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TAXATION

Chairman Petersen, Vice Chair Kloos, Ranking Member Corson, and Esteemed Members of the Senate Transportation Committee-

Thank you for the opportunity to present House Bill 2121, which seeks to reform the registration fees Kansas assesses on electric vehicles (EVs).

First, I want to make it clear—this legislation is not designed to punish EV owners. Kansas has seen incredible investments in EV-related industries, which deserve recognition. General Motors recently announced a nearly \$400 million investment in their Fairfax plant to produce the new Chevrolet Bolt EV. Additionally, Panasonic's EV battery plant in De Soto represents another major economic boost to our state. These awesome investments should be celebrated, as highlight the promise and growth of EV technology.

However, as more Kansans transition to electric and hybrid vehicles, we must address the imbalance in how these vehicles contribute to funding our roads.

Kansas roads and highways are primarily funded through our state motor fuel tax of .24 cents. Gasoline and diesel vehicle owners pay a per-gallon tax that directly funds road maintenance and construction. Meanwhile, EV owners—who use the same roads—pay little to no equivalent contribution since they do not purchase gasoline.

HB 2121 seeks to correct this funding gap by adjusting annual registration fees for electric and hybrid vehicles, ensuring that all drivers contribute fairly to Kansas' transportation infrastructure.

Currently, Kansas assesses \$100 for full EVs and \$50 for hybrid EVs. However, it is important to note that EVs are not required to pay the \$30 or \$40 (based on weight) base registration fee that all other vehicles pay. When accounting for that exemption, and using the \$30 base amount, the true excess fee is \$70 for full EVs and \$20 for hybrids.

This puts Kansas third-lowest in the nation for full EV registration fees, ahead of only South Dakota and South Carolina. For hybrids, Kansas has the lowest registration fee in the country.

HB 2121 would have adjusted these fees to \$175 for full EVs (after subtracting the \$30 base fee, this equals \$145) and \$100 for hybrids (after subtracting the \$30 base fee, this equals \$70). However, these amounts were amended in committee to \$165 for full EVs, \$100 for plug-in hybrids, and \$85 for standard hybrids.

These changes would place Kansas in the middle of the pack compared to other states with EV registration fees. Additionally, many states index their EV fees to economic factors, meaning their fees increase over time. Kansas' fees, by contrast, will remain static.

To determine a fair fee, I took some time to compare it to what a gasoline-powered vehicle contributes in fuel taxes.

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According to Kelley Blue Book, in 2022, the average Kansas driver traveled 15,269 miles. A newer gasoline vehicle averages around 25.5 miles per gallon, meaning: $15,269 \text{ miles} \div 25.5 \text{ MPG} = 598.39$ gallons of fuel consumed annually. $598.39 \text{ gallons} \times \$0.24 \text{ per gallon Kansas Motor Fuel Tax} = \143.61 in Kansas fuel taxes paid per year.

While individual circumstances vary, this provides a reasonable benchmark for EV fees. Additionally, EVs do not contribute to the federal motor fuels tax of 18.4 cents per gallon, which also funds road and bridge projects. With that math:

$598.39 \text{ gallons} \times \$0.18 \text{ per gallon} = \107.71 in Federal Fuel Sales Tax paid per year. There is currently no mechanism to capture the loss of the Federal Fuel Sales Tax revenue.

A second provision in HB 2121 fixes an oversight in Kansas law regarding electric trucks such as the Ford F-150 Lightning and Tesla Cybertruck. Currently, the Kansas Department of Revenue interprets the statute in a way that excludes EV trucks from paying EV registration fees. As a result, these heavier electric vehicles—which cause greater wear and tear on roads—are only paying the standard base registration fee, as if they were traditional gasoline-powered cars.

HB 2121 clarifies that EV trucks should be subject to an appropriate registration fee of \$200 for full EV's and \$125 for Hybrids, which reflects their higher impact on road maintenance.

A third provision in the bill fixes how EV registration fees are allocated. Currently, motor fuel tax revenue is divided as follows: 66.37% to the State Highway Fund (SHF) and 33.63% to the Special City and County Highway Fund (SCCHF), which supports local road projects

However, 100% of Kansas' EV registration fees currently go to the State Highway Fund, even though these fees function as a replacement for fuel taxes. HB 2121 corrects this by applying the same revenue-sharing formula used for fuel taxes—ensuring that counties and cities receive their fair share to help maintain local roads.

HB 2121 is about ensuring fairness. As EV adoption grows, it is vital that all drivers—regardless of what powers their vehicles—contribute equitably to the infrastructure we all rely on. This bill brings Kansas' EV fees in line with other states, corrects unintended loopholes, and ensures local governments receive their fair share of road funding.