

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at
Chairperson

1:30 ~~AM~~/p.m. on February 26, 1986 in room 519-S of the Capitol.

All members were present ~~except~~

Committee staff present:

Bruce Kinzie, Revisor of Statutes
Hank Avila, Legislative Research
Donna Mulligan, Committee Secretary

Conferees appearing before the committee:

Secretary Harley T. Duncan, Kansas Department of Revenue
Mrs. Mary Turkington, Kansas Motor Carriers Association

Chairman Crowell called the meeting to order and the first business was a hearing on HB-3028 concerning the establishment of bank accounts for the direct transfer of fees.

Mr. Harley T. Duncan, Secretary of Revenue, gave favorable testimony concerning HB-3028. (See Attachment 1)

Secretary Duncan said the provisions of Section 1 amending K.S.A. 1985 Supp. 8-145 were requested by the Department of Revenue and are outgrowths of the Vehicle Information Processing System (VIPS) development project.

He reported that in the current title and registration system, due to a manual process of pro-rating fees at county treasurer offices on new vehicles, there are numerous instances of incorrect computation and collection of fees. Also, that currently once the error has been identified, the application is returned to the county treasurer for collection of the additional fees, which is sometimes a lengthy process which delays the delivery of title certificates to affected vehicle owners.

The hearing on HB-3028 was concluded.

The next order of business was a hearing on HB-3029 concerning the interstate motor fuel use act.

Secretary Harley T. Duncan, Department of Revenue, testified in support of HB-3029. (See Attachment 2)

Secretary Duncan told the Committee HB-3029 is the result of recommendations made by the National Governors' Association Working Group on Interstate Motor Carrier Issues.

Mrs. Mary Turkington, Kansas Motor Carriers Association, testified in support of HB-3029. (See Attachment 3)

Mrs. Turkington stated the KMCA understands the revisions suggested on Pages 4 and 5 of HB-3029 and concur these amendments are necessary for the Kansas Secretary of Revenue to accomplish greater uniformity with fuel use reporting requirements in the several states. She indicated

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,
room 519-S, Statehouse, at 1:30 ~~am~~/p.m. on February 26, 19 86

the KMCA believes the proposed amendment on Page 1 of HB-3029 would delete a group of vehicles from the "commercial motor vehicle" definition that should continue to be subject to interstate motor fuel use laws in Kansas. Mrs. Turkington said the motor carrier industry strongly suggests this language not be deleted from HB-3029.

The hearing on HB-3029 ended.

Secretary Duncan took the stand for further questioning and discussion concerning the VIPS program in HB-3028.

The meeting was adjourned at 2:50 p.m.


Rex Crowell, Chairman



Kansas
DEPARTMENT OF REVENUE

State Office Building
TOPEKA, KANSAS 66626

MEMORANDUM

TO: Representative Rex Crowell
Chairman, House Committee on Transportation

FROM: Harley, T. Duncan
Secretary of Revenue

DATE: February 26, 1986

RE: House Bill 3028

The provisions of Section 1 amending K.S.A. 1985 Supp. 8-145 were requested by the Department of Revenue and are outgrowths of the Vehicle Information Processing System (VIPS) development project.

In the current title and registration system, due to a manual process of pro-rating fees at county treasurer offices on new vehicles, there are numerous instances of incorrect computation and collection of fees. Currently once the error has been identified by KDOR personnel, the application is returned to the county treasurer for collection of the additional fees. This is sometimes a lengthy process which delays the delivery of title certificates to affected vehicle owners.

The Department, recognizing that the expense to both the State and county often exceeds the additional fees collected, has designed into the new VIPS system provision for the automatic generation of correspondence directly to the applicant to collect additional fees above an as yet to be determined threshold. It is anticipated that add fees below that threshold would be placed on an accounts receivable file and be added to the vehicle owners next years registration renewal fees. Certificates of title would thus not be held up for want of collection of an insignificant additional fee.

The provision allowing the Director of Vehicles to suspend registrations on vehicles for which the owner fails to pay proper fees is a statutory authorization the division does not now possess.

In subsection (c) the new verbage will set the stage for the utilization of automated clearing house technology in the transfer of funds collected by county treasurers to the State. This too will be a feature of VIPS, however, it is not anticipated that it will be operational when VIPS is implemented in 1987.

*H. Transp. 2/26/86
Attach. 1*

The department recognizes that the electronic transfer of funds may not be appropriate for all counties and may encompass only the large and medium sized counties when implemented. In conversations with the State Treasurer's office it is our understanding that this technology is presently being effectively utilized by other State agencies.

If I can be of further assistnace please let me know.

MEMORANDUM

TO: The Honorable Rex Crowell, Chairman
House Committee on Transportation

FROM: Harley T. Duncan, Secretary
Kansas Department of Revenue

RE: House Bill 3029

DATE: February 26, 1986

Thank you for the opportunity to appear before you today on HB 3029. The Department of Revenue supports enactment of this bill.

HB 3029 makes several changes in the interstate motor fuel use tax reporting laws of Kansas. As you are aware, interstate fuel use tax reporting is a procedure for apportioning the motor fuel tax liability of an interstate motor carrier among the states in which it operates based on the fuel consumed in each state. It is not an extra tax levied on interstate carriers, but instead is a procedure which attempts to apportion fuel tax liability according to road usage. In FY 1985, Kansas received net revenues from interstate fuel use tax reporting of \$6.4 million.

The bill before you today is the result of recommendations made by the National Governors' Association Working Group on Interstate Motor Carrier Issues. For the past 18 months this group has attempted to devise means by which the various states can simplify and standardize the taxation, registration and regulation of interstate motor carriers. The Working Group is seen as a means of giving the states an opportunity to ease the regulatory burden imposed on the interstate carrier industry by making their procedures more uniform before federal government intervention is proposed.

H. Transp. 2/26/86

Attach. 2

The Working Group consists of state tax administrators, vehicle administrators and transportation officials as well as representatives of national associations of these state officials. We have also enlisted the assistance of the American Trucking Association, the Private Truck Council, independent owner-operators and several major national carriers to serve as industry advisers to the Working Group. The Tax Manager of Yellow Freight Systems served as an adviser to the motor fuel tax subgroup.

With over forty states requiring interstate fuel use tax reporting, uniformity of procedure and approach is obviously of benefit to the carrier that operates in a large number of jurisdictions. HB 3029 will bring the Kansas interstate fuel use tax reporting statute into conformity with the uniform form and procedures recommended by the NGA Working Group. Specifically, the bill will accomplish the following.

1. Change the size of busses covered by the act from those with a seating capacity of more than nine to those with a seating capacity of more than 20.
2. Delete from the list of covered vehicles those two axle vehicles registered for a gross weight of more than 12,000 pounds when used in combination with another vehicle. This will limit the coverage of trucks to those with more than two axles and road tractors or truck tractors. I have attached to my testimony the types of vehicles covered under other state fuel tax reporting statutes. You will note that the most common definition is that proposed in HB 3029 and that few, if any, states have provisions similar to ours.
3. Change the return filing date from the 25th day of the month following the end of the calendar quarter to the last day of that month.

4. Change from \$50 to \$100 the liability threshold below which a carrier may be allowed to file an annual, rather than quarterly, return. At five miles per gallon, the \$100 liability equates to less than 4,000 miles of in-state mileage.
5. Change from four to eight the number of quarters a carrier may carry over a tax credit before it is to be used or refunded.
6. Authorize the Secretary of Revenue to enter into agreements with other states for the administration of the fuel use tax reporting requirements.
7. Allow carriers the option of dividing tax remittance responsibilities between lessees and lessors differently than required by law if approved by the director of taxation.
8. Adds new language allowing us to file a tax warrant to collect unpaid taxes owed under the act.

A word about Item 6 above. This language (section 4 of the bill) will allow the Department to enter into a multi-state agreement to administer the Interstate Motor Fuel Use Tax Reporting on a base state concept. Under the base state concept, a Kansas-based carrier would be required to register only with Kansas and would pay its tax for all states who were parties to the agreement to Kansas. The Department would be responsible then for apportioning the tax among the states who were members of the agreement. This is similar in principle to the International Registration Plan for registering commercial vehicles.

The base state approach to interstate fuel tax reporting is seen as holding the possibility of significantly reducing the reporting and compliance burden imposed on the industry. The Department would enter into an agreement provided only that the procedures of the agreement were consistent with our law and that no significant additional administrative costs were imposed.

TRUCKS COVERED BY STATE MOTOR CARRIER FUEL USE TAX LAWS

Alabama	truck tractors, trucks with more than 2 axles
Arizona	truck tractors, trucks with more than 2 axles
Arkansas	all carrier vehicles
California	all carrier vehicles
Colorado	all carrier vehicles
Connecticut	truck tractors, trucks with gross weight over 9 tons or light weight over 7,500 pounds
Delaware	truck tractors, trucks with more than 2 axles
Florida	truck tractors, trucks with gross weight over 13 tons, alone or in combination, or with more than 2 axles
Georgia	truck tractors, trucks with more than 2 axles
Idaho	truck tractors, trucks with gross weight over 8 tons
Illinois	trucks or vehicle combinations with more than 2 axles
Indiana	truck tractors, trucks with more than 2 axles
Iowa	truck tractors, trucks with 2 or more axles
Kansas	truck tractors, trucks with more than 2 axles, trucks with gross weight over 6 tons used in combination
Kentucky	vehicles with more than 2 axles
Louisiana	all carrier vehicles except gasoline-powered automobiles
Maine	special fuel users over 3.5 tons and gasoline users over 9 tons
Maryland	truck tractors, trucks with more than 2 axles, trucks with 2 axles operating in combination with a freight trailer that has a registered or operating gross combination weight that exceeds 40,000 pounds
Massachusetts	all carrier vehicles
Michigan	truck tractors, trucks with more than 2 axles
Minnesota	truck tractors, trucks with more than 2 axles
Mississippi	vehicles with gross weight over 12 tons
Missouri	all carrier vehicles
Montana	all carrier vehicles
Nebraska	truck tractors, trucks with more than 2 axles, excluding farm trucks
Nevada	vehicles with a gross weight over 5 tons
New Hampshire	special fuel vehicles with a gross weight over 3.5 tons
New Jersey	truck tractors, trucks with gross weight over 9 tons, alone or in combination
New Mexico	vehicles with gross weight over 13 tons
New York	vehicles with gross weight over 9 tons, alone or in combination, trucks with empty weight over 4 tons, tractors with empty weight over 2 tons
North Carolina	truck tractors, trucks with more than 2 axles
North Dakota	all carrier vehicles
Ohio	truck tractors, trucks with more than 2 axles, trucks pulling trailers that weigh more than 3,000 pounds empty

Oklahoma	all carrier vehicles
Pennsylvania	trucks, truck tractors, and combinations with gross weight over 8.5 tons
Rhode Island	truck tractors, trucks with empty weight of 7,500 pounds or over or with fuel tanks exceeding 30 gallons
South Carolina	truck tractors, trucks with more than 2 axles
South Dakota	truck tractors, trucks with more than 2 axles
Tennessee	vehicles with gross weight over 13 tons or with more than 2 axles
Texas	commercial vehicles with fuel tanks holding at least 60 gallons
Utah	all carrier vehicles
Vermont	all carrier vehicles
Virginia	truck tractors, trucks with more than 2 axles
Washington	all carrier vehicles
West Virginia	truck tractors, trucks with more than 2 axles
Wisconsin	truck tractors, trucks with more than 2 axles

Note: As used in this table, the term truck tractor includes road tractors. The coverage of this table is limited to vehicles designed to carry freight (trucks); many of the states also apply the fuel use tax to buses.

STATEMENT

By The

KANSAS MOTOR CARRIERS ASSOCIATION

Concerning House Bill 3029 which
proposes to amend the interstate
motor fuel use act.

Presented to the House Transportation Com-
mittee, Rep. Rex Crowell, Chairman; State-
house, Topeka, February 26, 1986.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am Mary Turkington, Executive Director of the Kansas Motor Carriers Association with offices in Topeka. We appear here today representing our membership and the highway transportation industry concerning the proposed amendments to the Interstate motor fuel use act.

We understand the revisions suggested on pages 4 and 5 of H.B. 3029 and concur that these amendments would be necessary for the Kansas Secretary of Revenue to accomplish greater uniformity with fuel use reporting requirements in the several states. We support those changes.

The proposed amendment on page one of H.B. 3029 would, we believe, delete a group of vehicles from the "commercial motor vehicle" definition that should continue to be subject to this state's interstate motor fuel use law.

H. Transp. 2/26/86
Attach. 3

Please note that the act no longer would apply to "a two axle truck registered for a gross weight of more than 12,000 pounds used in combination with another vehicle."

Such vehicles were included in the Kansas interstate motor fuel use act because they included such combination vehicles as:

- specialized combinations such as an auto transport unit
- dump trucks operated with a trailer (combination)
- any straight truck pulling a "full trailer" utilized extensively in our neighboring state of Colorado
- mobile home transport units
- other specialized combination units such as those involved in transporting "goose neck" trailers (other than farm vehicles)
- some specialized construction and heavy machinery equipment
- other combinations which the industry believed could utilize such equipment and which therefore should be subject to the interstate fuel use act.

Our industry strongly suggests that this language not be deleted from House Bill 3029 and that the act continue to apply to such combination units. Colorado and Missouri both include such units in their fuel use reporting requirements. We have received no complaints from vehicle owners about this Kansas requirement. We believe there could be some erosion of revenue and we see no compelling reason at this time to make such a change.

I would be pleased to try to answer any questions the Committee may have.

####