



March 14, 2019

Honorable Steve Johnson, Chair
House Taxation Committee
State Capitol
Topeka, KS 66612

Re: House Bill 2372– Annual Fees for Hybrid and Electric Vehicles

Dear Chair Johnson,

On behalf of the Alliance of Automobile Manufacturers, thank you for the opportunity to express our concerns with House Bill 2372. The Alliance is a trade association representing twelve of the world's leading car and light truck manufacturers, including BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America, and Volvo Car USA. Together, Alliance members account for roughly 70% of the cars and light duty trucks sold throughout the United States each year.

Kansas is not the only state to realize that our nation's infrastructure is crumbling before us. In fact, it is a problem in most states across the United States. The Alliance applauds your past efforts in taking on the large task of revising the funding mechanisms for transportation infrastructure in the State.

However, House Bill 2372 imposes a new registration fee of \$150 for electric vehicles annually. While this \$150 fee may be considered by some as an equitable fee, the imposition of a new fee is an additional cost on consumers. Consumer choice is key factor in driving competitiveness in the marketplace. It does not make sense to disproportionately punish Kansans who purchase one vehicle or another. These fees will only stifle Kansas's already low electrified vehicle penetration, however, the Alliance recommends a below \$100 for battery electric vehicles.

In addition, the proposed new \$75 fee that owners of hybrid vehicles fall in the guideline of \$50 or less of a fee for hybrid vehicles plus the annual registration fee of either \$30 or \$40. It is important to note that there are different configurations of hybrid vehicles and that their owners also pay the gas tax. While other alternative fuel vehicles would be taxed at the same rate as traditionally fueled vehicles, hybrid owners would be placed under an undue burden.

Notably, this fee structure also does not account for the decrease in battery output from electrified vehicles due to cold weather. Some Department of Energy reports have revealed that this decrease in output can range from 20 – 40 percent starting at 20 degrees Fahrenheit. It is no secret that temperatures in Kansas can be frigid at times. The months spanning November through April regularly bring lows averaging near 20. This suggests that hybrids

could actually be paying more gas tax than originally assumed. It also suggests battery electric vehicles are likely making less long trips due to range capabilities attributed to colder weather and the severe lack of a built-out charging network in the state.

Additionally, the Alliance would suggest a clarification on the definitions provided in HB2372 for electric vehicles and hybrid vehicles. The following is suggested, depending on the intended result:

(iii) for **plug-in hybrid electric vehicles** ~~those motor vehicles propelled by more than one power source mated together to work in conjunction~~, \$75; and

(iv) for each **all-electric vehicle**, \$150.

OR

If it were meant to include conventional hybrids in item iii) above, then they should say:

(iii) for **conventional hybrids and plug-in hybrid electric vehicles** ~~those motor vehicles propelled by more than one power source mated together to work in conjunction~~, \$75;

and (iv) for each **all-electric vehicle**, \$150.

The Alliance believes that HB2372 in its current form puts an unnecessary burden on consumers and penalizes those adopting a technology that is still in the early stages of maturation. We respectfully ask that the bill receive an unfavorable vote from this committee unless amended with the above definition recommendations and reduction in the fees, especially the electric vehicle fee of \$150. We would be happy to discuss each in further detail as the committee considers this legislation.

Thank you for your time and consideration.

Sincerely,



Leighton Yates
Director, State Affairs

Cc: Senate Committee on Transportation