

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.



Around the Nation

Kansas increased registration fees by \$20 to fund a comprehensive transportation investment package in 2009. (HB 2650)

South Dakota in 2009 enacted legislation that would raise registration fees by \$18 over a four-year period. (HB 1192)

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.



Texas Department of Motor Vehicles