



This Bill Analysis reflects the contents of the bill as it was presented in committee.

# SENATE BILL 446: Electric/Hybrid Vehicle Registration Fees.

2019-2020 General Assembly

<b>Committee:</b>	Senate Finance. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	April 15, 2019
<b>Introduced by:</b>	Sens. J. Davis, McInnis	<b>Prepared by:</b>	Cindy Avrette Staff Attorney
<b>Analysis of:</b>	Second Edition		

**OVERVIEW:** Senate Bill 446 would increase registration fees for electric vehicles and hybrid vehicles over a three-year period, 2020 through 2022, by increasing or creating an additional registration fee applicable to these vehicles. Beginning January 1, 2023, the additional registration fee applicable to these vehicles would be adjusted annually using the same formula used to adjust the motor fuel tax rate.

**AMENDMENT:** The amendment would increase the additional registration fee applicable to electric vehicles and plug-in hybrid vehicles, effective January 1, 2020. The fees would be adjusted annually using the same formula used to adjust the motor fuel tax rate, beginning January 1, 2021. The chart below shows how the bill and the amendment would change the additional fee amounts from the current law:

	Additional Fee Amount, Current Law	Additional Fee Amount, S447, V2	Additional Fee Amount, <u>AMENDMENT</u>
<b>Electric Vehicle</b>	\$130	\$175 \$225 \$275 Adjust annually	\$230 Adjust annually
<b>Plug-in Hybrid Vehicle</b>	0	\$87.50 \$112.50 \$137.50 Adjust annually	\$115 Adjust annually

**CURRENT LAW:** The Division of Motor Vehicles collects annual registration fees for passenger vehicles, according to classifications set out in statute. The regular private passenger vehicle registration fee is currently \$36. Current law provides for an additional fee for the registration of a plug-in electric vehicle that operates solely on electric power. The additional fee is \$130 per year, making the annual registration fee for a regular passenger vehicle that operates solely on electric power \$166.

North Carolina motor vehicle law does not currently provide a definition for a hybrid motor vehicle. Nor does it provide any additional registration fees for hybrid vehicles. A hybrid vehicle is registered in the same manner as a motor vehicle propelled solely by motor fuel. The annual registration fee for a regular passenger vehicle that operates using a combination of motor fuel and electric power is \$36.

The motor fuel tax in North Carolina was modified to a formula-based rate beginning in January 1, 2018. The formula is based on the previous year's tax rate multiplied by a percentage. The percentage is 100%

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plus or minus the sum of 75% of population percentage change for the upcoming calendar year and 25% of the Consumer Price Index change, as determined in October for the upcoming calendar year. For 2019, the rate is 36.2 cents per gallon

**BILL ANALYSIS:** Senate Bill 446, as amended, would increase registration fees for electric and hybrid vehicles as follows:

Electric vehicles. For plug-in electric vehicles that operate solely on electric power, the current add on registration fee of \$130 would be increased to \$230 beginning on January 1, 2020. Beginning on January 1, 2021, and every year thereafter, it would be adjusted using the same formula currently used to adjust the motor fuel tax rate.

Plug-in hybrid vehicles. As amended, the bill would define a plug-in hybrid vehicle as a vehicle that is capable of being propelled **solely** by electricity drawn from a battery that can be recharged from an external source of electricity but is also capable of using motor fuel to propel the vehicle. The original bill would have applied to a hybrid vehicle, defined as a vehicle capable of being propelled, at least in part by electricity.

The bill would provide for a new add on registration fee applicable to plug-in hybrids of \$115 beginning on January 1, 2020. Beginning on January 1, 2021, and every year thereafter, it would be adjusted using the same formula currently used to adjust the motor fuel tax rate.

**EFFECTIVE DATE:** Except as otherwise provided, the bill becomes effective January 1, 2020.

*Wendy Ray, counsel to Senate Transportation, substantially contributed to this summary.*