

at 10%. In no case shall the tax be less than the \$0.03 initial base rate. This same calculation shall be used to adjust the annual electric/hybrid vehicle highway usage fees established in Section 5 of this Act.

At least 20 days prior to the first day of the fiscal year, the adjusted vehicle power rate shall be provided to all electric vehicle power dealers and the adjusted electric vehicle and hybrid vehicle highway usage fees shall be provided to all county clerks.

All revenue generated from this bill shall be deposited into the road fund as defined in KRS 48.010.

Section 3 creates definitions for “electric vehicle” and “hybrid vehicle” in KRS 186.010.

Section 4 amends KRS 186.050 to mandate county clerks to collect the electric/hybrid vehicle highway usage fees established in Section 5.

Section 5 creates a new section of Chapter 186. It requires county clerks to collect at the time of initial registration and each year thereafter upon annual registration renewal, the electric/hybrid vehicle highway usage fees. The base floor for this usage fee is \$140 for electric vehicles and \$70 for hybrid vehicles. The Department of Revenue shall adjust these fees based upon the criteria described above. These adjustments will be rounded to the nearest dollar and shall not go below the base floor.

The fiscal impact is expected to be initially positive, and will become increasingly positive as more electric and hybrid vehicles are purchased and operated on the Commonwealth’s roads. As shown in the table below, over the past five years, there has been continued growth in ownership of hybrid and electric vehicles. Using the 2021 numbers, the highway usage fee could generate approximately \$3.6 million collected by county clerks.

Dec 31	Hybrid/ Gasoline/ Electric	Increase from previous year	Electric	Increase from previous year
2021	44,440	6,999	3,621	1,348
2020	37,441	2,863	2,273	776
2019	34,578	1,732	1,497	599
2018	32,846	1,370	898	335
2017	31,476		563	

Data from KYTC DataMart: <https://datamart.kytc.ky.gov/>

Revenue from the excise tax is indeterminable at this time, but also expected to be positive. While the number of electric vehicles is available, the number of electric charging port providers is not. The continued growth in electric vehicle ownership will drive increases in the number of charging ports and thus increase revenues from the newly created excise tax.

The impact of this bill may also effect the road fund via a reduction in the collection of motor vehicle fuels tax. As the number of electric vehicles and the number of more fuel

efficient vehicles such as hybrid vehicles increases, there will likely be a decline in the motor vehicle fuels tax revenue contributed to the road fund. The additional revenue brought by the highway usage fee and the charging port excise tax may offset these losses in the road fund.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the bill as introduced.

Data Source(s): Kentucky Transportation Cabinet Data Mart, LRC Staff

Preparer: MJO (wfb) **Reviewer:** KHC **Date:** 2/28/22