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**TESTIMONY BEFORE THE
HOUSE TRANSPORTATION COMMITTEE**

**REGARDING HOUSE BILL 2004
CONCERNING TAXATION; RELATING TO ELECTRIC VEHICLES (EV);
ESTABLISHING THE EV ENERGY EQUITY ROAD REPAIR TAX ACT**

January 31, 2023

Mr. Chairman and Committee Members:

I am Joel Skelley, and I am the Director of Policy for the Kansas Department of Transportation (KDOT). I am here today to provide testimony on House Bill 2004. I would like to thank you for the opportunity to meet with you and to provide comments.

KDOT is neutral in regard to this bill. KDOT recognizes the discussion around alternative funding for transportation investment is important as technology advancements and the fleet transitions from motor fuel vehicles. Transportation in Kansas is fortunate to have a diverse group of revenue sources. All these sources play an important role in the State's ability to preserve our transportation infrastructure and meet the needs of our traveling public.

KDOT is in the midst of conducting a 3-year study on alternative revenue sources to address the decline of one of our important revenue streams. The study is focused on road usage charge (RUC) system of revenue collection. This treats the roadways as the utility being used instead of the fuel source the vehicle operates on. Taxing fuel to pay for roadway use creates an ongoing challenge, given emerging vehicle technologies. Each new engine technology, or fuel source, will require new, complicated calculations of "energy equivalency" to travel a certain distance. With each new fuel source or technology new legislation would be required. Not unlike the challenging changes we are now contemplating for the future.

A kWh tax as proposed would disproportionately impacts ~25% of Kansas EV drivers. The EV industry estimates that 75-80% of all EV charging takes place at a person's residence. By taxing only "public charging," people who must rely on shared charging stations (at multi-family apartment complexes, workplaces, or other public-access charging stations), would be taxed while the other 80% of EV (residence) owners won't pay the tax. There are 3 states (Iowa, Kentucky, and Oklahoma) that have enacted legislation like this bill proposes. All three have yet to implement their laws and in some cases are wrestling with implementation issues.

Many states across the country have enacted legislation introducing the use of a RUC as an alternative revenue source for EVs. While Kansas is unique from other states, we also recognize proven concepts in their legislation which has helped the success of RUC implementation.

Thank you for the opportunity to provide testimony on House Bill 2004. I am happy to answer any questions at the appropriate time.