

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by Sen. Bill Morris at
Chairperson

9:00 a.m./~~p.m.~~ on April 2, 1985 in room 254-E of the Capitol.

All members were present except:

Sen. Doyen

Committee staff present:

Tom Severn, Research Department
Fred Carman, Revisor
Louise Cunningham, Secretary

Conferees appearing before the committee:

Tom Whitaker, Kansas Motor Carriers Association
Ed DeSoignie, KDOT
Bill Green, KCC
Mary Turkington, Kansas Motor Carriers Association
John Vrana, General Communications Systems, Wichita
Phil Woodbury, Mobilefone, Emporia
Fred Reynolds, Telecel, Topeka
Othal Vrana, General Communications Systems, Wichita
Rep. Jerry Friedeman

On a motion from Sen. Vidricksen, a second from Sen. Francisco and unanimous approval by the committee, the Minutes of April 1, 1985 were approved.

HEARING ON H.B. 2021 - Concerning motor-vehicle fuel tax rates index. Re Proposal No. 45.

Tom Severn explained this bill to the committee and said this was the result of a 1984 interim study. A publication that was a monthly publication was superceded by the Petroleum Marketing Monthly. The motor fuel tax rate had been determined from this report. The new publication is published by the same agency; however there was a difference in the indexing. This bill would reference the new publication.

Tom Whitaker, Kansas Motor Carriers Association, spoke in favor of the bill and said that with the indexing procedure, the tax on motor fuels shall not be less than the statutory increases which became effective on January 1, 1984. He said they supported increasing the percentage factor now in the formula from 10 percent to 10½ percent as provided in H.B. 2021. A copy of his statement is attached. (Attachment 1).

Ed DeSoignie, KDOT, said H.B. 2021 as amended, was consistent with Secretary Kemp's recommendations to the interim committee regarding funding for FY 1984-1988. They support H.B. 2021 as amended. A copy of his statement is attached. (Attachment 2).

The committee discussed the bill. They also discussed it in regard to H.B. 2022 which had been passed earlier and felt it was intended to correlate with provisions passed in that bill which would put a floor of 7¢ Kansas tax on gasohol. The current Kansas tax is 6¢. They discussed the gasohol tax rate limit. A motion was made by Sen. Hayden and was seconded by Sen. Norvell to amend H.B. 2021, as amended by the House Committee, on line 56, Page 2 to change it back to 7¢. Motion carried.

The committee wanted to provide the gasohol subsidy in H.B. 2022 notwithstanding the provisions of sub-section (d) in H.B. 2021. A conceptual motion was made by Sen. Frey to restore the language in subsection (d) to the way it is currently in the statutes. Motion was seconded by Sen. Martin. Motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,
room 254-E, Statehouse, at 9:00 a.m./~~p.m.~~ on April 2, 1985

A motion was made by Sen. Walker to recommend H.B. 2021 as amended, favorably for passage. Motion was seconded by Sen. Hayden. Motion carried.

HEARING ON H.B. 2515 - Registration of interstate authority with the KCC by motor carriers.

Bill Green, KCC, said this bill was requested in order to bring the statutes in compliance with the Commission's current policy regarding vehicle registration of interstate motor carriers. This is to comply with federal law. A copy of his statement is attached. (Attachment 3).

Mary Turkington, Kansas Motor Carriers Association, said they also support H.B. 2515. A motion was made by Sen. Thiessen and was seconded by Sen. Walker to recommend H.B. 2515 favorably for passage. Motion carried.

CONTINUED HEARING ON H.B. 2257 - Relating to the regulation of radio communications.

OPPONENTS:

John Vrana, General Communications Systems, spoke in opposition to H.B. 2557. He was concerned about the funding relationship between Southwestern Bell and their Mobile Systems, which is a subsidiary of Southwestern Bell. He said it was a monopoly which could increase rates to consumers. He said regulations could flush out the facts and their financial arrangement should be investigated in this state. H.B. 2257 will make it difficult to uncover the financial relationship. He said the rural communities could be hurt because these areas could go to Southwestern Bell by default. They fund these ventures and make it unfeasible for other smaller companies to compete.

Phil Woodbury, Mobilfone, Emporia, said he had a paging or "beeper" service in several communities in Kansas and has been in business for 20 years. He said he had a hard time for about 8 years and then in 1969 Kansas decided to regulate common carriers. Since then the company has done better. He said they compete as long as the competition is "level". He was concerned about the subsidation between Southwestern Bell and their Mobile Systems.

Fred Reynolds, Telecel, Topeka, said as a businessman he wanted to compete on a fair and even basis. He opposed H.B. 2257.

Othal Vrana, General Communications Systems, said their national association supports continued regulation for at least the next few years. He said, "Don't try to fix something that isn't broke".

Rep. Friedman said this is a very technical bill. Tomorrow's telephone may well be cellular and this bill is premature and ill-conceived. He said he had studied it for a full year and still has doubts. He was opposed to the bill.

ACTION ON H.B. 2173 - Check of vehicle identification number not required in certain repossession cases.

A motion was made by Sen. Hayden and seconded by Sen. Thiessen to recommend H.B. 2173 favorably for passage. Motion carried.

A motion was made by Sen. Martin to table H.B. 2257 and recommend it for interim study. Motion did not receive a second.

Meeting was adjourned at 10:00 a.m.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 4-1-85 Place 254-E Time 900

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
<u>Paul Synede</u>	<u>6780 Dandatta Topeka</u>	<u>TELCEL, INC.</u>
<u>John Mason</u>	<u>2342 N. Bates Wichita</u>	<u>General Comm.</u>
<u>Orval Brown</u>	<u>1959 N Sedgwick</u>	<u>General Comm.</u>
<u>Dan Rambow</u>	<u>Topeka</u>	<u>Ks. Contractors Assn.</u>
<u>PAUL W. MATTHEWS</u>	<u>OKLA. CITY, OK</u>	<u>HIGHWAY USERS FEDERATION</u>
<u>Ken Rissler</u>	<u>TOPEKA</u>	<u>KLP GAS ASSN.</u>
<u>Sandra McBill</u>	<u>"</u>	<u>SWB mobile systems</u>
<u>Mary E. Turkington</u>	<u>Topeka</u>	<u>Kansas Motor Carriers Assn.</u>
<u>Tom Whitaker</u>	<u>Topeka</u>	<u>Ks. Motor Carriers Assn.</u>
<u>Ron Gaches</u>	<u>Topeka</u>	<u>UNITED TELEPHONE</u>
<u>RON CALBERT</u>	<u>NEWTON</u>	<u>United Transportation Union</u>
<u>Roger W BARR</u>	<u>Topeka</u>	<u>BRO RAILWAY & AIRLINE CLERKS</u>
<u>BEN Neill</u>	<u>Topeka</u>	<u>SWB mobile systems</u>
<u>Ed DeSoignie</u>	<u>Topeka</u>	<u>Kansas Department of Transportation</u>

STATEMENT

By The

KANSAS MOTOR CARRIERS ASSOCIATION

Concerning House Bill No. 2021 relating to the
taxation of motor vehicle fuels, special fuels
and LP-gas fuels.

Presented to the Senate Transportation & Utilities
Committee, Sen. Bill Morris, Chairman; Statehouse,
Topeka, Tuesday, April 2, 1985.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am Tom Whitaker, Governmental Relations Director of the Kansas Motor Carriers Association with offices in Topeka. This statement is submitted on behalf of our member-firms and the highway transportation industry.

We wish to speak in support of H.B. 2021 which addresses primarily the provisions for indexing motor fuel tax rates.

Our Association was a member of the coalition which supported the highway funding program adopted by the 1983 session of the Kansas Legislature.

We believed then and we believe now that this program urgently is needed to fund road and highway improvements at both the state and local levels.

The policy decisions incorporated in the 1983 highway funding package address future needs as well as the more immediate highway expenditures.

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One of the key provisions of that funding package was the provision to index the tax rate on motor fuels. As we understand the indexing procedures, the tax on motor fuels shall not be less than the statutory increases which became effective January 1, 1984. Those rates are:

1. Motor fuels -- 11¢ per gallon or fraction thereof
2. Special fuels - diesel -- 13¢ per gallon or fraction thereof
3. LP-gas -- 10¢ per gallon or fraction thereof

Further, the tax rate per gallon on motor-vehicle fuels for the 12-month periods which begin on July 1, 1985, and on each July 1 thereafter shall not be more than 1¢ above nor less than 1¢ below the tax rate computed for the immediately preceding 12-month period.

Such tax rates, computed for 12-month periods beginning July 1, 1985, are to be calculated 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 July 1.

This procedure would be repeated each July 1. The tax rate on special fuels (diesel) would be the amount of the motor fuels tax plus 2 cents more per gallon.

We understand that a technical flaw exists in the present statutory indexing procedure which requires fuel cost data to be based on the monthly petroleum products price report as published by the energy information administration of the United States Department of Energy. We are told that the monthly price report no longer is published in the format indicated in K.S.A. 1984 Supp. [79-34,141]. Some adjustment apparently should be considered in the indexing factors to make the indexing procedure meaningful in relation to fuel tax levels.

This Association opposed the provisions of H.B. 3115 in the 1984 session because a new factor of an additional 4¢ per gallon was introduced into the indexing formula. While the application of the 4-cent factor was not clearly drawn, introduction of this additional computation was not consistent with the indexing procedure supported by those who supported the highway funding package adopted by the Legislature in 1983. The Kansas Motor Carriers Association continues to oppose incorporating an additional factor to the indexing computations whether such a factor be established at 4¢ or some other level.

In the spirit of cooperation and support for continued effective highway funding, this Association would support increasing the percentage factor now in the formula from 10 percent to 10½ percent as provided in H.B. 2021. Surely this would meet the problem related to the fuel cost data published by the U.S. Department of Energy or its successor agency. We do therefore, support this bill.

I must say to you that our industry literally is reeling from the massive tax increases imposed on motor trucks by the past session of Congress. I'm certain you are aware that these tax increases include:

1. An increase in the special use tax on heavier trucks from the previous maximum of \$240 to \$550 annually, effective July 1, 1984.
2. A diesel differential of 6 cents a gallon to be paid by all diesel-fueled vehicles weighing more than 10,000 lbs., effective August 1, 1984.

These taxes are in addition to the 5-cent federal fuel tax increase which became effective in April, 1983, making that tax 9 cents a gallon on all motor vehicle fuels.

A typical Kansas tractor and semitrailer combination with a gross weight of 80,000 lbs. must pay:

<u>Kansas</u> registration fee:	\$1,325 - Tractor
	<u>25</u> - Trailer
	\$1,350

Special federal highway use tax: \$550

Kansas diesel fuel tax: 13 cents per gallon

Federal diesel fuel tax: 15 cents per gallon
28 cents per gallon

In addition, this combination vehicle must pay regulatory fees, property taxes, other operating fees and charges, toll charges where applicable, and pay the general business taxes that all other businesses pay.

The only improvement the federal fuel tax increases provide over the massive special use taxes imposed on this industry by the Surface Transportation Assistance Act in the lame duck session of the Congress in 1982, is that the diesel differential tax at least is a pay-as-you-go tax and the fixed special federal highway use tax is reduced to \$550 from the \$1,900 initially imposed. For most companies, the total tax bill will be even greater than the \$1,900 but the fuel taxes will accrue only if the vehicle is operating and hopefully generating revenue.

We sincerely hope Kansas will benefit from these tremendous tax increases in behalf of its highway building and maintenance program.

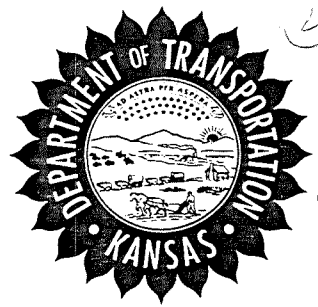
Our industry wishes to commend Secretary of Transportation John Kemp and his staff for continuing to make our highway tax dollars count. We believe we get our money's worth in Kansas.

Thank you for the opportunity to submit this statement. I will be pleased to respond to any questions you may have.

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KANSAS DEPARTMENT OF TRANSPORTATION

STATE OFFICE BUILDING—TOPEKA, KANSAS 66612



JOHN B. KEMP, Secretary of Transportation

JOHN CARLIN, Governor

MEMORANDUM TO: SENATE TRANSPORTATION AND UTILITIES COMMITTEE
FROM: EDWARD R. DESOIGNIE
POLICY COORDINATOR
REGARDING: HOUSE BILL 2021 AS AMENDED
DATE: APRIL 2, 1985

THE 1983 HIGHWAY FUNDING ACT HELPED TO PROVIDE THE STRONG, STABLE FUNDING BASE NECESSARY FOR HIGHWAY CAPITAL IMPROVEMENTS. DEVELOPMENTS HAVE OCCURRED WHICH APPEAR TO JEOPARDIZE ANTICIPATED REVENUES.

SECRETARY KEMP APPEARED BEFORE THE SPECIAL INTERIM COMMITTEE ON TRANSPORTATION THIS PAST SUMMER ON PROPOSAL 45 WHICH STUDIED THE ISSUES OF GASOHOL, INDEXING AND THE SALES TAX TRANSFER. THAT COMMITTEE RECOMMENDED LEGISLATION ON EACH ISSUE CONSISTENT WITH HIS TESTIMONY.

SINCE TESTIMONY ON GASOHOL HAS ALREADY BEEN PRESENTED TO THE COMMITTEE, I WILL MOVE TO MY COMMENTS ON INDEXING.

OUR FY 1984-1988 PROGRAM WAS BASED ON THE REVENUE ASSUMPTION THAT THE FUEL TAX WOULD INDEX IN FY 1986, INCREASING THE TAX RATE FROM 11 CENTS TO 12 CENTS PER GALLON BEGINNING JULY 1, 1985. SIXTY-FIVE PERCENT (APPROXIMATELY \$9 MILLION) OF THE ADDITIONAL REVENUE WOULD HAVE BEEN DISTRIBUTED TO THE HIGHWAY FUND AND 35 PERCENT (APPROXIMATELY \$5 MILLION) TO LOCAL UNITS OF GOVERNMENT. INDEXING IS NOT EXPECTED TO OCCUR FOR TWO REASONS:

THE FIRST FACTOR OVER WHICH WE HAVE NO REAL CONTROL IS THAT THE PRICE OF MOTOR FUELS HAS NOT INCREASED AT THE RATE PROJECTED DURING THE SPRING OF 1983. WE NOW ESTIMATE IT IS LIKELY PRICES WOULD NOT INCREASE SUFFICIENTLY TO PRODUCE INDEXING UNTIL THE 1990'S, EVEN IF THE TECHNICAL AMENDMENT IS ADOPTED.

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Memorandum To: Senate Transportation and Utilities Committee
April 2, 1985
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THE SECOND IS A TECHNICAL MATTER. THE PUBLICATION (MONTHLY PETROLEUM PRODUCE PRICE REPORT) LISTED IN THE 1983 HOUSE BILL WAS LAST PUBLISHED FOR DECEMBER, 1982. IT HAS BEEN POINTED OUT THAT THERE IS A SUCCESSOR PUBLICATION, BUT THAT THE MOST COMPARABLE TABLE IN THE PUBLICATION CONTAINS DIFFERENCES SUCH THAT THE AVERAGE PRICES ARE APPROXIMATELY 4 CENTS PER GALLON LESS THAN THE OLD TABLE.

THE INTERIM COMMITTEE RECOMMENDED A PROCEDURE TO SIMPLY ADJUST THE PRESENT INDEXING PERCENTAGE OF 10 PERCENT TO 10.5 PERCENT, WHICH WOULD MAKE THE TABLE COMPARABLE. HOUSE BILL NO. 2021, AS AMENDED, IS CONSISTENT WITH THE SECRETARY'S RECOMMENDATIONS TO THE INTERIM COMMITTEE.

SUBPARAGRAPH (d) (2) OF THE BILL WOULD INCREASE THE MOTOR FUELS TAX ON GASOHOL TO 8 CENTS PER GALLON EFFECTIVE JULY 1, 1985. THIS WOULD RESULT IN AN ANNUALIZED INCREASE OF \$8.4 MILLION WHICH WOULD BE DISTRIBUTED \$3.4 MILLION TO THE SPECIAL CITY COUNTY HIGHWAY FUND AND \$5 MILLION TO THE STATE.

I URGE THE COMMITTEE TO RECOMMEND HOUSE BILL 2021, AS AMENDED, FAVORABLE FOR PASSAGE. THANK YOU.



JOHN CARLIN
MICHAEL LENNEN
MARGALEE WRIGHT
KEITH R. HENLEY
JUDITH A. McCONNELL
BRIAN J. MOLINE

Governor
Chairman
Commissioner
Executive Secretary
General Counsel

State Corporation Commission

Fourth Floor, State Office Bldg.
Ph. 913:296-3355
TOPEKA, KANSAS 66612-1571

STATEMENT ON HOUSE BILL 2515 PRESENTED ON APRIL 2, 1985, TO THE
SENATE TRANSPORTATION AND UTILITIES COMMITTEE BY THE
STATE CORPORATION COMMISSION OF KANSAS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM BILL GREEN, ADMINISTRATOR OF THE TRANSPORTATION DIVISION OF THE STATE CORPORATION COMMISSION.

THIS BILL WAS REQUESTED BY THE COMMISSION IN ORDER TO BRING THE STATUTES IN COMPLIANCE WITH THE COMMISSION'S CURRENT POLICY REGARDING VEHICLE REGISTRATION OF INTERSTATE MOTOR CARRIERS (LINE 0046 THROUGH LINE 0062). THE CHANGE IN COMMISSION POLICY ON VEHICLE REGISTRATION OF INTERSTATE CARRIERS HAS BROUGHT THE COMMISSION IN COMPLIANCE WITH A FEDERAL LAW (PUBLIC LAW 89-170) REGARDING REGISTERING OF INTERSTATE CARRIERS. THE COMMISSION PREVIOUSLY REQUIRED THE MAKE, MODEL AND VEHICLE IDENTIFICATION NUMBER OF INTERSTATE VEHICLES. THIS INFORMATION IS NO LONGER BEING REQUESTED FROM INTERSTATE CARRIERS BY THE COMMISSION. THE COMMISSION HOWEVER, DOES REQUIRE INTRASTATE MOTOR CARRIERS AND INTERSTATE EXEMPT MOTOR CARRIERS TO PROVIDE THE MAKE, MODEL AND VEHICLE IDENTIFICATION NUMBER OF VEHICLES BEING REGISTERED (LINE 0030 THROUGH LINE 0037).

ON LINE 0083 THROUGH LINE 0091 WE HAVE ATTEMPTED TO CLARIFY THE COMMISSIONS ISSUANCE OF KCC TAGS TO INTRASTATE AND INTERSTATE DRIVEAWAY OPERATORS.

AT THIS TIME SHOULD YOU HAVE ANY QUESTIONS I WILL ATTEMPT TO ANSWER THEM.

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