

LOCAL OPTION VEHICLE REGISTRATION

Description

The state of Texas requires all vehicles registered in the state to pay a state vehicle registration fee. Local regions could require an additional vehicle registration fee that would be collected and spent locally on transportation programs.

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, 100 percent of a local option fee would be dedicated to local transportation funding.

Provide additional funds for local projects – Creating a local vehicle registration fee would provide funds to reduce local traffic congestion and help maintain the safety and quality of local roadways. Every vehicle owner in the state pays a statewide vehicle registration fee. That fee goes into a statewide coffer and is distributed based on a statewide transportation plan. Locally collected fees can be dedicated solely for *local* transportation projects.

Increase the number of projects completed – Having additional local revenue could mean a project's schedule gets moved up or scope gets expanded. Additional revenue could also result in additional projects being funded.

Fee is not affected by increased fuel efficiency – Fuel tax revenues will likely decrease over time. The expected growth in future population means more people traveling on the roadways and consuming more fuel. However, today's more fuel efficient cars and trucks pay lower fuel tax per mile than when the tax rates were last set twenty years ago. As vehicles become more fuel efficient and alternative fuel vehicles become more common, the number of gallons needed to go the same distance will decrease. While benefits such as a smaller carbon footprint and the ability to travel further per gallon are gained, the resulting decrease in fuel consumption means less gas and diesel tax revenue raised to tackle the rising transportation needs. A local option vehicle registration fee is a flat fee. The revenue produced from a local option fee would vary only with the number of vehicles on the road.

Fee increase will affect all drivers equally – A local option fee that is a set dollar amount will affect all registered vehicle owners equally regardless of their fuel consumption.

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.
- **Additional local fees may dissuade new businesses** – The local fee will only apply to those vehicle owners who reside and register their vehicles locally. A large additional fee may deter new businesses and residents, slowing economic growth.



Who: Local

Cost to Collect: Low

Sustainability: ●●●●○

Reliability: ●●●●○

Implementation: Easy

Estimated Funding Yield

Local \$5 fee would, from 2014 to 2017, yield an estimated:

- \$37 million in Austin
- \$111 million in Dallas- Ft. Worth
- \$106 million in Houston
- \$40 million in San Antonio

Local \$25 fee would, from 2014 to 2017, yield an estimated:

- \$183 million in Austin
- \$554 million in Dallas- Ft. Worth
- \$529 million in Houston
- \$200 million in San Antonio

Implementation Issues

- Low cost to implement, no new technology or increased costs of compliance.
- Legislative action is required to allow and then implement this funding change, possibly with voter approval as well.
- Local voter/users would need to be educated regarding the costs and benefits.

Around the Nation

In 2008, the state of **Virginia** allowed county governments with major transportation needs to raise an additional \$20 for each vehicle registered. (HB 6042)