

SESSION OF 2012

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR
HOUSE BILL NO. 2455**

As Recommended by House Committee on
Energy and Utilities

Brief*

Sub. for HB 2455 would require the Kansas Department of Transportation (KDOT) to meet with the public and interested stakeholders about the long-term feasibility of relying on the motor fuel tax as the primary method for funding the state's highway maintenance and construction program, and as a major contributor of state aid to local government transportation budgets.

KDOT would be required to report its findings and policy recommendations to the Governor and the Legislature by January 1, 2014.

Background

HB 2455, as introduced, would have created the electricity highway fee, to be charged on electricity sold at motor vehicle electric recharge stations in residential and public locations. Representative Tom Sloan testified in support of the bill, noting that most of the funding for Kansas' highway system is paid through motor fuel tax; as a result, electric and plug-in hybrid vehicles do not contribute equitably to the maintenance of the highways, bridges, and streets those vehicles use. A representative of the Kansas Contractors Association also testified in support of the bill.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

A representative of KDOT provided neutral testimony indicating KDOT believes the current fuel tax model will not be adequate for future funding of the highway system. The increasing fuel efficiency of vehicles has resulted in less revenue from the current tax, a situation that will be exacerbated as fully electric vehicles that pay no motor fuel tax are added to the mix. Some states are discussing a Vehicle Miles Traveled (VMT) tax as an alternative.

Representatives of General Motors and Westar Energy (jointly with KCP&L) provided testimony in opposition to the bill. Empire District Electric and Representative Elaine Bowers (in her capacity as a General Motors dealer) provided written testimony in opposition. General Motors testified the bill would be a disincentive to purchasers in the fledgling electric vehicle industry, and would not raise enough money to fill the shortfall in state highway funds. Westar/KCP&L testified the fee itself and the cost of separate metering in homes and at public charging stations would contribute to sluggish sales of electric vehicles, but indicated such a fee might be appropriate when electric vehicle sales increase to the point they could impact highway funds in a more significant manner.

The House Committee on Energy and Utilities amended the bill to remove the requirement for a separate meter and collection of the fee in residential locations. The bill was tabled, and when it subsequently was removed from the table, it was amended to strike all reference to the electricity highway fee, and to contain only the requirement for a KDOT study of the long-term feasibility of the motor fuel tax as the primary revenue source for funding the transportation infrastructure.

The fiscal note submitted by the Division of the Budget on the introduced version of the bill is not applicable to the substitute bill.