

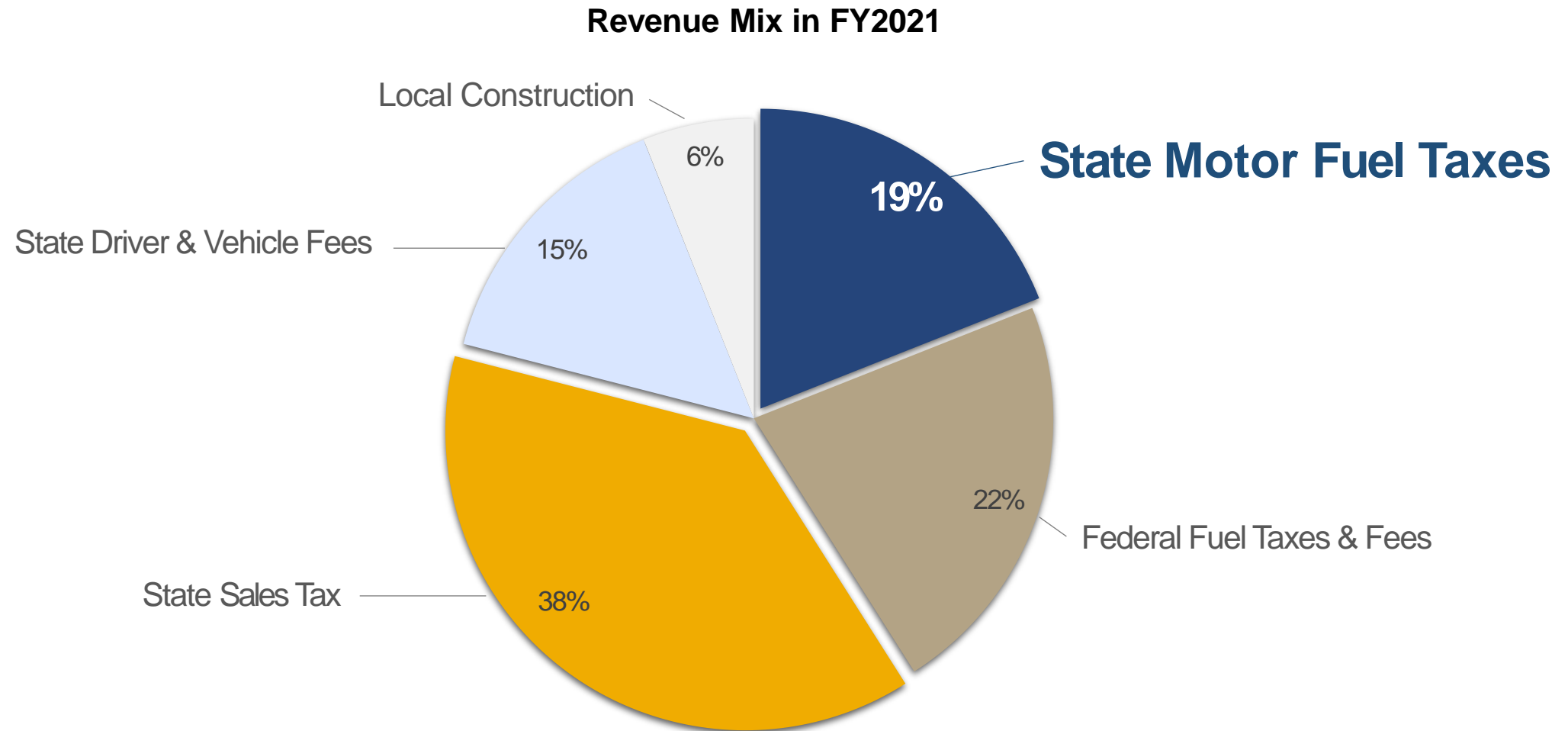
User-pays alternative funding options for transportation

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Situation: Kansas' gas tax is a major revenue source needed to support the state's transportation system



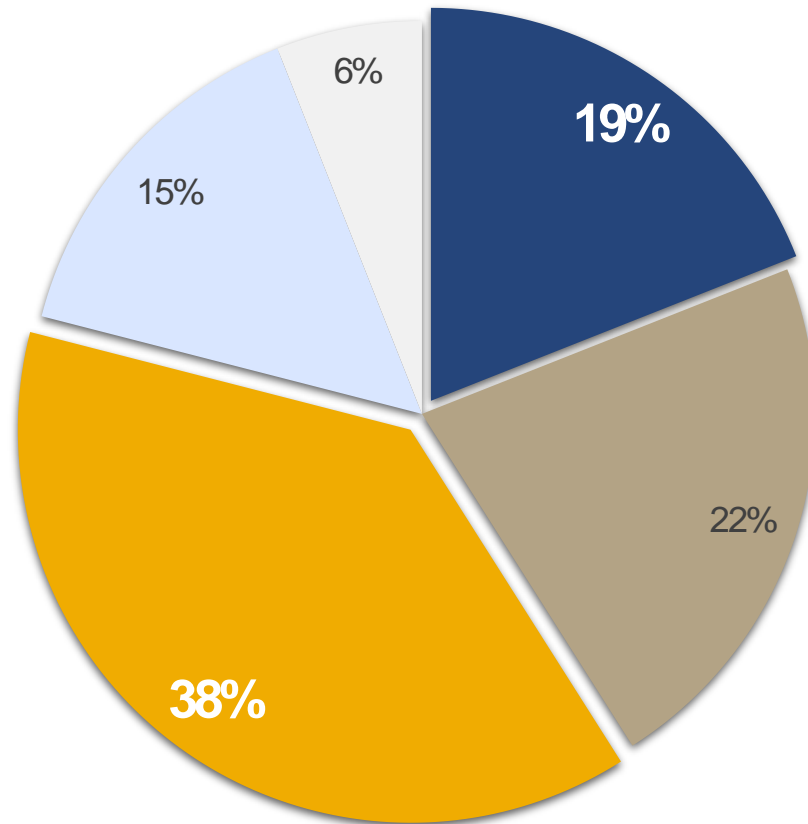


Complication:
40% of vehicles
may be electric
by 2050

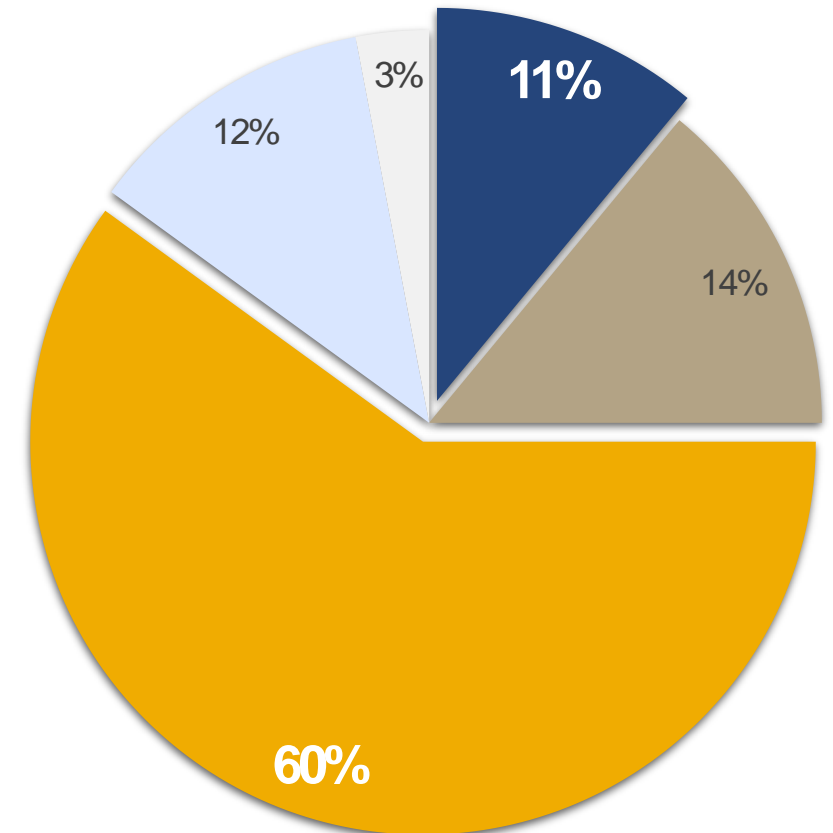


Implication: Transportation funding is changing – less gas tax revenue in the future, while drifting away from “user-pays” principle.

Revenue Mix in FY2021



Revenue Projection for FY2045

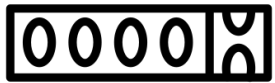


- State Motor Fuel Taxes
- Federal Fuel Taxes & Fees
- State Sales Tax
- State Driver & Vehicle Fees
- Local Construction

Possible user-pays solutions: alternative revenue mechanisms [that could replace the gas tax] in the future.



Special registration surcharges for electric & alternative fuel vehicles



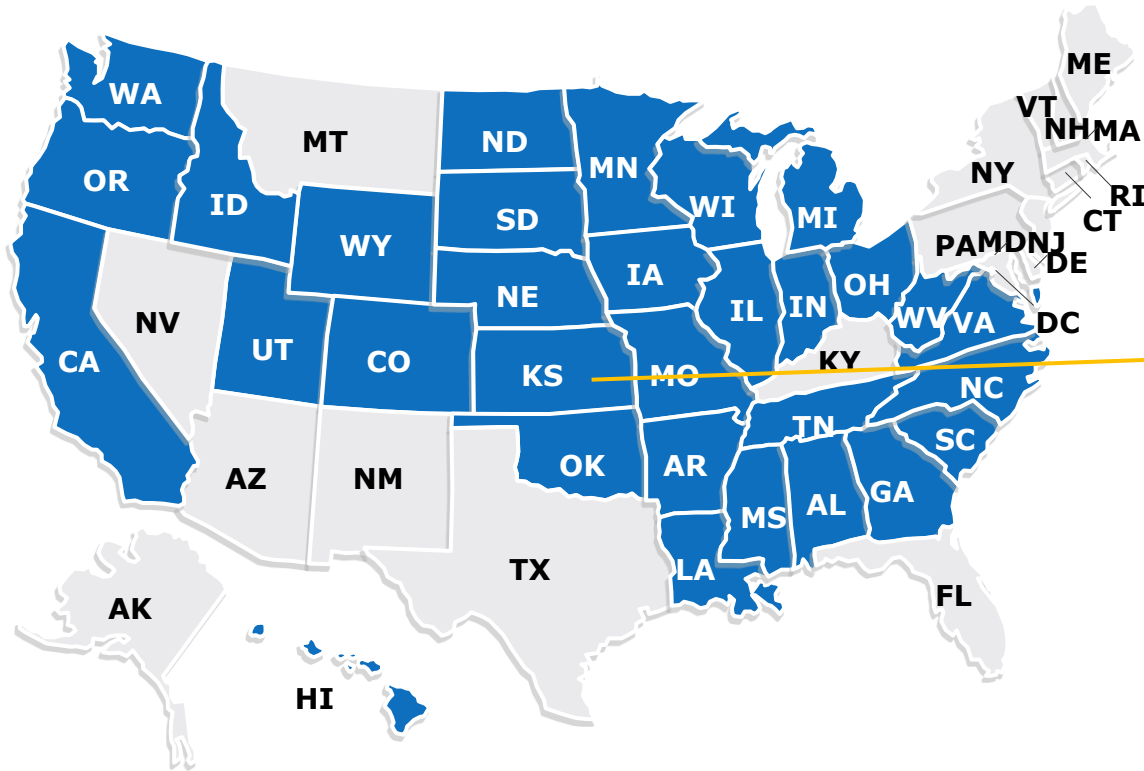
Mileage-based Road Usage Charges (RUC)




New concept
Taxing electricity used by electric vehicles



Special registration surcharges for electric & alternative fuel vehicles

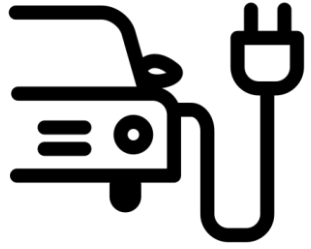


 States with special fees for plug-in electric vehicles

Kansas' fees on hybrid, all-electric, and plug-in electric vehicles

- All-electric vehicles: + \$70*
- Plug-in electric vehicles: + \$20*
- Hybrid vehicles: + \$20*

**In addition to standard registration fees that all vehicles pay (\$30-\$40, depending on weight). Total fees capped at \$100 and \$50, respectively.*



New concept

Taxing electricity used by electric vehicles

Three states have passed laws, but none have implemented them yet:

Iowa

(2019):

a per kWh tax of \$0.026 on electricity used by an electric vehicle, except for electricity dispensed at a residence.

Oklahoma

(2021):

a per kWh tax of \$0.030 on electricity dispensed at EV charging stations.

Kentucky

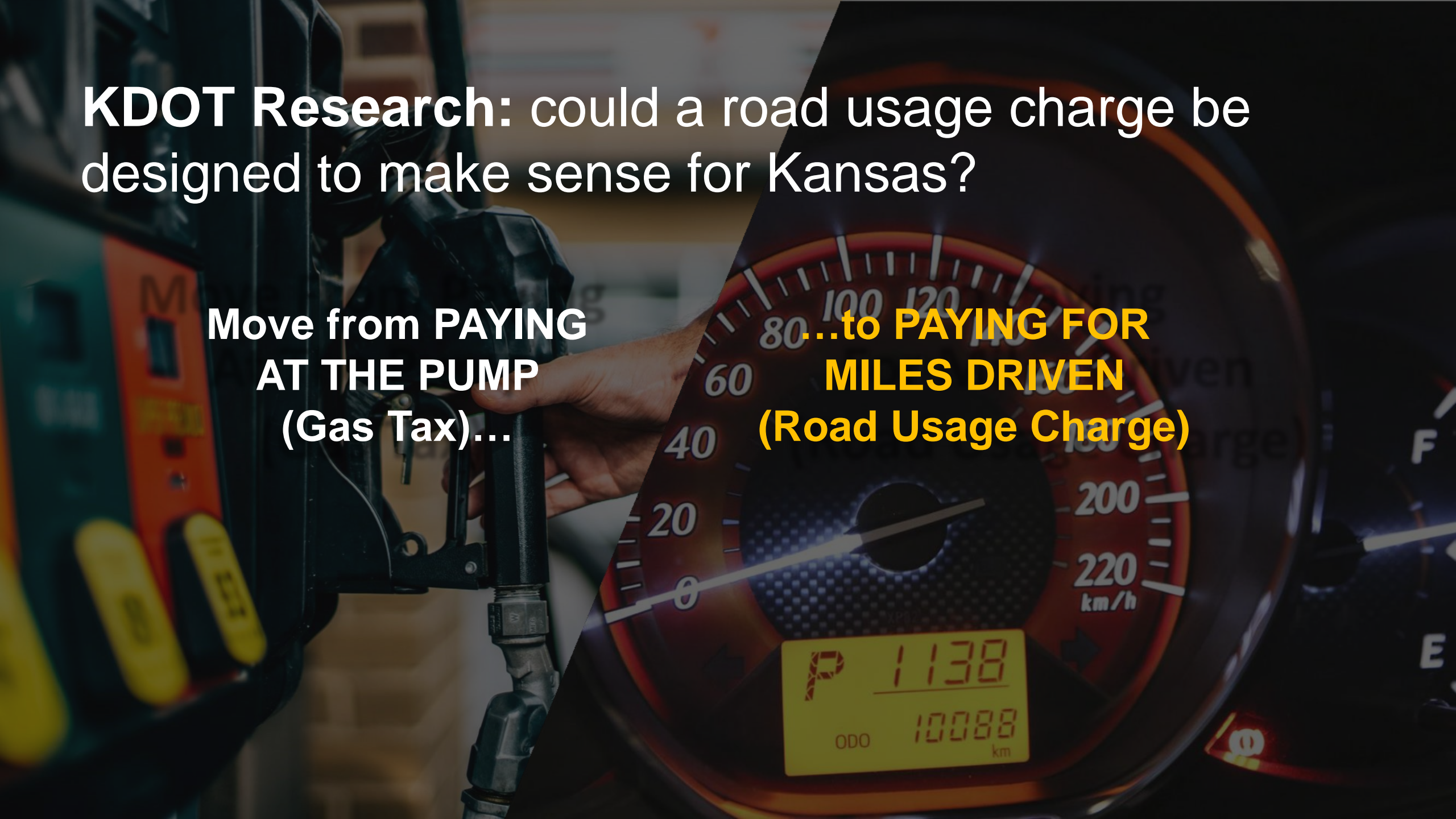
(2022):

a per kWh tax of \$0.030 on electricity dispensed at public EV charging stations.

KDOT Research: could a road usage charge be designed to make sense for Kansas?

**Move from PAYING
AT THE PUMP
(Gas Tax)...**

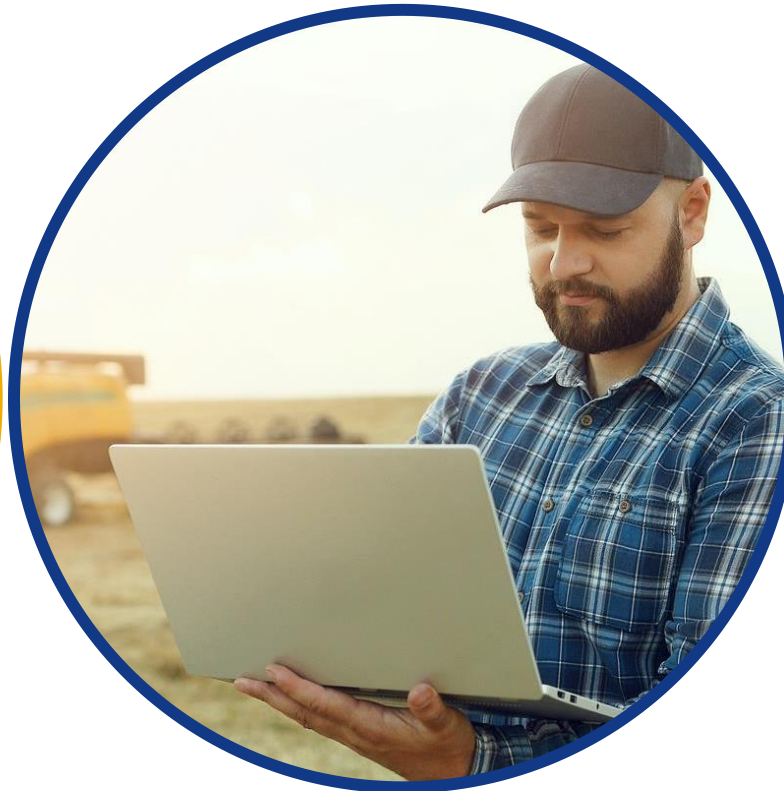
**...to PAYING FOR
MILES DRIVEN
(Road Usage Charge)**



KDOT Study: adding a Midwest perspective



Rural Communities

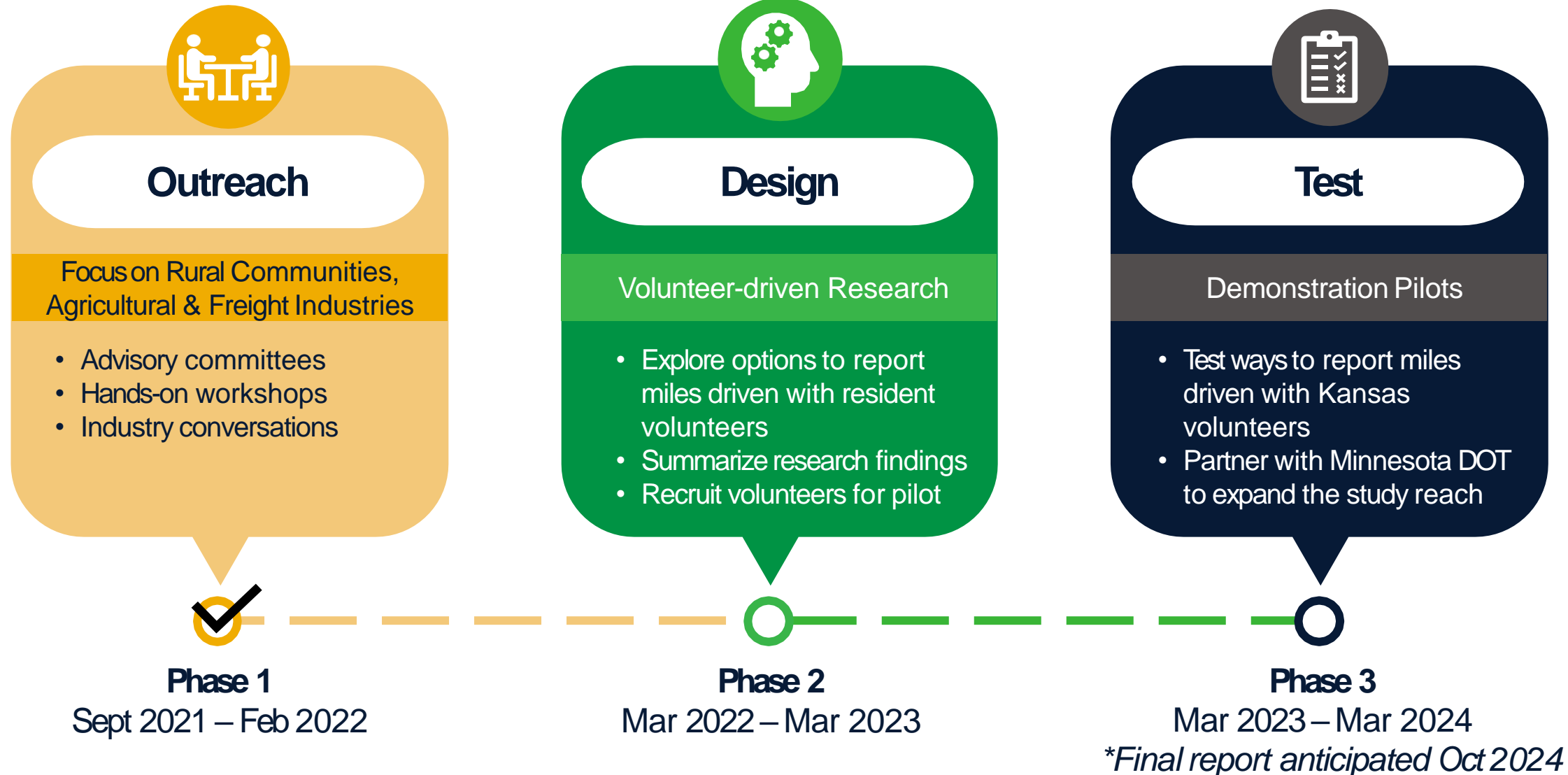


Agriculture
Industry



Commercial Trucking

Nearing completion of the Design Phase (Phase 2)



Understanding the starting point: 40 different participants across four key groups, ensuring diverse viewpoints are included

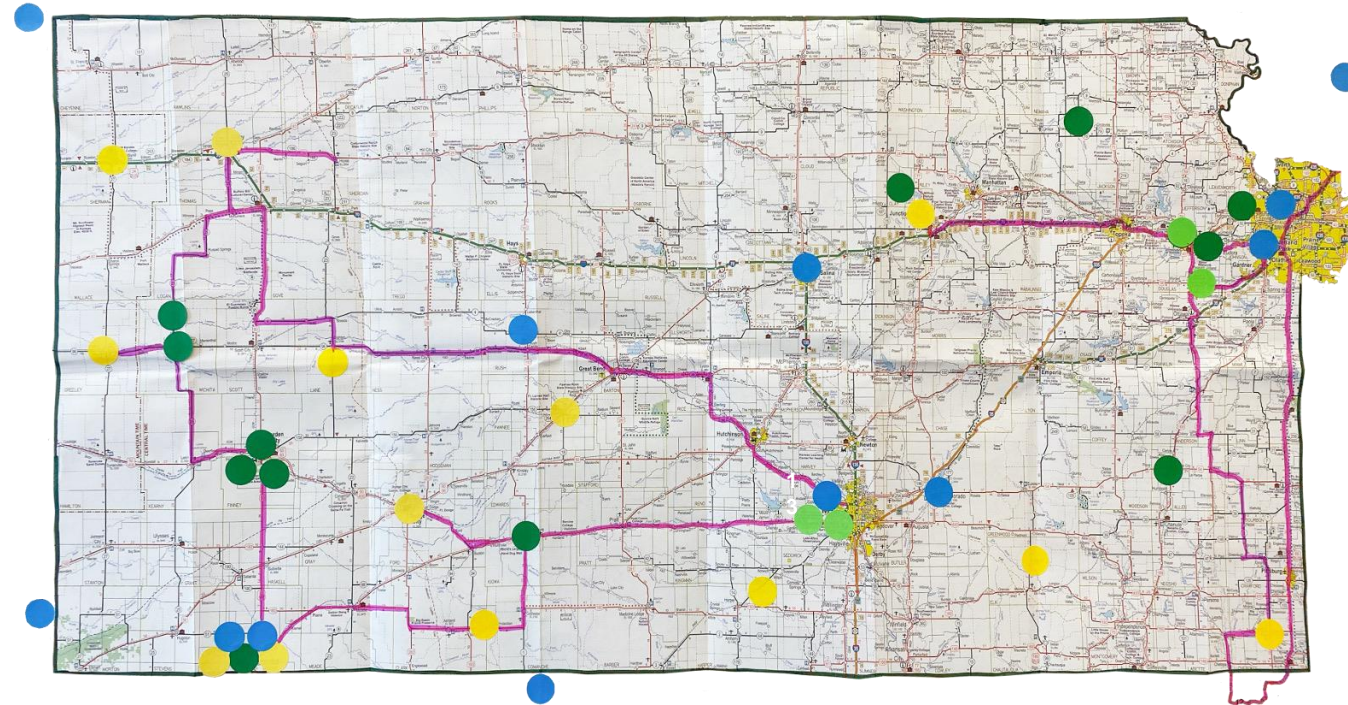
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SESSIONS

2,100

MILES DRIVEN

- **Rural residents**
12 participants
- **Urban residents**
4 participants
- **Agricultural sector**
13 participants
- **Commercial trucking**
12 participants



Four themes explored during user-centered research

1. Fairness & Equity

Identify factors participants consider for a RUC to be fair and equitable

2. Trust

What is participants' level of trust in different entities' ability to support a RUC in a fair and equitable way

3. Comprehension & Acceptance

How does participants' comprehension of a RUC affect their level of acceptance

4. Implementation preference

Assess participants' preferences and acceptance levels for various approaches to RUC



Interactive user-centered sessions

Researchers engaged with participants during 90-minute moderated sessions in 4 sets of interactive activities.

Activity 1 – Understand where participants are coming from

Get to know participants' sense of what defines being a Kansan or a Kansas-based business, their driving behaviors, and implementation preferences

Activity 2 – Gather first impressions

Observe participants level of comprehension about RUC with minimal information and how their acceptance of a RUC is impacted after disclosing more and more detail about RUC

Activity 3 – Understand acceptance level of RUC options and preferences

Assess preferences and acceptance for RUC reporting methods – from manual options to high-tech automated options. Understand where and when interactions might occur in participants' lives (and business operations).

Activity 4 – Engage participants to express their policy preferences

Invite participants in RUC policy crafting based on their assessment of what an equitable and fair experience could be including factors determining RUC rate and entities that should be involved.



Four categories of insights

1. First Impressions

- Trucking participants understand the need for alternative revenue resources more than the general public
- Prioritize factual or neutral tone in communications as persuasive messaging makes people feel manipulated
- Include people in solution to ease fear that a unilateral solution might be imposed

3. Who runs it and how

- State agencies generally seen as trustworthy administrators of a potential RUC (e.g., KDOT)
- Some fear a new system will not correct existing inequities

2. How much will it cost

- Uncertainty created by unknown cost and impacts of RUC impacts acceptance
- Different expectations re: cost related to use of paved versus unpaved roads

4. How will it work

- Choice desired to align with individual priorities
- Flexibility desired in payment preferences
- Convenience vs privacy tradeoffs of automated reporting

Up next: develop pilot demonstration project to expand the study reach (Phase 3)

Build on insights from research to design a voluntary, free interactive experience for a larger number of Kansas drivers





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