



March 14, 2019

**Proponent Testimony on HB 2372
House Taxation Committee**

Chairman Johnson and Members of the Committee,

Thank you for the opportunity to appear before you on behalf of the Kansas Contractors Association (KCA). The KCA represents more than 200 companies working in Kansas' heavy construction industry. Collectively, these companies create and sustain thousands of good-paying, private sector jobs across our state.

The KCA applauds the recommendations of the Task Force to reduce the highway transfers, invest in preservation and modernization projects, complete commitments made under T-Works and identify stable, consistent funding for the Kansas Department of Transportation.

SB 189 was one of the bills recommended by the Joint Legislative Transportation Vision Task Force to require a registration fee on electric and hybrid vehicles.

New registration fee for electric and hybrid vehicles

SB 189 establishes new registration fees for an electric vehicle at \$150.00 and a new registration for hybrid vehicles of \$75.00. The new fees would replace the current \$30.00 per registration for these vehicles, so the increase for these vehicles is \$120.00 and \$45.00 over current registration fees. The Kansas Contractors Association agrees with the task force recommendation.

System needs are increasing

The task force identified the increasing needs on the system. The reality with over \$2.5 billion transferred out of the state highway fund over the last several years, the system has deteriorated. KDOT projects the maintenance and preservation needs of the system is now \$500 million annually with an additional \$100 million spent annually to modernize the system. Most of the preservation and maintenance of the system over the last few years has been light actions, so the surface conditions may appear fine, but the subsurface conditions are not. As the subsurface deteriorates, pot holes start to appear at the surface. This hard winter has caused a tremendous spike in pot holes.

Fairness Issue

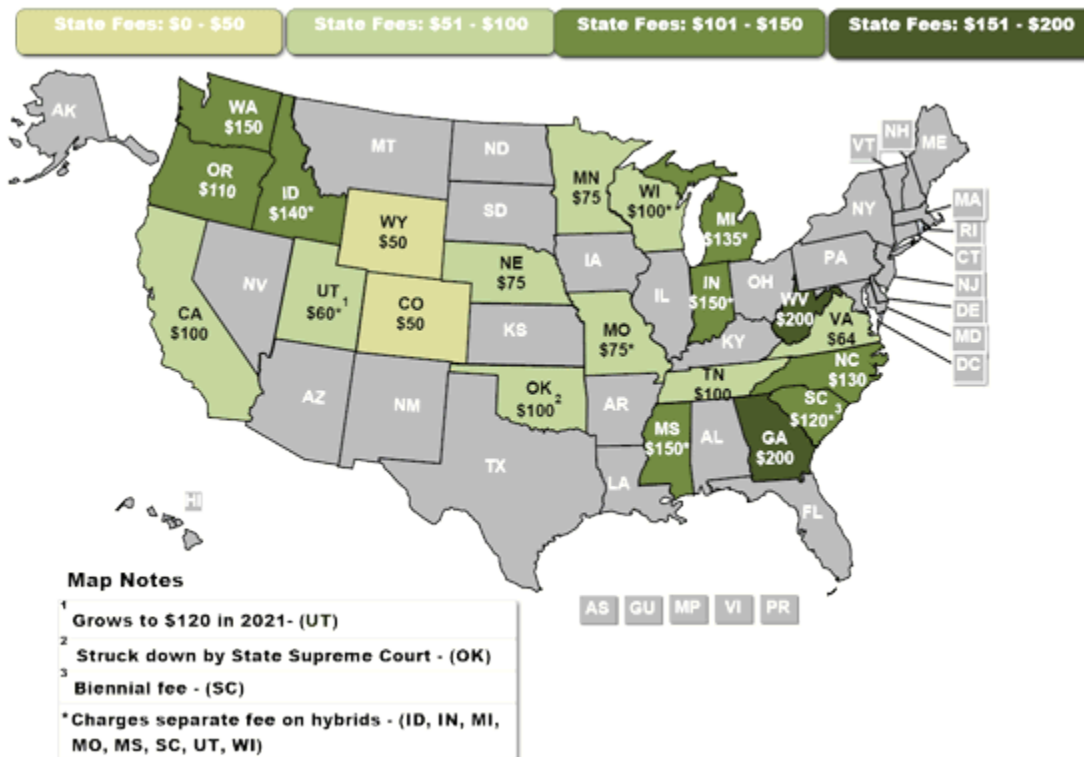
Maintaining transportation infrastructure is expensive. Kansas has always valued motor fuels tax and registration fees to fund transportation infrastructure because it is protected/dedicated funding. The reality as more and more fuel-efficient vehicles are coming on the market, to maintain the system, all vehicles need to pay a fair share of the cost. The Federal Highway Administration reported in March 2018 that Kansans drive an average of 14,742 miles per year with an average of 17 miles per gallon. With a 24 cent a gallon tax, Kansans spend an average of \$208 on motor fuels tax each year. Add the \$30.00 for the registration fee and the average expense per vehicle to maintain the transportation system is

approximately \$238 annually. The KCA agrees with the task force recommendation that all vehicle types should pay some fees and taxes to maintain our highway system.

Other states

According to NCSL, almost 200,000 plug-in electric vehicles were sold in 2017—more than any other year in the U.S. electric vehicle market. This comes as several major automakers, including General Motors, Ford, Volvo and Volkswagen, made announcements expanding the development and production of all-electric cars. Current electric vehicle sales only represent about 1 percent of all light-duty car sales in the United States, but as sales continue to climb, there are concerns this may lower gasoline tax revenues.

As of October 2018, 21 states have enacted legislation requiring a special registration fee for select hybrid and electric vehicles, Oklahoma’s legislation was subsequently struck down by the state Supreme Court, bringing the total number of states implementing fees to 20. The Arkansas House of Representatives recently approved an electric vehicle fee of \$200 and a hybrid vehicle fee of \$100.



Again, I thank you for allowing me the opportunity to appear before you today. We appreciate your favorable consideration of SB189.

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