

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rep. Rex Crowell at _____
Chairperson

9:00 a.m./~~p.m.~~ on April 8, 1983, 1983 in room 511-S of the Capitol.

All members were present ~~except~~ XXXX

Committee staff present:

- Hank Avila, Legislative Research
- Fred Carman, Revisor of Statutes
- Pam Somerville, Committee Secretary

Conferees appearing before the committee:

- Ed Ahrens, Legislative Research
- Bill Henry, Kansas Engineering Society
- Floyd Huenergarde, U.S. Highway 36 Association, Inc.

Others Present: See Attachment 1.

The meeting was called to order at 9:00 a.m. by the Chairman. The order of business for the day was HB 2566. The Chairman distributed a proposed amendment providing a new section 11 for the committee's review. The Chairman explained to the committee the bill basically increases the motor fuel tax 3¢ per gallon on motor fuels and indexes the tax at 12½% of the unweighted average of the average retail price per gallon of premium, regular and unleaded motor fuels in January. (Attachment 2)

The Chairman recognized Mr. Ed Ahrens, Legislative Research to explain the contents of the bill to the committee. Mr. Ahrens began his explanation by giving a general outline of the entire bill. Mr. Ahrens stated the bill would increase the tax on motor fuels by 3¢ per gallon effective 7/1/83. In the years thereafter the tax would be adjusted every July 1, and would be indexed to the unweighted average retail price per gallon of premium, regular and unleaded motor fuels sold during the month of January in the year for which the adjustment is being calculated. It is estimated the motor fules tax would be increased by a total of \$42.4 million in the first year of which 65% would be credited to the State Highway Fund and 35% would go to city and county highway funds.

Chairman Crowell explained to the committee that none of the new money generated by the tax increase would remain in the Freeway Fund.

Mr. Ahrens then explained each section to the committee in detail.

Chairman Crowell opened the meeting to committee questions. Questioning centered around clarifying how the indexing would work and how the distribution of the new money would work. Mr. Ahrens detailed both procedures for the committee.

Mr. Carman made a brief statement to the committee that there were several cleanup changes which needed to be made in the bill if it is to be passed out of the committee.

Bill Henry, Kansas Engineering Society, appeared before the committee in support of the bill. Mr. Henry expressed concern to the committee that while the Engineering Society was pleased with the bill, it was important to note that additional funds would still be needed to meet the highway demands in Kansas. (Attachment 3).

The next conferee, Mr. Floyd Huenergarde, U.S. Highway 36 Association, Inc., expressed support of the bill. (Attachment 4).

The Chairman told the committee that it would meet again upon adjournment of the House and continue hearings and discussion of HB 2566. Meeting adjourned at 10:00 a.m.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.


Rex Crowell, Chairman

GUEST LIST

9:00 a.m.

COMMITTEE: Transportation

DATE: 4/8/83

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NAME	ADDRESS	COMPANY/ORGANIZATION
BILL GREEN	STATE OFF. BLDG	S.C.C.
Ted Harder	Solomon, Ks	Salina Truck Plaza
Charles Nicolay	Topeka	KOMA
Jan Moore	Topeka	Truck Plaza
Rick Rust	Topeka	" "
Ray Thompson	Solomon	" "
GARY STOTTS	TOPEKA	DIV. OF BUDGET
Flora H. H. H. H. H.	Smith Center	U.S. 36 Hwy Comm
M. C. Germain	Topeka	Ks Railroad Association
George Barber	Topeka	Ks Consulting Engrs.
H. H. H.	Topeka	KACI
DAN RAMLOW	TOPEKA	KS. CONTRACTORS ASSN.
Ellen Coulter	Topeka	KS. Contractors Assn.
M. O. Kemp	SOB	KDOT
Sam E. Johnson	Topeka	KLPGA
Ken Resler	✓	✓ ✓ ✓
Mona Gambone	Topeka	legislature
PIARY TURKINGTON	Topeka	Ks MOTOR CARRIERS ASSN
Tom Whitaker	Topeka	Ks MOTOR CARRIERS ASSN
Andrew Tinsley	"	" " " "
BRYAN WHITEHEAD	KEK	BRAC
Bill Henry	Topeka	Ks Engineering Society

New Sec. 11. (a) The director of taxation shall compute tax rates to the nearest cent per gallon on motor-vehicle fuels as provided in this section. For the twelve-month period which begins at 12:01 a.m. on July 1, 1983, such rates shall be the rates specified in subsection (d). For the twelve-month periods commencing at 12:01 a.m. on July 1, 1984, and at 12:01 a.m. on July 1 of each year thereafter, the director shall compute such rate by multiplying 10% times the unweighted average retail price per gallon of premium, regular and unleaded motor-vehicle fuels sold during the month of November of the calendar year preceding the July 1 that such period commences as reported in the monthly petroleum products price report as published by the energy information administration of the United States department of energy.

(b) The tax rate per gallon on special fuels shall be an amount equal to the then current tax rate per gallon computed for motor-vehicle fuels under the provision of subsection (a) plus \$.02 per gallon.

(c) The tax rate per gallon on LP-gas motor fuels shall be an amount equal to the then current tax rate per gallon computed for motor-vehicle fuels under the provisions of subsection (a) minus \$.01 per gallon.

(d) Notwithstanding the provisions of subsections (a) and (e), the tax rates imposed under this act shall be not less than:

(1) On motor-vehicle fuels, \$.11 per gallon, or fraction thereof;

(2) on special fuels, \$.13 per gallon, or fraction thereof;
and

(3) on LP-gas, \$.10 per gallon, or fraction thereof.

(e) The tax rate per gallon on motor-vehicle fuels for the twelve-month periods which begin on July 1, 1984, and on each July 1 thereafter shall not be more than \$.02 nor less than \$.02 below the tax rate computed for the immediately preceding twelve-month period.

A
TASK FORCE REPORT UPDATE
OF THE
KANSAS HIGHWAY
NEEDS AND RESOURCES

KANSAS ENGINEERING SOCIETY

February, 1983

INTRODUCTION

The Highway Needs and Resources Task Force of the Kansas Engineering Society has been requested by its Board of Directors to monitor developments and to recommend actions for improvement of the Kansas Highway Transportation System. The Task Force provided a detailed summary of conclusions in its November, 1981 Study.

The discussion that follows provides a streamlining of the monetary requirement, as well as additional recommendations for improving needed highway improvements.

CAPSULE SUMMARY

The Kansas Engineering Society believes now is the time for action to provide long term solutions for protecting the resources of the State of Kansas that have been invested in its highway transportation system. The problems have been addressed by several sources over the past six years.

The following table summarizes the additional state revenue required per year to meet KDOT, City and County needs:

TABLE A

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
		(\$ in millions)		
<u>KDOT Additional Revenue Needs</u>				
State Funds to match Interstate Federal Aid	5.3	5.8	6.3	6.8
State Funds to match Non-Interstate Federal Aid	15.4	16.8	18.2	20.1
State Funds available to match Federal Aid	(6.9)	(6.9)	(6.9)	(6.9)
Other Needs	<u>137.5</u>	<u>131.7</u>	<u>125.8</u>	<u>116.8</u>
Subtotal KDOT Needs	151.3	147.4	143.4	136.8
<u>Local Additional Revenue Needs</u>				
Adjusted Additional Revenue Needed	92.0	91.1	89.5	83.9
Funds Required to match New Federal Aid	<u>1.6</u>	<u>1.8</u>	<u>2.1</u>	<u>3.5</u>
Subtotal Local Needs	93.6	92.9	91.6	87.4
Total Additional Revenue Needed to meet State Needs	<u>244.9</u>	<u>240.3</u>	<u>235.0</u>	<u>224.2</u>

REVIEW OF 1981 KANSAS ENGINEERING SOCIETY'S
HIGHWAY NEEDS AND RESOURCES TASK FORCE STUDY

The 1981 Study had several observations in its report. The following is a review:

1. The Highway System of Kansas is complex with many levels of governmental control. In the early development of the Highway System, the jurisdictional responsibility was under local control. In recent decades this responsibility has evolved to more centralized control by Federal and State government.
2. In the past 20 years the Highway System of Kansas has leveled off in sufficiency ratings and has begun to decline noticeably in the past ten years.
3. Engineering analysis of the Kansas Highway System has repeatedly called for cost containment techniques and for increasing revenues.
4. The current design standards applied to engineering analysis have been AASHIO Standards. These standards, although widely accepted in the United States and other countries, do not strictly reflect Kansas conditions, particularly when considering current economic conditions.
5. The cost to operate and maintain the State Highway System has continually increased; however, revenue sources have declined.
6. The Kansas Department of Transportation (KDOT) and its predecessor, the State Highway Commission, has been developed to increase and improve the State Highway System. The comparison of this history and the fact that new or expanded roadway improvements will be minimal over the next 20 years causes some concern that the organization administering the transportation system also needs to change.
7. The needs analysis of roadway improvements has been virtually limited to the State Highway System. This separation and its relationship to the overall Kansas Highway System causes concern. The review of data that applies to only one part of the overall problem is a strong reason for the lack of consensus among affected associations, organizations and those counties funding the remaining highway system.

8. The lack of consistent data as a basis for a long range solution to the Highway System problems is evident. An improved process of identifying needs, communicating them to interested groups and finalizing the results for legislative review is essential and should be completed frequently.
9. The overall Transportation System of Kansas includes not only highways, but also railroads, air travel, trucking, pipelines and other methods. The current governmental responsibility and control of these transportation modes is currently separated among agencies. This has resulted in a non-cohesive strategy for transportation in Kansas. A close review of the economic disparity and controls between transportation systems is necessary before a comprehensive transportation system can be managed.

HIGHWAY NEEDS

The Task Force recommended needs of \$228,000,000 per year (1981 prices not inflated) for the State Highway System in its November, 1981 Study. This needs number was based on the Highway Advisory Commission's review of needs for the Kansas Department of Transportation in 1981.

There have been several needs numbers for the State Highway System projected by knowledgeable groups. These need numbers have started from \$218,000,000 and gone to \$432,591,500 per year.

A review of City and County roadway needs was addressed by the Task Force. The consensus opinion from data reviewed is that the needs for both levels of government will be \$100,000,000 per year.

FUNDS/REVENUES/EXPENDITURES/TRANSFERS

The revenue and expenditure of funds for highway improvements change as new multi-year programs are developed and additional construction and maintenance contracts are acted upon. These changes affect the entire Kansas Department of Transportation revenue and expenditure picture in resolving the dollar needs to develop the programs.

In the following tables, KES has attempted to give an overview and simplified picture of KDOT's complex revenue and expenditure issue:

TABLE 1

Fund Balances (\$1,000's)
1982 Actual

	<u>Cash and Revenue</u>	<u>Expenditures and Transfers</u>	<u>Ending Cash Balance</u>	<u>Unliquidated Encumbrances</u>	<u>Actual Revenue Position</u>
Highway Fund ¹	\$299,900	\$255,700	\$ 44,200 ¹	\$99,000 ²	(\$54,800)
Freeway Fund	153,000	30,300	122,700		
Freeway Construction Fund	133,350	23,400	109,950		

Federal Aid - a balance of \$78.0 millions existed at the end of 1982, but has not been included in ensuing tables due to uncertainty of obligation control ceilings.

¹Cash balance required to be approximately \$20,000,000 to meet monthly expenditures.

²Unliquidated Encumbrances that will be paid in ensuing years.

TABLE 2

Highway Fund Revenue and Expenditures
 Operating Budget (\$1,000's)
1982 Actual

Beginning Balance		\$ 56,500
State Operating Revenues		
Motor Fuel Taxes	\$ 62,600	
Motor Vehicle Reg. Taxes	66,100	
Oper. Motor Vehicle (Lic.)	2,400	
Other Grants & Oper. Revenue	<u>8,700</u>	
Subtotal - State Operating Revenues	\$139,800	
State Non-Operating Revenue		
Federal Aid Reimbursement	\$ 87,300	
Transfers to Highway Fund	<u>16,300</u>	
Subtotal - Non-Operating Revenues	\$103,600	
Total Cash and Revenue		\$299,900
Operating Expenditures		
Salaries & Wages ³	\$ 65,600	
Division Operating Expenses ⁴	<u>35,000</u>	
Subtotal - Operating Expenditures	\$100,600	

(continued)

³This item does include salaries for total agency operations (includes Construction and Maintenance).

⁴This item does include some maintenance material.

(TABLE 2 - cont.)

Other Expenditures		
Local Units	\$ 1,400	
Freeway Fund Payback	<u>20,500</u>	
Subtotal - Other Expenditures	\$ 21,900	
Transfers		
Highway Patrol	\$ 15,000	
Division of Vehicles	11,600	
Other	<u>1,800</u>	
Subtotal - Transfers	\$ 28,400	
Non-Construction Subtotal	\$150,900	
Construction & Maintenance Program Expense		
Freeway Construction Fund Transfer	\$ 4,600	
Other State Match of Federal Funds	12,900	
Federal Funds Matched	<u>87,300</u>	
Subtotal - Const. & Maint. Prog. Expense	\$104,800	
Total Expenditures and Transfers	\$255,700	
Ending Cash Balance		\$ 44,200
Unliquidated Encumbrances		\$ 99,000
Actual Revenue Position		<u>\$(54,800)</u>

TABLE 3

Construction and Maintenance Program
(including Federal Funds) (\$1,000's)
1982 Actual

State Funds	\$ 17,500	
Matched Federal Funds	<u>87,300</u>	
Total		\$104,800

The Surface Transportation Assistance Act of 1982 (STAA) provides four years of additional federal revenues. The following table provides a review of that assistance. This would provide a State Construction Improvement Program dictated by Federal Aid.

TABLE 4

STAA - KDOT
(\$ in millions)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Federal Aid Apportionments				
Interstate	47.6	52.6	57.0	60.9
Non-Interstate	<u>52.1</u>	<u>56.5</u>	<u>61.0</u>	<u>68.1</u>
Subtotal	99.7	109.1	118.0	129.0
Estimated State Funds Available to match Federal Aid	6.9	6.9	6.9	6.9
Additional Kansas Revenue Required to match Federal Aid to be able to obtain Federal Aid	13.8	15.7	17.6	20.0
<u>STAA-LOCALS (Cities and Counties)</u>				
Federal Aid Apportionments 1982 STAA (1981 Total for Local Units \$37.9)	44.3	45.0	46.3	50.5
New Federal Aid to Locals	6.4	7.1	8.4	12.6
Local Revenue Required to match Federal Aid to be able to obtain Federal Aid	11.3	11.5	11.8	12.9
New Local Match Required for 1982 STAA	1.6	1.8	2.1	3.5

FUNDING MECHANISMS

The use of funding mechanisms to provide the additional revenue required have been reviewed by the Task Force. The need for increased funding of highway improvements has not been limited to Kansas. In the past 18 months 37 states have passed 49 legislation bills increasing road user fees and taxes. The gas tax continues to be the mainstay for revenue for all states with the average state's gasoline tax rate at 10¢-per-gallon.

Many of the financing methods used today are complex and varied, depending on resources available within a state to provide funding.

The Kansas Engineering Society supports a user generated fee approach to the funding of the needs of our highway system.

The following are some of the user revenue fees that could be utilized for raising additional funds -- increases in the gallonage fuels tax; a transfer from the general fund to the highway fund of the receipts of the sales tax on automobile parts, services and labor and increases in the motor vehicle registration fees.

The Task Force does believe that whatever funding system or combination of systems is utilized, it should be phased in in an orderly manner to maximize efficiency in allocating funds to needed projects. A phasing of funding over a three-year period allows several functions to occur smoothly -- Kansas Department of Transportation staffing plans, project prioritization, orderly contract document preparation, committed and uniform construction market, supplies and manufacturer's inventory and pricing stability, as well as avoiding other problems caused by a sudden reversal of funding policy to highways.

Cities and Counties would also benefit from a phased-in funding program for similar reasons.

CONCLUSIONS

The Kansas Engineering Society believes now is the time for action to provide long term solutions for protecting the resources of the State of Kansas that have been invested in its Highway Transportation System. The problems have been addressed by several sources over the past six years.

The table on the following page presents the additional State, City and County revenue needs for the four years funded by the 1982 STAA.

TABLE 5

		<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
			(\$ in millions)		
a.	Total KDOT Needs (\$228/yr. for a 20 yr. period)	\$4,580			
	Minus Interstate (Const. & Resurf.)	<u>480</u>			
b.	Non-Interstate Needs (20 years)	\$4,100	205	205	205
c.	Non-Interstate Program with Federal Aid (F.A.)				
	Non-Interstate F.A. Apportionment	52.1	56.5	61.0	68.1
	State Funds Available to match F.A.	6.9	6.9	6.9	6.9
	State Funds <u>Needed</u> * to match F.A.	<u>8.5*</u>	<u>9.9*</u>	<u>11.3*</u>	<u>13.2*</u>
	Subtotal	67.5	73.3	79.2	88.2
d.	Additional Revenue Needed for KDOT Non-Interstate Needs Minus Program (c)	137.5	131.7	125.8	116.8
	Additional State Funds to match F.A.				
	Non-Interstate Program*	8.5	9.9	11.3	13.2
	Interstate Program	<u>5.3</u>	<u>5.8</u>	<u>6.3</u>	<u>6.8</u>
	Subtotal	151.3	147.4	143.4	136.8
e.	Additional Revenue Needed for Cities and Counties	100.0	100.0	100.0	100.0
f.	1982 STAA New Revenue for Cities and Counties	6.4	7.1	8.4	12.6
	New** Local Funds to Match F.A.	<u>1.6**</u>	<u>1.8**</u>	<u>2.1**</u>	<u>3.5**</u>
	Subtotal New Local Program	8.0	8.9	10.5	16.1
g.	Local Adjusted Additional Revenue Needs				
	Additional Revenue Needed Minus Program (f)	92.0	91.1	89.5	83.9
	New Local Match**	<u>1.6</u>	<u>1.8</u>	<u>2.1</u>	<u>3.5</u>
	Subtotal Local Needs	93.6	92.9	91.6	87.4
h.	Total Additional Revenue to Meet State, City & County Needs	<u>244.9</u>	<u>240.3</u>	<u>235.0</u>	<u>224.2</u>

The Task Force recommends that the Legislature and Executive Branches review the various fund balances and address the legislation that created these various balances. Although these funds have been created for certain functions, it is questionable judgment to continue the functions given the substantial changes that have occurred within the industry over the past ten years. Consideration should be given to utilizing these funds for other functions, consistent with the requirements for bond holder security.

The Society supports a review of the design criteria from federally mandated to Kansas-based standards. This reduction it is assumed, will be consistent with the standards utilized by the Kansas Engineering Society to reduce the 20-year State Highway System needs identified in the 1981 Study to the current needs identified earlier in this study (\$3.2 billion) by \$1.4 billion over 20 years. The resulting design criteria should have the input of all levels of government in the State of Kansas, as the Kansas Standards will have impact on local units.

The Society recommends the Project Prioritization Study being undertaken by the Kansas Department of Transportation be reviewed with a 5-year needs system updated on a yearly basis. The needs should be developed with long term economic development and integrity of the transportation system in mind.

The Society recommends that the total transportation needs in Kansas require a comprehensive engineering and management study. All levels of government must be involved — City, Township, County, KDOT and the Legislature. The study should be consistent with KDOT's statewide transportation plan (currently in Task Force Review).

This report has been prepared by the Highway Needs and Resources Task Force of the Kansas Engineering Society with financial data provided by the Kansas Department of Transportation. The Board of Directors of the Kansas Engineering Society have approved this report as the Society's official position for resolving the highway funding crisis in Kansas.

DOE/EIA-0032(82/11)

Monthly Petroleum Product Price Report

Energy Information Administration
Washington, D.C.

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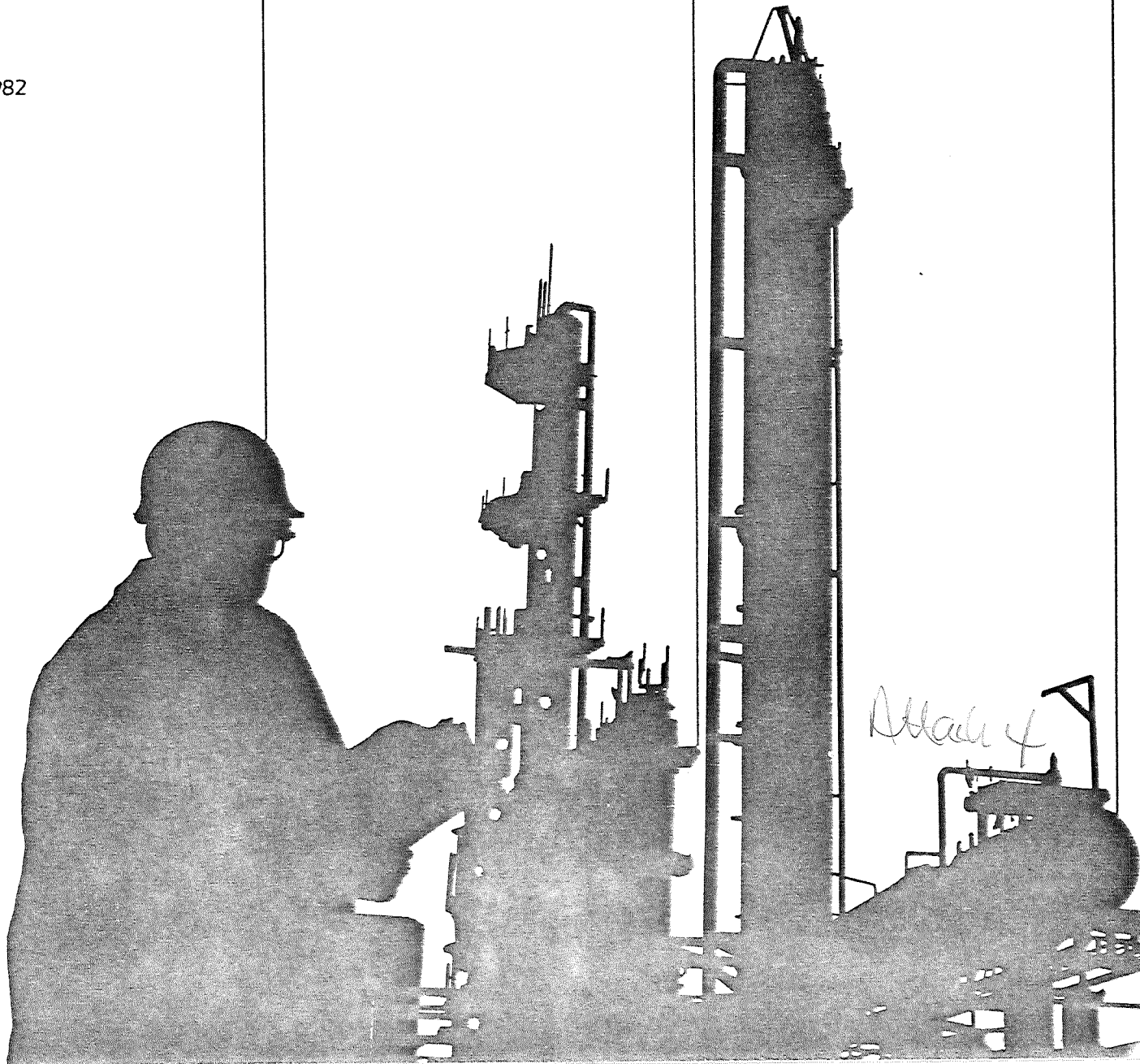
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This report was prepared by the Energy Information Administration, the independent statistical and analytical agency within the Department of Energy. The information contained herein should not be construed as advocating or necessarily reflecting any policy position of the Department of Energy or any other organization.

INTRODUCTION

This report provides Congress and the public with information on monthly national weighted average prices for refined petroleum products. The data published are the primary source of price data for refined products for the refining, reselling, and retailing sectors necessary for the Department of Energy (DOE) to execute its role in monitoring prices. In addition, the data provide the information necessary for Congress, DOE, and the public to perform analyses and projections related to energy supplies, demands, and prices. The legislative authority for this survey is the Federal Energy Administration Act of 1974 (PL 93-275).

Price data in this publication were collected from separate surveys. Average prices shown in Tables 1-7 are derived from a survey of refiners, large resellers and/or retailers, and independent gas plant operators. Data from this monthly survey are available from July 1975. Average No. 2 heating oil prices shown in Tables 8 and 9 were derived from a sample survey of refiners, resellers, and retailers who sell heating oil. The geographic coverage for this report is the 50 States and the District of Columbia.

These published data are subject to possible errors resulting from sampling variability, processing errors, late filings, and resubmission of data.

For more information concerning this publication, please contact Charles Riner at (202) 252-6610.

Table 1. National^a Weighted Average Product Prices as Reported by Refiners, Gas Plant Operators, and Large Resellers/Retailers: Motor Gasoline (Prices in Cents Per Gallon, Excluding Taxes)

	1981												Average
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Motor Gasoline													
Premium - Wholesale	103.8	112.2	113.2	113.4	111.9	112.6	113.1	110.2	110.8	111.6	109.8	108.3	110.1
Premium - DTW ^b	108.0	115.6	114.4	114.5	115.3	116.0	115.4	115.2	115.4	115.9	116.8	117.0	114.4
Premium - Retail	112.9	121.3	125.1	125.0	124.4	124.2	123.4	123.6	122.5	122.8	122.3	122.2	122.4
Regular - Wholesale	96.9	103.7	105.0	103.9	103.4	102.1	101.7	102.2	101.7	101.1	100.7	99.2	101.8
Regular - DTW ^b	100.7	108.3	110.9	109.9	109.3	108.0	107.4	107.1	106.8	105.8	105.9	105.4	107.3
Regular - Retail	105.4	113.5	115.6	114.5	113.7	112.7	111.7	111.2	110.7	110.2	110.1	109.2	111.6
Unleaded - Wholesale	100.9	108.1	110.1	109.3	108.7	107.9	107.5	107.6	106.8	106.5	106.0	104.1	106.9
Unleaded - DTW ^b	105.7	113.6	116.1	115.5	115.4	114.7	114.0	113.6	113.4	113.1	112.9	112.1	113.4
Unleaded - Retail	111.8	119.8	122.5	121.1	119.9	118.8	117.6	117.7	117.1	116.7	116.9	115.9	118.0
	1982												
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov. ^c	Dec.	Average
Motor Gasoline													
Premium - Wholesale	105.6	103.1	100.9	99.2	100.5	107.3	108.2	106.8	104.6	R103.2	100.3		
Premium - DTW ^b	116.1	113.8	108.9	105.4	106.1	110.5	114.0	113.4	110.0	108.7	106.3		
Premium - Retail	120.1	117.8	111.9	110.8	112.2	118.6	121.0	120.6	118.6	R116.4	115.1		
Regular - Wholesale	97.0	93.6	87.9	85.6	90.5	96.9	97.6	97.1	95.9	R94.8	92.8		
Regular - DTW ^b	103.9	100.7	94.0	89.5	93.1	100.1	101.5	100.1	98.5	97.0	94.9		
Regular - Retail	107.6	105.1	98.6	94.8	98.9	105.9	106.8	105.3	104.1	102.8	101.4		
Unleaded - Wholesale	102.0	98.6	92.7	90.2	95.3	101.5	102.5	101.5	100.4	99.0	97.0		
Unleaded - DTW ^b	110.5	107.4	100.6	96.2	99.5	106.2	107.7	106.4	104.5	103.1	101.2		
Unleaded - Retail	114.0	112.0	105.6	101.5	105.1	112.5	113.6	112.1	110.9	109.6	108.3		

^a"National" is defined as the 50 States and the District of Columbia

^bSee "Definitions."

^cPreliminary data.

R=Revised data.

Source: EIA-460, "Petroleum Industry Monthly Report for Product Prices."

DEFINITIONS

"All Others," as it applies to propane, refers to all other sales including sales to agricultural, industrial, and refiner accounts.

"Aviation Fuels" includes kerosene-type aviation fuel, naphtha-type aviation fuel, and aviation gasoline.

"Aviation Gasoline" includes all of the various grades of aviation gasoline as defined in ASTM D-910-70.

"Benzene" is an aromatic hydrocarbon with a chemical composition of predominantly C_6H_6 .

"Butane" is a hydrocarbon with a chemical composition of predominantly C_4H_{10} , whether recovered from natural gas or crude oil.

"DIW," or Dealer Tankwagon, refers to the price at which gasoline is sold to the retail dealer or to the price paid by the retail dealer.

"Distillate Fuel Oils" are the lighter fuel oils distilled off during the refining process. These include products known as ASTM grades Nos. 1 and 2 heating oils, diesel fuels, and No. 4 fuel oil. The major uses of distillate fuel oils include heating, fuel for on- and off-highway diesel engines, and railroad diesel fuel.

"Ethane" is a hydrocarbon with a chemical composition of C_2H_6 .

"Independent Marketer," as it applies to propane, refers to all sales made to either a branded independent or a nonbranded independent marketer.

"Kerosene" includes all refined petroleum distillates suitable for use as illuminants when burned in a wick lamp.

"Kerosene-Type" means a relatively low freezing point distillate of the kerosene type and includes all kerosene products with an average gravity of 40.7 API and 10 percent to 90 percent distillation temperatures of 390 degrees F to 470 degrees F covered by ASTM D1655 specifications, and excluding JP-5 and other fuels meeting military specifications.

"Liquefied Petroleum Gas" includes propane, butane, and propane/butane mixes, but not ethane.

"Middle Distillate Fuel Oils" are Nos. 1 and 2 heating oils, Nos. 1-D and 2-D diesel fuels, kerosene, and aviation fuels.

"Motor Gasoline" includes all of the various grades of refined petroleum naphtha other than aviation gasoline which by their composition are suitable for use as carburants in internal combustion engines.

"Naphtha-Type" includes all fuels within the heavy naphtha boiling range with an average gravity of 52.8 API and 10 percent to 90 percent distillation temperatures of 210 degrees F to 240 degrees F, including JP-4 and other fuels meeting military specifications MIL-F-5624 and MIL-T-5624G, used for turbojet and turboprop aircraft engines, primarily by the military.

"National" is defined as the 50 States and the District of Columbia.

"Natural Gasoline" includes all liquid hydrocarbon mixtures that have been extracted from natural gas, which contain substantial quantities of pentanes and heavier hydrocarbons.

"No. 1 Diesel Fuel" is diesel fuel grade No. 1 as defined in ASTM D-975-71.

"No. 2 Diesel Fuel" is diesel fuel grade No. 2 as defined in ASTM D-975-71.

"No. 1 Heating Oil" is heating oil grade No. 1 as defined in ASTM D-396-71.

"No. 2 Heating Oil" is heating oil grade No. 2 as defined in ASTM D-396-71.

"Petrochemical Feedstocks" are crude oil, residual fuel oil, and refined petroleum products which can be processed in petrochemical plants, including benzene, naphtha, gas oil, kerosene, and heavy aromatic gas oil used for production of carbon black. Petrochemical feedstocks do not include ethylene, propylene, butylene, or any other product otherwise defined as a petrochemical or natural gas.

"Premium Gasoline" includes products defined in the American Society for Testing and Materials (ASTM) D-439, with gasoline antiknock designation 5.

"Propane" is a hydrocarbon with a chemical composition of predominantly C_3H_8 , whether recovered from natural gas or crude oil.

"Propane/Butane Mix" is a mix containing 10 percent or more by weight of propane.

"Region 1" includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

"Region 2" includes New Jersey and New York.

"Region 3" includes Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia.

"Region 4" includes Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

"Region 5" includes Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.

"Region 6" includes Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

"Region 7" includes Iowa, Kansas, Missouri, and Nebraska.

"Region 8" includes Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming.

"Region 9" includes Arizona, California, Hawaii, and Nevada.

"Region 10" includes Alaska, Idaho, Oregon, and Washington.

"Regular Gasoline" includes products as defined in ASTM D-439, with gasoline anti-knock designation 3.

"Residential," as it applies to propane, refers to all sales made for residential use, including bottled gas.

"Residual Fuel Oil" includes those fuel oils commonly known as Nos. 5 and 6 fuel oils, Bunker C, and all other fuel oils which have a 50 percent boiling point over 700 degrees F in the ASTM D-86 standard distillation test.

"Retail" for all gas plant products except propane applies to sales made to all ultimate consumers including industrial, agricultural, and residential.

"Retail" for the gasoline survey of refiners and large resellers refers to the price at which the company-owned and operated retail dealer sells to the ultimate consumer on an excluding-tax basis.

"Retail" for heating oil prices refers to the price at which this fuel is sold to resident accounts only.

"Toluene" is an aromatic hydrocarbon with a chemical composition of predominantly C_7H_8 .

"Unleaded Gasoline" includes products as defined in ASTM D-439, with unleaded fuel designation 2.

"Wholesale," for all gas plant products except propane, applies to sales made to resellers and distributors.

"Wholesale," as it applies to gasoline prices, refers to the price at which gasoline is sold to all other refiners and resellers including branded jobbers, unbranded jobbers, and commercial accounts (industrial and agricultural), or to the price paid by the reseller, jobber, or refiner.

"Wholesale," as it applies to non-gasoline prices, refers to the price at which a nongasoline product is sold to all other refiners and resellers including branded jobbers, unbranded jobbers, and commercial accounts such as carriers with their own storage facilities, or to the price paid by the reseller or jobber.

SUMMARY OF
SURFACE TRANSPORTATION ASSISTANCE ACT OF 1982
AS IT IMPACTS ON THE TRUCKING INDUSTRY

TAX PROVISIONS

MOTOR FUEL TAX: The current 4-cents per gallon tax is increased to 9-cents effective April 1, 1983. The Act continues or modifies the current exemptions. Of note, the tax on gasohol would be only 4-cents per gallon and there will be no tax on certain other fuels of higher alcohol content. There will also be no tax for off-highway business use.

HEAVY TRUCK USE TAX: The current \$3.00 per 1,000 pounds gross weight for vehicles over 26,000 pounds will be eliminated starting with the taxable period beginning July 1, 1984. Thereafter there will be no use tax for vehicles with a gross weight under 33,000 pounds GVW.

For vehicles with a taxable gross weight between 33,000 and 54,999 pounds GVW, the new tax rate will be \$50.00 per year plus \$25.00 for each 1,000 pounds (or fraction thereof) in excess of 33,000 pounds. Maximum tax for a vehicle weighing less than 55,000 pounds will be \$575. There is no phase-in period for these vehicles. The tax will be imposed for the taxable period beginning July 1, 1984.

For vehicles with a taxable gross weight between 55,000 and 80,000 pounds GVW, the new tax rate will be \$600 per year plus the following phase-in rate for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds:

<u>Taxable Period*</u> <u>Beginning on</u> <u>July 1 of:</u>	<u>Applicable</u> <u>Rate</u>	<u>Maximum Amount</u> <u>@ 80,000 lbs. GVW</u>
1984	\$40	\$1,600
1985	\$40	\$1,600
1986	\$44	\$1,700
1987	\$48	\$1,800
1988	\$52	\$1,900

(*Postpone entire schedule by one year for a person who owns and operates five or fewer vehicles.)

Vehicles that are used less than 5,000 miles on public roads are exempt. A credit or refund can be obtained for wrecked or stolen vehicles. There is no credit or refund for vehicles transferred during the taxable year.

Beginning January 1, 1985, a state must require proof of payment of the highway use tax before registering a vehicle in order for a state to qualify for its full apportionment for the fiscal year.

TRUCK AND TRAILER SALES: The current 10 percent manufacturers excise tax is repealed. In its place is a 12 percent retail sales tax which applies to all tractors of any weight plus truck chassis and bodies over 33,000 pounds GVW and truck trailer and semitrailer chassis and bodies over 26,000 pounds GVW (as determined under regulations prescribed by the Secretary). The effective date is April 1, 1983.

Between January 7 and April 1, 1983, the current 10 percent manufacturers excise tax will apply only to trucks over 33,000 pounds GVW and trailers over 26,000 pounds GVW.

TRUCK PARTS AND ACCESSORIES: The current 10 percent excise tax on truck parts and accessories is repealed. However, parts and accessories placed on a vehicle (presumably over 33,000 pounds GVW for trucks and 26,000 pounds GVW for trailers) less than 6 months old where the aggregate value is more than \$200 will be taxed at a 12 percent retail level. Replacement parts are not included. The effective date was January 7, 1983.

TIRES: The current 9.75-cents per pound is repealed for tires weighing 40 pounds or less. A new, graduated tax at the following rates is applied, effective January 1, 1984:

<u>If tire weighs:</u>	<u>The rate of tax is:</u>
Not more than 40 lbs. -----	No tax
41-70 lbs. -----	15-cents per lb. in excess of 40 lbs.
71-90 lbs. -----	\$4.50, plus 30-cents per lb. in excess of 70 lbs.
More than 90 lbs. -----	\$10.50, plus 50-cents per lb. in excess of 90 lbs.

TREAD RUBBER TAX: Current tread rubber tax of 5-cents per pound is repealed effective January 1, 1984.

INNER TUBES: Current 10-cents per pound tax on inner tubes is repealed effective January 1, 1984.

LUBRICATING OIL: Current 6-cents per pound lubricating oil tax was repealed effective January 7, 1983.

COMPARISON OF CURRENT AND NEW USER FEES

<u>USER FEE TYPE</u>	<u>CURRENT RATE</u>	<u>NEW RATE</u>	<u>EFFECTIVE DATE</u>
Gasoline	4¢/gallon	9¢/gallon	April 1, 1983
Diesel	4¢/gallon	9¢/gallon	April 1, 1983
Casohol	0	4¢/gallon	April 1, 1983
Tires	9.75¢/lb., all tires	0¢/lb. for first 40 lbs. 15¢/lb. for next 30 lbs. 30¢/lb. for next 20 lbs. 50¢/lb. for each lb. over 90 lbs.	January 1, 1984
Tread Rubber	5¢/lb.	None	January 1, 1984
Inner Tubes	10¢/lb.	None	January 1, 1984
Lubricating Oil	6¢/gallon	None	January 7, 1983
Truck Parts	8 percent, all trucks	None	January 7, 1983
Truck Sales	10 percent of mfger.'s wholesale price for trucks & trailers 10,000 lbs. GVW	12 percent of retail price on all tractors plus truck chassis and bodies over 33,000 lbs. GVW, and 26,000 lbs. for truck trailer and semitrailer chassis and bodies.	April 1, 1983 ^{1/}
Heavy Vehicle Use Fee	\$3/1,000 lbs. GVW for trucks 26,000 lbs. GVW	At least 33,000 lbs. but less than 55,000 lbs. GVW \$50 per year, plus \$25 for each 1,000 lbs. or fraction thereof in excess of 33,000 lbs. At least 55,000 lbs. but less than 80,000 lbs. GVW \$600 per year, plus the applicable rate for each 1,000 lbs. or fraction thereof in excess of 55,000 lbs. At least 80,000 lbs., the maximum amount.	July 1, 1984 ^{2/}
		<u>Rate and Maximum Amount</u>	
	<u>Applicable Rate</u>	<u>Maximum Amount</u>	<u>Beginning July 1^{2/}</u>
	\$40	\$1,600	1984
	\$40	\$1,600	1985
	\$44	\$1,700	1986
	\$48	\$1,800	1987
	\$52	\$1,900	1988

1/ Gross vehicle weight threshold level increases on January 7, 1983.

2/ Refund for vehicles travelling less than 5,000 miles on public highways.

Delays by one year effective dates for operators of no more than five vehicles.
Contains refund provisions for lost or wrecked vehicles.

COMPARISON OF FEDERAL HIGHWAY USE TAXES
PAID BY TWELVE TYPICAL VEHICLES

TYPICAL VEHICLES	Annual Federal User Taxes Per Vehicle	
	PRESENT	1985*
1. Very Light Passenger Car 12,500 miles	\$ 22	\$ 43
2. Medium Passenger Car 12,500 miles	34	60
3. Heavy Passenger Car 12,500 miles	38	75
4. Pickup 9,800 miles - 5,000 lbs. GVW	33	63
5. Stake 12,000 miles - 14,000 lbs. GVW	181	122
6. Van 25,000 miles - 24,000 lbs. GVW	441	408
7. Dump 25,000 miles - 50,000 lbs. GVW	929	1,639
8. Three Axle Tractor Semitrailer 40,000 miles - 40,000 lbs. GVW	906	1,445
9. Four Axle Tractor Semitrailer 50,000 miles - 60,000 lbs. GVW	1,153	2,386
10. Five Axle Tractor Semitrailer 70,000 miles - 78,000 lbs. GVW	1,746	3,973
11. Five Axle Tractor Semitrailer 80,000 miles - 80,000 lbs. GVW	1,868	4,401
12. Truck Full Trailer 80,000 miles - 80,000 lbs. GVW	2,274	4,823

* Per Surface Transportation Assistance Act of 1982. 1985 selected because it is first full year increased heavy use tax is in effect.