

February 27, 2019

The Honorable Steven Johnson, Chairperson  
House Committee on Taxation  
Statehouse, Room 185-N  
Topeka, Kansas 66612

Dear Representative Johnson:

**SUBJECT:** Fiscal Note for HB 2372 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2372 is respectfully submitted to your committee.

HB 2372 would add the following new fees on or after January 1, 2020, for passenger vehicles, other than motorcycles, used solely for the carrying of persons for pleasure or business, and for hearses and ambulances:

1. \$75 for motor vehicles propelled by more than one power source; and
2. \$150 for each electric vehicle.

Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	--	\$305,048
Expenditure	--	--	--	\$11,560
FTE Pos.	--	--	--	--

For hybrid vehicles, the Department of Revenue Division of Vehicles estimates the bill would result in additional annual revenue of \$455,880 to the State Highway Fund (\$40 increase per registration fee X 11,397 vehicles = \$455,880). The Division notes that there were 11,397 hybrid vehicles registered in Kansas in 2017. Currently, hybrid vehicles are subject to either a \$30 or \$40 annual registration fee based on gross weight. The Division's estimate assumes an average fee of \$35 under current law. Using this assumption, HB 2372 would result in an increase of \$40 per registration fee (\$75 - \$35 = \$40).

For electric vehicles, the Division estimates the bill would result in additional annual revenue of \$154,215 to the State Highway Fund ( $\$115$  increase per registration fee X 1,341 vehicles = \$154,215). The Division notes that there were 1,341 electric vehicles registered in Kansas in 2017. Electric vehicles are also currently subject to either a \$30 or \$40 annual registration fee based on gross weight. The Division's estimate assumes an average fee of \$35 under current law. Using this assumption, the bill would result in an increase of \$115 per registration fee ( $\$150 - \$35 = \$115$ ).

Altogether, it is estimated that HB 2372 would result in additional annual revenue of \$610,095 to the State Highway Fund. The new fees would go into effect on January 1, 2020, or halfway through FY 2020, which would result in \$305,048 being deposited to the State Highway Fund in FY 2020. According to Kansas Legislative Research Department information presented to the Joint Legislative Transportation Vision Task Force, the National Conference of State Legislatures estimates that sales for non-gasoline vehicles are expected to increase by 400.0 percent by 2040.

The Department of Revenue estimates it would require additional expenditures of \$11,560 from special revenue funds in FY 2020. This figure includes \$10,000 for database programming changes, \$1,200 for system testing and \$360 for changes to policies and procedures. Any fiscal effect associated with HB 2372 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is written in a cursive style with a large, stylized initial "L".

Larry L. Campbell  
Director of the Budget

cc: Lynn Robinson, Department of Revenue