

January 25, 2017

The Honorable Richard Proehl, Chairperson  
House Committee on Transportation  
Statehouse, Room 581-W  
Topeka, Kansas 66612

Dear Representative Proehl:

**SUBJECT:** Fiscal Note for HB 2060 by House Committee on Transportation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2060 is respectfully submitted to your committee.

HB 2060 would create a new \$75 annual registration fee for a passenger motor vehicle that is propelled by more than one power source mated together to work in conjunction, such as a hybrid electric vehicle that combines a conventional internal combustion engine with an electric propulsion system. The bill would also create a new \$150 annual registration fee for each electric vehicle.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	\$381,155	--	\$381,155
Expenditure	--	\$10,580	--	--
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2060 would increase State Highway Fund revenues by \$381,155 in FY 2018 and in future fiscal years. To formulate these estimates, the Department of Revenue reviewed data on motor vehicle registrations and indicated that there were 7,548 hybrid and 689 electric vehicles registered in Kansas in 2016. These vehicles already pay the annual registration fee based on gross weight; \$30 for a gross weight of 4,500 pounds or less and \$40 for a gross weight more than 4,500 pounds. The Department estimates that hybrid and electric vehicles already pay an average registration fee of \$35 per year based on weight. This bill would increase the average registration fee by \$40 for hybrid vehicles and by \$115 for

The Honorable Richard Proehl, Chairperson

January 25, 2017

Page 2—HB 2060

electric vehicles. Therefore, increasing the annual registration fee for these vehicles would increase revenues to the State Highway Fund by approximately \$381,155 in FY 2018, including \$301,920 for hybrid vehicles (\$40 registration fee increase x 7,548 hybrid vehicles) and \$79,235 for electric vehicles (\$115 registration fee increase x 689 electric vehicles). The increase in State Highway Fund revenues is estimated to be the same in future fiscal years, assuming that the number of hybrid electric and electric vehicles remain constant in future years.

The Department of Revenue estimates that HB 2060 would require \$10,580 from the Division of Vehicles Operating Fund in FY 2018 for administrative costs to implement the bill, including updating instructions and training for county officials, and to modify the Motor Vehicle Registration System (MOVRS). The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. However, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Kansas Department of Transportation (KDOT) indicates that the bill would increase state revenues to the State Highway Fund as noted above. KDOT indicates the bill would provide additional funding for the comprehensive transportation plan, known as T-WORKS. Any fiscal effect associated with HB 2060 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a long horizontal flourish extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Jack Smith, Department of Revenue  
Ben Cleaves, Transportation