STATE VEHICLE REGISTRATION FEES

Description
The state of Texas requires all personal car and light truck owners to pay an annual $50.75 state vehicle registration fee. For commercial vehicles, the registration fee is based on the weight of the vehicle, and these fees range from $54 to more than $840. Each County Tax Assessor-Collector collects this fee, and nearly 100 percent of these funds go directly toward transportation-related purposes.

How Will This Help?

- **100 percent of funds would go to transportation** – While only 75 percent of funds from gas and diesel tax revenues go toward funding transportation, state law dedicates 100 percent of vehicle registration fees to transportation.

- **Help funds keep pace with rising highway Construction Costs** – Since 1991, roadway construction costs have almost doubled. Increasing the state vehicle registration fee would help boost transportation revenues that will decline as fuel efficiency increases.

- **Reduce need for borrowing** – Texas has increasingly turned to debt mechanisms such as bonds as a way to finance transportation improvements. Texas could help slow a growing trend of using the "credit card" to pay for roadway projects by increasing the state vehicle registration fees.

What’s the Down-Side?

- **General opposition to fee increases** – The Legislature and the public have recently been opposed to any tax or fee increases.

- **“Free-Rider” problem** – Gas and diesel taxes are user fees—drivers pay a flat 20 cents for every mile they drive. A registration fee increase would mean that all vehicle owners, whether one drives one mile or 20,000 miles a year, would pay the same fee.

Estimated Funding Yield

- **Increase fee by $5**: $467 million more for transportation from 2014 to 2017.
- **Increase fee by $25**: $2.3 billion more for transportation from 2014 to 2017.

Implementation Issues

- Very low cost to implement
- No new technology or increased costs of compliance.
- Legislative action is required to implement this funding change.
- Voters/users would need to be educated regarding the costs and benefits.

For more information, please refer to: [http://mobility.tamu.edu/mip/strategies.php](http://mobility.tamu.edu/mip/strategies.php)