

SESSION OF 2019

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2214**

As Agreed to April 3, 2019

Brief*

Senate Sub. for HB 2214 would add vehicle registration fees of \$100 for all-electric vehicles and \$50 for motor vehicles that are electric hybrid or plug-in electric hybrid vehicles.

The new fees would be effective on and after January 1, 2020.

Conference Committee Action

The Conference Committee agreed to the contents of Senate Sub. for HB 2214 and further agreed to remove the word “conventional” in the description of an electric hybrid vehicle and make a clarifying technical amendment.

Background

The substitute bill replaces the contents of HB 2214, as introduced, regarding the definition of “school bus” for purposes of the Motor-Fuel Tax Law, with the contents of SB 189, as amended by the Senate Committee on Transportation. [Note: The Conference Committee placed the Motor-Fuel Tax Law provisions into the Conference Committee report for HB 2087.] SB 189 was identical to HB

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

2372 as both were introduced; background information on SB 189 and HB 2372 is provided.

SB 189 (Registration Fees for Electric and Hybrid Vehicles)

SB 189 was introduced by the Senate Committee on Ways and Means. It addresses a recommendation of the Joint Legislative Transportation Vision Task Force (Task Force), which met during the 2018 Interim. [Note: The Task Force recommended the Legislature review new fees specific to alternative-fuel vehicles but did not recommend specific amounts.]

At the hearing of the Senate Committee on Transportation, representatives of Ash Grove Cement Company, Economic Lifelines, and the Kansas Contractors Association provided proponent testimony. Written-only proponent testimony was provided by representatives of the American Council of Engineering Companies of Kansas; Kansas Good Roads, Inc.; the Kansas Society of Professional Engineers; Overland Park Chamber of Commerce; Petroleum Marketers and Convenience Store Association of Kansas; and Wichita Regional Chamber of Commerce. Proponents stated their support for a mechanism by which users of the highways who pay reduced or no motor-fuel tax provide moneys for highway infrastructure.

Opponent testimony was provided by representatives of the Auto Alliance, the Kansas Sierra Club, and the Metropolitan Energy Center and by a private citizen. They recommended fees lower than those proposed in the bill, as introduced; requested consideration of fees based on miles driven; and expressed concern the fee would discourage purchase of electric and hybrid vehicles.

Neutral testimony was provided by the Deputy Secretary of Transportation, who reviewed similar fees in nearby states and discussed a transition to a different type of user fee for

transportation in the future. Neutral testimony also was provided by a representative of the Clean Energy Business Council, who requested a discussion of an overall Kansas energy plan and the impacts of electric vehicles on the overall system.

The Senate Committee amended the bill to replace a fee for each electric vehicle of \$150 with a fee of \$100 for “those motor vehicles that are all electric vehicles” and to replace a \$75 fee for “motor vehicles propelled by more than one power source mated together to work in conjunction” with a fee of \$50 for “motor vehicles that are conventional electric hybrid and plug-in electric hybrid vehicles.” [Note: The Conference Committee retained these amendments with the exception of removing the word “conventional.”]

The approximate annual amount of Kansas motor fuel tax paid (current rate: \$0.24 per gallon of gasoline) is \$115 for a vehicle getting 25 miles per gallon (mpg) and traveling 12,000 miles a year and \$288 for a vehicle getting 25 mpg and traveling 30,000 miles a year.

According to the fiscal note provided by the Division of the Budget on SB 189, as introduced, the Division of Vehicles, Department of Revenue, estimates the bill would result in additional annual revenue of \$610,095 to the State Highway Fund. It notes sales of these vehicles are expected to increase. The Department of Revenue estimates it would have additional expenditures of \$11,560 for database programming, system testing, and changes to policies and procedures. Any fiscal effect associated with enactment of SB 189 is not reflected in *The FY 2020 Governor’s Budget Report*.

Applying information in the fiscal note on SB 189, as introduced, to rates in the bill, as amended, would provide a total estimate of \$258,120 in annual revenues to the State Highway Fund:

- 1,341 electric vehicles registered in Kansas in 2017 currently paying an average registration fee of \$35 would see registration fees increased by an average of \$65— $1,341 \times \$65 = \$87,165$; and
- 11,397 hybrid vehicles registered in Kansas in 2017 currently paying an average registration fee of \$35 would see registration fees increased by an average of \$15— $11,397 \times \$15 = \$170,955$.

HB 2372 (Registration Fees for Electric and Hybrid Vehicles)

HB 2372 was introduced by the House Committee on Taxation at the request of Representative Proehl. During the House Committee hearing on March 14, 2019, Representative Proehl testified in support of the bill, stating the bill is one of several recommendations made by the Legislative Transportation Vision Task Force. Representatives of the Kansas Contractors Association and the Wichita Regional Chamber of Commerce also gave proponent testimony. Written-only testimony in support of the bill was submitted by representatives of the American Council of Engineering Companies, Economic Lifelines, the Kansas Economic Progress Council, the Kansas Society of Professional Engineers, Overland Park Chamber of Commerce, and the Petroleum Marketers and Convenience Store Association.

Neutral testimony was provided by representatives of the and the Clean Energy Business Council Kansas Department of Transportation.

A representative of the Auto Alliance Driving Innovation appeared as an opponent. A representative of the Metropolitan Energy Center submitted written-only opponent testimony.

On March 21, 2019, the House Committee amended the bill at the recommendation of Representative Proehl to clarify the application of the new fees more generally to certain plug-in vehicles.

According to the fiscal note provided by the Division of the Budget on HB 2372, as introduced, the Division of Vehicles (Division), Department of Revenue, indicates receipts to the State Highway Fund would be expected to increase by \$0.305 million in FY 2020, and by \$0.610 million on an annualized basis. The fiscal note observed that receipts from the new fees would be expected to grow rapidly over time to the extent that sales of non-gasoline vehicles are expected to increase by as much as 400.0 percent by 2040.

A fiscal note on HB 2372, as amended by the House Committee, was not immediately available.

vehicle; electric; hybrid; fee; registration

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