

HB 621-FN-A-LOCAL - AS INTRODUCED

2017 SESSION

17-0340

09/10

HOUSE BILL

***621-FN-A-LOCAL***

AN ACT                    establishing a road usage fee and making an appropriation therefor.

SPONSORS:            Rep. Major, Rock. 14; Rep. Ohm, Hills. 36; Rep. Almy, Graf. 13; Rep. Henle, Merr. 12; Rep. J. Graham, Hills. 7; Sen. Watters, Dist 4

COMMITTEE:        Ways and Means

---

ANALYSIS

This bill establishes a road usage fee for motor vehicles registered to travel on New Hampshire roads based on the equivalent miles per gallon of the vehicle. The fee is collected at the time of annual registration of the vehicle and deposited in a separate restricted road usage account within the highway fund. The bill also makes an appropriation to the department of safety to implement the road usage fee.

This bill is a request of the commission to study revenue alternatives to the road toll, established under RSA 21-J:48.

-----

Explanation:        Matter added to current law appears in ***bold italics***.  
                         Matter removed from current law appears ~~[in brackets and struck through]~~  
                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Seventeen*

AN ACT establishing a road usage fee and making an appropriation therefor.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 1 New Section; Motor Vehicles; Road Usage Fee. Amend RSA 260 by inserting after section 32-  
2 c the following new section:

3 260:32-d Road Usage Fee.

4 I. Except as provided by paragraph II, the owner of each New Hampshire motor vehicle  
5 which has an equivalent miles per gallon (MPG) more than 22.5 MPG shall be required to pay a  
6 road usage fee at the time of registration of the vehicle, other than temporary registration, with a  
7 registration agent. The road usage fee shall be based on a vehicle that travels 12,500 miles per year  
8 and averages 22.5 MPG. Such a base vehicle would use 675 gallons of fuel and pay \$123.33 per  
9 year in road toll. The road usage fee for such base vehicle is \$0. The road usage fee for all other  
10 vehicles shall be \$123.33 minus the New Hampshire road toll paid per year based on 12,500 miles of  
11 travel.

12 II. The road usage fee shall not apply to motorcycles as defined in RSA 259:63, mopeds as  
13 defined in RSA 259:57, OHRVs as defined in RSA 259:69, and motor vehicles that are model year  
14 1983 or older.

15 III. The department of safety, in conjunction with the department of transportation, shall  
16 develop and maintain a system which links the United States Environmental Protection Agency's  
17 MPG data system with the department of safety's vehicle identification number (VIN) data system,  
18 allowing registration agents to collect the road usage fee established in amounts based on the  
19 following MPG ranges:

20 MPG range at 12,500 miles per year

21 20 or less

22 21-25

23 26-30

24 31-35

25 36-40

26 41-45

27 46-50

28 51 or more and no gasoline

29 IV. The registration agent may retain \$1 of each road usage fee collected in compensation  
30 for the administrative costs of collecting the fee. The remainder of the fees shall be remitted to the  
31 state treasurer for deposit, net of any "Apportionment A" allocated to the local highway aid fund for

1 distribution under RSA 235:23, I, in the road usage account in the highway fund established in  
2 paragraph V.

3 V. There is established a separate account in the highway fund called the road usage  
4 account. The account shall consist of road usage fee revenues collected under this section and shall  
5 be nonlapsing and continually appropriated to the department of transportation for the purpose of  
6 maintenance, design, rehabilitation, and construction of state roads and bridges, including  
7 associated right-of-way acquisition.

8 2 Implementation of Road Usage Fee. Before April 1, 2018, the commissioner of safety, in  
9 conjunction with the commissioner of transportation, shall develop the linked data system required  
10 under RSA 260:32-d as inserted by section 1 of this act and adopt rules pursuant to RSA 541-A to  
11 establish road usage fees based on the requirements and mileage per gallon ranges (MPG)  
12 established in RSA 260:32-d, I and II.

13 3 Appropriation; Department of Safety. The sum of \$330,000 is hereby appropriated to the  
14 department of safety for the fiscal year ending June 30, 2018, for the purpose of implementing the  
15 provisions of this act. The governor is authorized to draw a warrant for said sum out of any moneys  
16 in the treasury not otherwise appropriated.

17 4 Effective Date.

18 I. Section 1 of this act shall take effect April 1, 2018.

19 II. The remainder of this act shall take effect upon its passage.

**HB 621-FN-A-LOCAL- FISCAL NOTE  
AS INTRODUCED**

AN ACT establishing a road usage fee and making an appropriation therefor.

**FISCAL IMPACT:**    ☒ State                    ☐ County                    ☒ Local                    ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2018	FY 2019	FY 2020	FY 2021
<b>Appropriation</b>	\$330,000	\$0	\$0	\$0
<b>Revenue</b>	\$2,961,357	\$11,965,002	\$12,084,802	\$12,205,840
<b>Expenditures</b>	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
<b>Funding Source:</b>	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input checked="" type="checkbox"/> Road Usage Account

**LOCAL:**

<b>Revenue</b>	\$103,000	\$770,363	\$1,854,800	\$1,873,176
<b>Expenditures</b>	Indeterminable Increase	\$0	\$0	\$0

**METHODOLOGY:**

This bill establishes a road usage fee, due at the time of annual registration, for all vehicles with a US Environmental Protection Agency (EPA) rated miles per gallon (MPG) of more than 22.5. All fee revenue collected, less the \$1 registration agent fee and highway block grant payments to municipalities pursuant to RSA 235:23, I, would be credited to a newly established separate account within the highway fund that would be nonlapsing and continually appropriated to the Department of Transportation for the maintenance, design, rehabilitation, and construction of state roads and bridges, including right-of-way acquisition. In addition, this bill makes a general fund appropriation of \$330,000 in FY 2018 to the Department of Safety for the purpose of implementation.

The road usage fee is set at \$123.33 per year, less estimated road toll for the vehicle paid on 12,500 miles traveled. The base amount of \$123.33 is based on a vehicle traveling 12,500 miles per year with an average MPG of 22.5, therefore using 555.6 gallons (miscalculated in bill) of fuel and would pay \$123.33 per year in road toll: 12,500 annual miles ÷ 22.5 MPG = 555.6 annual gallons x current road toll rate of \$0.222 per gallon = \$123.33.

The Department of Transportation has provided the following assumptions, which have been reviewed and deemed reasonable by the Department of Safety, in estimating this bill's impact

on revenue:

- Vehicles with an EPA average MPG less than 22.5 would pay no road usage fee, while vehicles with an EPA average MPG greater than 22.5 would pay a tiered road usage fee based on \$123.33, less the road toll paid per year based on 12,500 miles per year of travel.
- The average MPG ranges assumed are those stated in the bill, with the exception of the bottom two assumed to be 22.5 MPG or less and 22.5 - 25 MPG.
- To estimate vehicles in each MPG range, a rough estimate was made using Division of Motor Vehicle (DMV) data based on various methods using national fleet efficiency information, NH Department of Transportation statistical analysis, informational windshield survey (based on percentage of sport utility vehicles and trucks versus passenger cars), and counts of specific makes and models. The total registered vehicle count assumed is 893,120 (from 2014 DMV data).
- Total revenue will grow by 1% per year.

Based on the aforementioned assumptions, the following tables summarizes this bill's estimated annual impact on revenue and highway block grant payments to municipalities:

<b>MPG Range</b>	<b>Average MPG</b>	<b>Gallons Per Year</b>	<b>Road Toll</b>	<b>Road Usage Fee</b>
22.5 or Less	22.5	555.6	\$123.33	<b>\$0.00</b>
22.5 - 25	24	520.8	\$115.63	<b>\$7.70</b>
26 - 30	28	446.4	\$99.11	<b>\$24.22</b>
31 - 35	33	378.8	\$84.09	<b>\$39.24</b>
36 - 40	38	328.9	\$73.03	<b>\$50.30</b>
41 - 45	43	290.7	\$64.53	<b>\$58.80</b>
46 - 50	48	260.4	\$57.81	<b>\$65.52</b>
51 or More	60	208.3	\$46.25	<b>\$77.08</b>
No Fuel	N/A		\$0.00	<b>\$123.33</b>

<b>MPG Range</b>	<b>Number of Vehicles</b>	<b>Road Usage Fee</b>	<b>Total Fee Revenue</b>
22.5 or Less	482,285	\$0.00	<b>\$0</b>
22.5 - 25	98,244	\$7.70	<b>\$756,479</b>
26 - 30	133,968	\$24.22	<b>\$3,244,705</b>
31 - 35	107,174	\$39.24	<b>\$4,205,508</b>
36 - 40	34,832	\$50.30	<b>\$1,752,050</b>
41 - 45	17,862	\$58.80	<b>\$1,050,286</b>
46 - 50	17,862	\$65.52	<b>\$1,170,318</b>
51 or More	693	\$77.08	<b>\$53,416</b>
No Fuel	200	\$123.33	<b>\$24,666</b>
<b>Total</b>	<b>893,120</b>		<b>\$12,257,427</b>
<b>(Less: Registration Agent Fees)</b>			<b>(\$411,000)</b>
<i>Subtotal</i>			<i>\$11,846,427</i>
<b>(Less: Block Grant To Municipalities*)</b>			<b>(\$1,421,571)</b>
<b>Net Revenue</b>			<b>\$10,424,856</b>

	<b>FY 2018</b> <i>(04/01/18 Effective Date)</i>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Total Road Usage Fee Revenue	\$3,064,357	\$12,380,002	\$12,503,802	\$12,628,840
(Less: Registration Agent Fees)	(\$103,000)	(\$415,000)	(\$419,000)	(\$423,000)
<i>Subtotal</i>	<i>\$2,961,357</i>	<i>\$11,965,002</i>	<i>\$12,084,802</i>	<i>\$12,205,840</i>
(Less: Block Grant Payments*)	\$0	(\$355,363)	(\$1,435,800)	(\$1,450,176)
<b>Net Revenue</b>	<b>\$2,961,357</b>	<b>\$11,609,639</b>	<b>\$10,649,001</b>	<b>\$10,755,664</b>

\* Pursuant to RSA 235:23, I, 12 percent of previous year gross road toll and motor is distributed as municipal block grants to cities and towns.

Revenue would be collected as part of the vehicle registration process overseen by the Department of Safety. This bill provides a general fund appropriation of \$330,000 in FY 2018 for implementation, which the Department states would be sufficient to cover all start-up costs, mostly related to system modification and testing. This bill may also result in an indeterminable increase in local expenditures to the extent system updates would have to be made to implement its changes. The Department of Transportation did not provide an estimate of expenditures, timing or amounts, of the revenue raised by this bill for road and bridge maintenance and construction.

**AGENCIES CONTACTED:**

Department of Safety and Department of Transportation