



KANSAS ASSOCIATION OF COUNTIES
TESTIMONY TO THE HOUSE TAXATION COMMITTEE
HB 2631
MARCH 7, 2016

Chairman Kleeb and Members of the Committee,

Thank you for the opportunity to testify in opposition to HB 2631.

Our opposition is not tied to any policy arguments, but simply relates to the fiscal impact on transportation funding. The fiscal note on HB 2631 says the bill would decrease motor vehicle fuels tax revenues by \$186,000 in FY 2017. Motor fuel taxes are distributed to both the State Highway Fund and the Special City/County Highway Fund so both state and local roads will lose annual funding under this bill.

The bill creates a special tax refund for ready-mix cement trucks, based on the argument that they use fuel to manufacture the read-mix concrete, beyond the fuel used to drive the truck. The 22% refund was calculated by the National Ready Mixed Concrete Association in a report it submitted to the IRS. While we appreciate the point that the truck is not consuming fuel in a traditional sense, we assume that ready-mix cement trucks are not the only vehicles that use fuel in this alternative manner, and that HB 2631 will start a line of other associations and interests tied to vehicles that use fuel for purposes other than moving the vehicle. We are concerned that HB 2631 creates precedent for additional requests for the same treatment, resulting in yet another slip in state and local transportation revenues.

I appreciate your consideration of our remarks in opposition to HB 2631. Thank you for your time.

Melissa Wangemann, General Counsel