



January 31, 2023

Hon. Shannon Francis, Chair
House Transportation Committee
Kansas State Capitol
300 SW 10th St.
Topeka, Kansas 66612

**RE: HB 2004 – Kilowatt Hours Tax
Auto Innovators Position: Neutral**

Dear Chairman Francis:

On behalf of the Alliance for Automotive Innovation (Auto Innovators), we appreciate the opportunity to testify today on House Bill 2004¹, legislation relative to a tax placed upon the energy used to charge electric vehicles.

Automakers recognize that states across the country, including Kansas, are navigating the expansion of electric vehicles (EVs) across the industry and how their increased adoption could impact transportation funding now and into the future. While EVs are certainly not the only cause of decreased highway spending power – internal combustion engines that improved fuel economy year-over-year and highway construction cost that has outpaced inflation have also played a role – we recognize that EVs have forced states to rethink the way they assess road funding collections.

To that end, like Kansas, many states have adopted an EV fee to make up for lost collections through the state motor fuel tax. Kansas applies a fair fee total registration of \$100 for battery electric vehicles (BEVs) and \$50 for plug-in hybrid electric vehicles (PHEVs).

House Bill 2004 looks to augment the existing EV registration fees with an additional fee on the electricity used to fuel an electric vehicle in a nonresidential settings. Although we do not have a position in support or opposition to the principle of a kWh tax, we did want to take the opportunity to flag a few considerations the committee may want to consider before moving legislation on the topic forward.

First, as EV owners are already paying a higher registration fee to make up for lost revenue as the result of not paying a gas tax, a kWh tax could be viewed as a double tax on in-state EV owners, especially those that do not have access to home charging. To be specific, as constructed this bill does not

¹ From the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers, and semiconductor makers – the Alliance for Automotive Innovation (Auto Innovators) represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy. Active in Washington, D.C., and all 50 states, the association is committed to a cleaner, safer, and smarter personal transportation future.

consider EV owners that live in multi-unit dwellings or other living arrangements that do not allow for at-home recharging options. In that scenario, those EV owners would pay an annual EV registration fee along with the kWh tax whenever they refuel. If the committee were to move forward with this bill, we would suggest an amendment that allows for a tax credit or rebate for residents who charge at non-residential locations to avoid the double taxation of those individuals.

In addition, Section 4(c) of the bill states that the road repair tax is imposed regardless of whether the electricity is charged by a fee by the provider or given away for free. While most public charging stations require payment for a customer to fuel their vehicle, that is not always the case. At this early stage of the EV rollout, providers are experimenting with different business models that would not be allowed under the bill. For example, some businesses absorb the cost of charging to attract customers to their locations, while others offer free charging and display advertising on large screens at the charger rather than requiring a payment mechanism. Requiring these charging providers to collect a tax would complicate these transactions.

Finally, the bill should clarify that multi-unit dwellings are not covered by the definition of “public charging station.” Also, as written, the bill would not apply the kWh tax at the “primary residence.” That language could be interpreted to mean the kWh tax should be applied at secondary residences. If the committee deems HB 2004 should advance, we suggest an amendment that clarifies public charging stations means devices or infrastructure at non-residential locations.

We appreciate the opportunity to provide testimony on this matter and hope to continue to be a resource and present the perspective of the automotive industry on these topics moving forward.

Respectfully,



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