,000,000</b>	<b>\$936,300,000</b>

Enactment of this legislation could increase state revenues from fees paid at the time of vehicle registration. It is estimated that this bill would increase fees to the Air Quality Fund by approximately \$115 million in FY 2024 and \$231 million in FY 2025. This bill also increases the fuel tax rate on non-Tier 3 gasoline sold in emissions counties from an estimated \$0.401 per gallon to \$1.203 per gallon. It is assumed that this significant increase will incentivize retailers in these counties to only sell Tier 3 fuel and will not result in additional state revenue.

Additionally, enactment of a nonrefundable tax credit for the purchase or lease of an alternative fuel vehicle is estimated to reduce revenues to the Income Tax Fund by \$44.7 million in FY 2025, \$71.6 million in FY 2026, \$107 million in FY 2027, \$160.5 million in FY 2028, and \$16.6 million in FY 2029.

Additionally, enactment of this legislation could increase revenues to the Road Usage Charge Program Special Revenue Fund by approximately \$750 million ongoing beginning in FY 2024 due to fees generated by the clean air road usage charge program established in the bill.

Expenditures	FY 2023	FY 2024	FY 2025
General Fund	\$0	\$886,900	\$886,900
General Fund, One-time	\$0	\$2,126,600	\$0
Income Tax Fund, One-time	\$0	\$86,100	\$0
Transportation Fund	\$0	\$623,900	\$623,900
Transportation Fund, One-time	\$0	\$12,500	\$0
Dedicated Credits Revenue	\$0	\$311,500	\$311,500

Road Usage Charge Program Sp. Rev	\$0	\$150,000,000	\$150,000,000
New Account Created By Bill (FN Only)	\$600	\$2,551,500	\$588,300
<b>Total Expenditures</b>	<b>\$600</b>	<b>\$156,599,000</b>	<b>\$152,410,600</b>

Enactment of this legislation could cost the Tax Commission approximately \$86,100 one-time from the Income Tax Fund in FY 2024, \$582,400 one-time from the General Fund in FY 2024, and \$233,900 ongoing from the General Fund beginning in FY 2024 for costs associated with programming, implementing and monitoring new tax processes and a new license plate program.

Enactment of this legislation could also cost the Department of Environmental Quality approximately \$1.96 million one-time and \$588,300 ongoing from the new Air Quality Fund in FY 2024, as well as \$600 one-time from the new fund in FY 2023, for costs associated with developing and implementing new programs, developing plans, writing reports, conducting inventories, and conducting public information campaigns.

Enactment of this legislation could also cost the Department of Government Operations approximately \$311,500 ongoing from dedicated credits beginning in FY 2024 for increased fleet costs due to the new emissions programs, as well as \$1,200 one-time from the General Fund in FY 2024 to establish a new fund.

Enactment of this legislation could also cost the Governor's Office of Economic Opportunity approximately \$3,000 ongoing and \$18,000 one-time from the General Fund in FY 2024 to contract with a vendor and develop a plan.

Enactment of this legislation could also cost the Public Service Commission approximately \$125,000 one-time in FY 2024 from the General Fund for the preparation of an emissions reduction plan.

Enactment of this legislation could also cost the Department of Transportation approximately \$900,000 one-time in FY 2024 and \$650,000 ongoing beginning in FY 2024 from the General Fund, \$12,500 one-time in FY 2024 and \$623,900 ongoing in FY 2024 from the Transportation Fund, and \$150 million ongoing from the Road Usage Charge Program Special Revenue Fund for costs associated with preparing plans and analyses related to air quality and implementing the new road usage program.

Enactment of this legislation could also result in increased costs for high-emissions vehicles for other state agencies that do not utilize fleet vehicles, such as Public Safety; the aggregate amount is unknown.

	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
<b>Net All Funds</b>	<u><u>\$(600)</u></u>	<u><u>\$708,401,000</u></u>	<u><u>\$783,889,400</u></u>

## **Local Government**

UCA 36-12-13(2)(c)

Enactment of this legislation could cost Utah Transit Authority up to approximately \$314.4 million to electrify its rail fleet, with additional costs related to annual clean air fees on certain vehicles; the aggregate impact is unknown.

Enactment of this legislation could also cost five local health departments approximately \$872,000 ongoing beginning in FY 2024 in aggregate to administer new incentive programs.

Additionally, enactment of this legislation could result in increased workload for certain counties to administer new emissions-related programs; the aggregate impact is unknown.

## **Individuals & Businesses**

UCA 36-12-13(2)(c)

Enactment of this bill would increase fees paid at the time of registration by vehicle owners. It is estimated that taxpayers would pay more on the registration of approximately 2.3 million vehicles. Increased fees range anywhere from \$50 to \$450 depending on each vehicle's pollution level. In total it is estimated that taxpayers will pay approximately \$115 million more in vehicle fees in FY 2024 and approximately \$231 million more in FY 2025.

Additionally, this bill creates a nonrefundable corporate and individual income tax credit for the purchase or lease of an alternative fuel vehicle for tax years 2024 to 2027. Credit amounts range from \$1,000 to \$3,000 per qualifying vehicle depending on the type of vehicle and if the vehicle is new, used, leased, or purchased. In total, it is estimated that enactment of this bill would reduce tax liability for qualifying taxpayers/dealers by \$44.7 million in FY 2025, \$71.6 million in FY 2026, \$107 million in FY 2027, \$160.5 million in FY 2028, and \$16.6 million in FY 2029.

Enactment of this legislation could also affect individuals and businesses through the optional road user charge program, financial assistance for the purchase of certain vehicles, and gas tax increase on certain types of fuel; the aggregate impact is unknown.

## **Regulatory Impact**

UCA 36-12-13(2)(d)

Enactment of this legislation could result in a medium increase in the regulatory burden for Utah residents or businesses.

## **Performance Evaluation**

JR1-4-601

This bill creates a new program or significantly expands an existing program. For a list of questions lawmakers might ask to improve accountability for the proposed program, please see: <https://budget.utah.gov/newprogram>

## **Notes on Notes**

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.