

January 27, 2025

The Honorable Shannon Francis, Chairperson
House Committee on Transportation
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Francis:

SUBJECT: Fiscal Note for HB 2003 by Representative Rhiley

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2003 is respectfully submitted to your committee.

HB 2003 would create the EV Energy Equity Road Repair Tax (EVEERRT) Act. The bill would impose a road repair tax on electricity distributed at a public charging station location. The tax would be imposed regardless of whether the public charging station charges for the electricity or provides the electricity for free. The road repair tax would be equal to \$0.09 per kilowatt-hour of electricity provided to an electric vehicle at a public charging station. The bill would require the owner of the public charging station to collect and remit the tax to the Director of Taxation, who would remit the taxes to the State Treasurer to the credit of the State Highway Fund. The Secretary of Revenue would be authorized to adopt rules and regulations to establish the criteria and procedures for the licensing of public charging stations and reporting of the energy provided. Owners of a public charging station would be required to render the road repair tax to the Director of Taxation within the time required by the Director under rules and regulations. Owners would also be required to keep and maintain all books, papers, and records required to be kept and maintained by the Act for a period of three years or make them fully and freely accessible during business hours to the Director or their deputy or agent. Failure, neglect, or refusal to render the road repair tax to the Director would constitute a violation of the Act and would be a misdemeanor punishable by a fine of \$25 per kilowatt-hour of energy that such tax is found to not have been remitted, imprisonment in the county jail for not less than 30 days and no more than one year, or both.

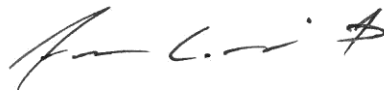
The Department of Revenue indicates enactment of the bill would increase revenue to the State Highway Fund by \$766,370 in FY 2026, \$881,325 in FY 2027, and \$1,013,524 in FY 2028. The Department states that beginning in calendar year 2025, the State of Kansas had 17,378 registered electric vehicles and expects that number to grow to 19,985 in calendar year 2026 and 22,982 in calendar year 2027. In its estimate, the Department assumes that these electric vehicles

will travel an average of 7,000 miles each year, use public charging stations for 20.0 percent of their charging, and use 0.35 kilowatts every mile. The Department further states that enactment of the bill would reduce State General Fund revenues due to sales tax no longer being collected at public charging stations, but that this effect cannot be estimated.

The Department indicates that the bill would require \$653,645 from the State General Fund in FY 2026 to implement the bill and to modify the automated tax system. Of this amount, \$180,223 would be for 2.00 additional positions. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Department of Transportation indicates the bill would not require changes to its staff or operating expenditures. Any fiscal effect associated with HB 2003 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Brendan Yorkey, Department of Transportation