

CORRECTED
SESSION OF 2019

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2214**

As Recommended by Senate Committee on
Transportation

Brief*

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

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

Background

The substitute bill replaces the contents of the bill, 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.

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

*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>

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.”

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, it was estimated 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 the bill, 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— $11,397 \times \$15 = \$170,955$.