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## TESTIMONY BEFORE THE HOUSE TAXATION COMMITTEE

### REGARDING HB 2372 REGARDING REGISTRATION FEES ON ELECTRIC AND HYBRID VEHICLES

March 14, 2019

Mr. Chairman and Committee Members:

I am Lindsey Douglas, Deputy Secretary for the Kansas Department of Transportation (KDOT). First, I would like to thank the legislature for approving the Transportation Vision Task Force. We had meetings all around the state to develop recommendations for the future of transportation. I am here today to provide neutral testimony on House Bill 2372 regarding registration fees for electric and hybrid vehicles. Currently, all passenger vehicles in Kansas pay a \$30 registration fee and this bill proposes to increase fees for hybrid from \$30 to \$75 and electric vehicles from \$30 to \$150.

Today, a Kansan who owns a conventional fuel vehicle that gets an average of 24 miles per gallon and drives about 15,000 miles per year, pays \$150 per year in state motor fuels tax plus the \$30 registration fee which totals \$180 per year. Under this bill, a Kansan who owns a hybrid vehicle that gets an average of 40 miles per gallon and drives the same 15,000 miles per year, pays \$90 per year in motor fuels, the existing \$30 per year registration fee and the additional \$45 per year hybrid registration fee totaling \$165 per year for a Kansan with a hybrid vehicle. Under this bill, a Kansan who owns an electric vehicle pays no motor fuels tax, the existing \$30 per year registration fee, and the additional \$120 per year electric vehicle registration fee totaling \$150 per year for a Kansan with an electric vehicle. Thus, when combining fuels tax and registration fees, we approach parity for infrastructure cost recovery with drivers of gas vehicles paying \$180, hybrids paying \$165 and electric vehicles paying \$150.

***Task force transportation funding recommendation:*** This bill is one of several introduced this session based on recommendations from the important work done by the Joint Legislative Transportation Vision Task Force last fall. Part of the task force's mission was to frame a vision for the future of transportation in Kansas and how to position the State to effectively provide a system that meets the current and future needs. Evolving technology and demands on the transportation infrastructure in Kansas make it critical for us to be adaptive to changes and equip KDOT to be responsive to the traveling public and the movement of commerce. The bill before you today was

developed in response to the growing number of electric and hybrid vehicles and improving fuel efficiency.

*Transitioning into the future:* For background, Americans pay for transportation infrastructure primarily with a fuel tax. It is a per-gallon excise tax levied on gasoline, diesel, and other special fuels. The motor fuels tax is a user fee for those who benefit from traveling on our road system. As fuel efficiency increases and more electric vehicles are on the road, the amount motorists pay to use our transportation system becomes more linked to the type of car they drive versus the number of miles they drive. Because electric-vehicle drivers don't buy fuel, they don't pay fuel tax, so they aren't paying as much for road maintenance and construction. As more fuel-efficient vehicles take to the roads, drivers purchase less fuel and pay less fuel tax than older vehicles.

This bill provides a funding mechanism to capture a user fee for electric and hybrid vehicles using our transportation network. Currently there are only 1,500 electric vehicles in Kansas compared to conventional vehicles, but they are on the rise and it is expected that electric vehicles will represent 60% of new car sales by 2030 nationwide. Our neighboring states of Colorado (\$50), Nebraska (\$75) and Missouri (\$75) already impose a fee on these vehicles.

As technology continues to evolve, industry leaders acknowledge the need to move to a system in which people are charged for the road they 'use', not based on the fuel that propels their vehicles. There are a number of policy and technology challenges that will likely take 20 years to resolve and properly transition drivers to a new user fee system for transportation. KDOT acknowledges that this is a first step to start recovering the cost of providing infrastructure to drivers of hybrid and electric vehicles and considers the task force's proposal to be reasonable and not likely to deter people from buying these cars for the cost savings and environmental benefits of owning a hybrid or electric vehicle.

KDOT believes it is important to seek new, more modern funding streams from all those who use and benefit from traveling on our road system. We support ideas like HB 2372 as ways to help the State begin to effectively meet the funding needs for construction and maintenance of the transportation system into the future.

Thank you for the opportunity to provide testimony on HB 2372.