

Approved February 18, 1991
Date

MINUTES OF THE House COMMITTEE ON Taxation

The meeting was called to order by Joan Wagnon at
Chairperson

9:05 a.m./p.m. on Wednesday, February 13, 1991 in room 519-S of the Capitol.

All members were present except:

Rep. Keith Roe, excused; Rep. Kent Campbell, excused; Rep. Aldie Ensminger, excused; Rep. Kent Glasscock, excused; Rep. Jim Lowther, excused

Committee staff present:

Chris Courtwright, Research; Tom Severn, Research; Don Hayward, Revisor; Bill Edds, Revisor; Linda Frey, Committee Sec., Douglas E. Johnston, aide

Conferees appearing before the committee:

Chairman Wagnon called the committee to order at 9:05 a.m. for hearings on HB 2164.

Rep. Marvin E. Smith testified in favor of HB 2164 (attachment 1).

Senator Don Sallee testified in favor of HB 2164 (attachment 2).

Ray Hallauer, owner and operator of a bulk plant and a service station in Holton, Kansas, testified in favor of HB 2164 (attachment 3).

James A Grau, President of Mayetta Oil Company, testified in favor of HB 2164 (attachment 4).

Leslie W. Roediger of Roediger Oil Company testified in favor of HB 2164 (attachment 5). He presented statistical data concerning the effect three businesses, located on the Kickapoo reservation, have had on Roediger Oil Company and the loss of state gasoline tax revenues in Jackson county.

Jim Lovvorn, owner of Lovvorn Garage in Holton, presented his views in favor of HB 2164.

Dale Allen of Jackson County testified in favor of HB 2164 (attachment 6).

Bill Cochren, a fuel distributor in Whiting, testified in favor of HB 2164 (attachment 7).

Don Snodgrass, a resident of Topeka, testified in favor of

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Taxation,
room 519-S, Statehouse, at 9:05 a.m./~~p.m.~~ on Wednesday, February 13, 1991

HB 2164 (attachment 8).

Mark Pruitt, a resident of Holton, testified in favor of HB 2164 (attachment 9).

Charles Nicolay, Executive Director of the Kansas Oil Marketers Assn., testified in favor of HB 2164 (attachment 10).

During questioning, Nicolay stated that federal taxes were being collected on the Kickapoo reservation.

A petition of support of HB 2164 was presented (attachment 11). Steve Cadue, Tribal Chairman of the Kickapoo Indian Nation, testified against HB 2164 (attachment 12). He read a letter from him to President George Bush regarding the situation and reminded committee members of their constitutional responsibilities by reading a copy of their oath of office.

Lance Burr, Attorney General for the Kickapoo Nation, testified against HB 2164. He stated that the bill was unconstitutional because it contradicted one clause of the requirements for statehood. He recommended HB 2164 be referred to the House Committee on the Judiciary, but was informed the Tax Committee did not have that authority.

George Wahquahboshkuk, Tribal Chairman of the Prarie Band Potawatomi Nation, testified against HB 2164. He said businesses in nearby Holton that are having difficulties cannot blame businesses on the Potawatomi reservation, which are able to sell gas and cigarettes without charging state taxes.

The chair closed the public hearing and adjourned the committee at 10:00.

GUEST LIST

COMMITTEE:

Separation

DATE:

2/13/91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Lyotta Wessely	Horton, Ks	Kickapoo Nation
Steve Cadde	Horton, Ks	Kickapoo NATION
Jennifer Bayless	Metawaka, Ks	Kickapoo Nation
Mona Parker	Horton Ks	Kickapoo Nation
Thomas A. Ginn	Lawrence, Ks.	Kickapoo Nation
Sandra Keo	Horton, Ks	Sacred Fox Nation
G C Gull	Dallas Tx	ARCO oil & Gas Co -
R Anderson	Atchison Box 7	Midwest Oil & Gas
MARK A. BURGHART	TOPEKA	REVENUE
Mark A. Pruett	Horton	Concerned Citizens
Lucie M. Baidin	TOPEKA	observed
MAEVIN STEBS	TOPEKA	KANSAS OIL MARKETERS
Earl Mueller	Marion	Tomco - Cardinal oil Inc
Robert Edgar	Colby, Ks	The Service Oil Company
Shawn Harvelson	Tapeloa	Ks Oil Marketers Assn.
Joe Yost	Greensburg, Ks	Wilmore Oil Company
Orlin Loucks	Protection, Ks	Loucks Oil
Gay D. Davies	Tracy, Ks	Davies Oil Co & Co KOMA
Carla D. Nissen	Horton Ks	Pottawatomie Reservation
FRANCES KASTNER	TOPEKA	Ks Food Dealers Assn
Don Snodgrass	TOPEKA	OWN
Diak Pearce	Fairview Ks	Horton Transport
Charles Nicolay	TOPEKA	KOMA

GUEST LIST

COMMITTEE: Integration

DATE: 2/13/91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Brian Hamilton	RR#1 Box 276A Hoyt	Native American
Jeanie Hale	Rt 1 Powhattan	Kickapoo in Ks
Ruth Slope	Topoka	KCATV
Edna Lee	970 S. Long Topeka	Kickapoo in TX
Chris Walker	Mayetta	Individual
Terry Guy (Terry Guy)	Meriden	Revenue
Carl Hill	Topoka	Ks Motor Carriers Assn
Armin Samuelson	Herten	Self
Judy Thomas	Rt 1 Mayetta	Individual
Heena D. Edwards	Rt 2, Mayetta	Individual
Mary J. Morrissey	Rt #7 Hoyt	Individual
Jill Morrissey	Rt 1 Hoyt	Tad Payer
John Wilson	Bardonia	State Rep 49th Dist
Sharon McClapp	Mayetta	Prairie Band Potawatomi
Hester Monk	Horton	Prairie Band Potawatomi Tribe
Lance Burr	16 E 13th Lawrence KS	att. gen. of Kickapoo Nation
Genevieve Smith	RR#1 Box 19010 Haviathurst	Kickapoo Tribal Council Member
Karen Cadue	Lawrence KS	Kickapoo Nation
James Nally	Topoka	Next of Kin member
Keith Kuo	Horton, KS.	Kickapoo Tribe
Wilson Wahwasuck	Horton KS	Kickapoo Tribe
Lillian Jones	Horton	

MARVIN E. SMITH
 REPRESENTATIVE FIFTIETH DISTRICT
 JACKSON AND SHAWNEE COUNTIES
 23 N E 82ND STREET
 TOPEKA, KANSAS 66617-2209
 913: 484-3417
 CAPITOL ROOM 155E
 TOPEKA, KS 66612
 913: 296-7646



TOPEKA

HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS
 MEMBER EDUCATION
 TAXATION
 TRANSPORTATION

February 13, 1991

TO: House Taxation Committee
 RE: House Bill 2164

Madam Chairman and Members of the Committee:

Thank you for scheduling a hearing for HB 2164. HB 2164 is an attempt to collect state motor vehicle fuel tax sold on an Indian Reservation to non-Indian customers. The proposal as outlined on page 2, lines 9 through 13, would require the taxes for motor vehicle fuel retailed on an Indian reservation that was sold or delivered to a non-member of the reservation.

Approximately four years ago I was contacted by concerned constituents concerning tobacco, cigarette, sales, and fuel taxes by the Indian Country Station three miles south of Holton on Highway 75. Last fall (1990) as traveling on Highway 75, I observed a 20¢-25¢ lower price at the three outlets compared to prices at Mayetta and Holton.

During mid-November, 1990, I received calls from employees at the truck stop a mile south of Holton that they were losing their jobs because the business was closing. The truck stop did close and posted a notice on their pumps they could NOT compete with those stations that do not pay taxes. The truck stop is a mile and one-half (1½) north of the reservation boundary. Approximately three miles south of the truck stop one station had a sign by their price, "we pass SAVINGS on to our customers!

In early December, 1990, I called Senator Kassebaum's Office in Washington and talked with Dan Bolen on her staff concerning federal taxes on gasoline. I later sent a letter to Senator Kassebaum. Attached is Senator Kassebaum's letter dated December 28, 1990, indicating the federal taxes would be imposed on the sale of gasoline or diesel fuel to non-Indian customers. To date I have not received communication from the Department of Treasury on the status of the three stations on Highway 75 between Mayetta and Holton.

HOUSE TAXATION
 Attachment #1
 02/13/91

House Taxation Committee
Rep. Marvin E. Smith
February 13, 1991

Also attached is a letter to Doris Roediger, Mayetta,
from Senator Kassebaum.

On January 11, 1991, on a trip to Holton, I observed the gas price as \$1.10 at a Mayetta service station. Approximately five miles north at the first reservation station, it was \$.88, next \$.89, and the last \$.89. Most of the prices in Holton were \$1.10. The cars, trucks and 18-wheelers line up to get into the pumps on the reservation. The cars have out-of-state licenses as well as Jackson, Nemaha, Brown, Doniphan, Atchison, Pottawatomie, Marshall, Jefferson and Shawnee counties. This situation has created a "loop-hole" in collection of state taxes of major proportion.

I will appreciate your favorable consideration of HB 2164.

A number of conferees are here today to share their stories with the committee on this issue.

United States Senate

WASHINGTON, DC 20510-1602

December 28, 1990

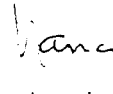
The Honorable Marvin E. Smith
123 Northeast 82nd Street
Topeka, Kansas 66617-2209

Dear Marvin:

Dan Bolen showed me your letter regarding the collection of federal excise taxes on the sale of gasoline on an Indian reservation.

I requested my staff to contact the Congressional Research Service on this issue. The CRS stated that a tribe would be exempt from federal excise taxes provided the gasoline is used for a tribal purpose. It is my understanding that the federal excise taxes would be imposed on the sale of gasoline or diesel fuel to non-Indian customers. In order that this point is clarified, I have forwarded your letter to the Department of the Treasury with a request that they respond directly to you with a copy to my office. To the extent any station is not paying its proper federal excise tax liability, I would assume the Internal Revenue Service would take steps to ensure enforcement.

Warmest regards,



Nancy Landon Kassebaum
United States Senator

NLK:pro

United States Senate

WASHINGTON, DC 20510-1602

December 13, 1990

Maxine - I want to share this information with you - Doris Poole

Ms. Doris L. Roediger
Roediger Oil Company
Route 1, Box 136
Mayetta, Kansas 66509

Dear Ms. Roediger:

Thank you for your letter regarding the sale of tax-exempt gasoline on the Indian reservation adjoining Jackson County.

I contacted the Congressional Research Service (CRS) of the Library of Congress regarding the federal excise tax on motor fuel. The CRS staff stated that Indian tribes are exempt from federal excise tax only to the extent the purchased motor fuel is used for a tribal purpose. Based on the CRS statement, it would appear that a service station operated on an Indian reservation would not enjoy a competitive advantage with regard to federal excise taxes if the gasoline were sold to non-Indians.

With regard to state sales taxes, it is my understanding the Kansas Attorney General has determined the Kansas Legislature can pass legislation providing for the imposition of state sales taxes on the sale of gasoline to non-Indians, even if the station is located within the reservation.

To date, however, the Kansas Legislature has not passed such legislation. I understand such legislation may be introduced when the Kansas Legislature meets early next year. If such legislation is passed by the Kansas Legislature, all service station operators selling gasoline to non-Indians should be on the same competitive footing with regard to federal and state sales taxes.

The business issues surrounding the reservation's tax exemption are not unique to Jackson County. Every county and business district adjoining a reservation must confront the same issues. It is my understanding most counties and tribes have reached mutually acceptable agreements regarding services, tax collection, and business competition. I would think the same could be achieved in Jackson County.

Warmest regards,

Attachment 1-4

Nancy

Nancy Landon Kassebaum
United States Senator

NLK:pro

The first "Indian Country" is no longer owned by Kaul. He sold to non-Indians who are also selling tax free items.

P.S. Kaul is selling gas at 93¢ + 95¢ and diesel at 1.15¢. He sells several thousand cartons of cigarettes a month.

STATE OF KANSAS

COMMITTEE ASSIGNMENTS

DON SALLEE
SENATOR, FIRST DISTRICT
ATCHISON, BROWN, DONIPHAN, JACKSON
AND JEFFERSON COUNTIES
R R 2
TROY, KANSAS 66087



CHAIRMAN: ELECTIONS
VICE-CHAIRMAN: ENERGY AND NATURAL RESOURCES
MEMBER: AGRICULTURE
LABOR, INDUSTRY AND SMALL BUSINESS
TRANSPORTATION AND UTILITIES

TOPEKA

SENATE CHAMBER
February 13, 1991

Thank you Madam Chairman and committee members.
I am Don Sallee, Senator, 1st District.

The problem or issue that is being addressed by HB 2164 has been skillfully covered up by a few people by shifting attention to other issues. Kansas people who are subject to Kansas law should abide by that law. The point in question is, Kansas people who are obligated to pay taxes to support services demanded, must help pay for them, and that money, which should be tax money, not find it's way into the pockets of a few for their personal benefit. This, in my opinion, has nothing to do with the rights of Tribes or the sovereignty of their lands.

It might be noted at this point that 72 percent of the Pottawatamie Reservation is under non-Indian ownership. The Tribes use the services provided by these tax monies. Therefore I know schools, law enforcement, and education are important to a large number of the tribal members. We are not asking tribal members to do anything different. We are only asking they not allow a few people to destroy such activities necessary to the public's welfare, by condoning illegal activities. As you can see, removing the tax on items being sold creates a very unfair business advantage. And, as is happening, if you don't remove all the tax the profit is even greater. We are able to document

HOUSE TAXATION
Attachment #2
02/13/91

Don Sallee
Page 2

350,000 gallons of gasoline and 64,000 gallons of diesel on which tax is being lost each month. We know the figure is greater than this, especially in diesel fuel, and the numbers on both gasoline and diesel continue to grow every month. This is not the total loss since tobacco and sales tax are also involved. At a time when we are so short on revenue and even considering raising taxes I believe it ~~beoves~~^{behoves} us to make every effort to collect taxes from those who are obligated to pay.

I would stand for questions and ask you consider HB-2164 favorably.

February 13, 1991

TESTIMONY ON HOUSE BILL 2164

I own and operate a bulk plant and a service station in Holton. I purchased the bulk plant in 1982 and the service station in January of 1983. At the time of my purchase there were three other stations located on US 75 highway in Holton.

By the fall of 1987 we felt that our business had grown to where we needed more gasoline pumps to handle our customers needs. We added pumps, and also brought our business into compliance with state and federal regulations.

We spent over \$70,000 bringing our business into compliance with the Environmental Protection Agency and the Kansas Department of Health and Environment regulations. In 1989 we did a site study through the Phillips 66 Company's New Construction Incentive Program to raze and rebuild a new outlet. The site study indicated we should be able to sell 2.3 million gallons of gasoline per year provided all prices were competitive.

By mid 1990 the reservation opened their third gasoline station, and by the end of 1990 our volume had dropped by 50%. Our new construction program has been put on hold. We had to lay off 50% of our employees to hold cost to a reasonable level. We reduced the profit on each gallon of gasoline to stay as close to the reservation price as possible, and to avoid the loss of valuable customers.

The site of my station was once considered a prime location, but with three stations closed down we cannot consider the property a prime location any longer.

As of July 1st another cent will be added to the state motor fuel tax, which will make our prices and reservation prices farther apart.

It will not be to my benefit to stay in the gasoline business unless this problem is immediately corrected. We cannot survive where there are laws and regulations for some and not for others. In order for business to operate profitably, they must all abide by the same laws and regulations. This is not the case today in northeast Kansas.

Until the situation is corrected, every individual who chooses to use these reservation services will benefit from the tax exempt fuel. Business in northeast Kansas and the other citizens of Kansas will be the ones required to make up for the lost revenues.

With the state of Kansas being the ultimate victim, I feel that it is up to you to determine the outcome of this tax issue.

Ray Hallauer

HOUSE TAXATION
Attachment #3
02/13/91

Ray Hallauer



James A. Grau, Owner
 Doris Johnson, Secretary
 Mike Jewell, Delivery

MAYETTA OIL COMPANY

Propane - Gasoline
 Box 95, Mayetta, Kansas 66509



Office (913) 966-2777
 Station 966-2696

February 13, 1991

Kansas State Taxation Committee
 State of Kansas
 Topeka, Kansas

The following figures represent the change in our business relating to collection and payment of taxes to the State of Kansas with regard to gasoline sales. The location of this business is on US 75 highway at Mayetta, Kansas.

Year	Gallons Sold	Tax Rate	Tax Paid	* Tax Impact
1987	210,420 gallons	@.11	23,146.20	33,667.20
1988	172,972	@.11	19,026.92	27,675.52
1989	147,898	@.11	16,268.78	23,663.68
1990	138,817	@.16	22,210.72	22,210.72

* Tax Impact for comparison purposes uses current tax rate showing a current net loss of tax revenue for 1990, based on 1987 gallons sold of \$ 11,456.48.

Because of the lower frequency of customer transactions, there is and additional direct sales tax revenue loss on collateral sundry sales of cigarettes, and other related items which is estimated at \$ 4,800.00 for the year of 1990.

Total estimated loss to the State of Kansas in tax revenue for the State for 1990 is \$ 16,256.48.

Respectfully submitted,

James A. Grau
 President

HOUSE TAXATION
 Attachment #4
 02/13/91

Roediger Oil Company
Leslie W. Roediger
Rt. 1
Mayetta, Ks. 66509
(913) 966-2688

9/11/91

To the Chairman and Members of the Kansas Legislature:

I am here at the request of Rep. Marvin Smith to share the information I have available concerning this situation.

The first chart shows our wholesale gasoline purchases between January, 1987 and February 1990. The pattern preceding 1987 was repetitive of what is shown for the most part of the year. The areas of the opening of the three reservation businesses can easily be seen as a severe and continuing decrease in gallons purchased per month.

The second chart rounds these figures off on a yearly basis, showing an overall decrease of about 20% per year. As a result, total sales for this four year period are off by about 132,000 gallons.

The third chart shows the amount of State Motor Fuel Tax revenues for the same period. To be more representative, the figures have been adjusted to correspond to current tax levels of 16¢ per gallon. As you can see we began this period in excess of five thousand, five hundred dollars per quarter and closed out at barely over nineteen hundred per quarter. This represents a tax loss of approximately 54% in State taxes alone.

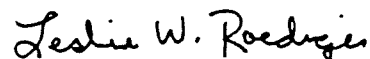
The fourth chart is representative of our collected Kansas state and Jackson county taxes during this period. Without adjustment for a 1.25% increase in 1990, it still indicates a decrease in sales tax revenues of more than 46%.

As for the effect this has had on the structure of our business, I will not even bother to bring forth the figures. It should be sufficient to state that this established business which has been successfully operating for over 45 years is teetering on the edge of bankruptcy. Several Jackson County businesses have already suffered this fate, due exclusively to Reservation taxation problems we are addressing here today.

Immediate action is needed or many more businesses will succumb to unfair competitive advantage held by a few people involved in this illegal border trade.

The economic security of Northeast Kansas depends entirely on what changes are made and especially how long they take.

Respectfully,

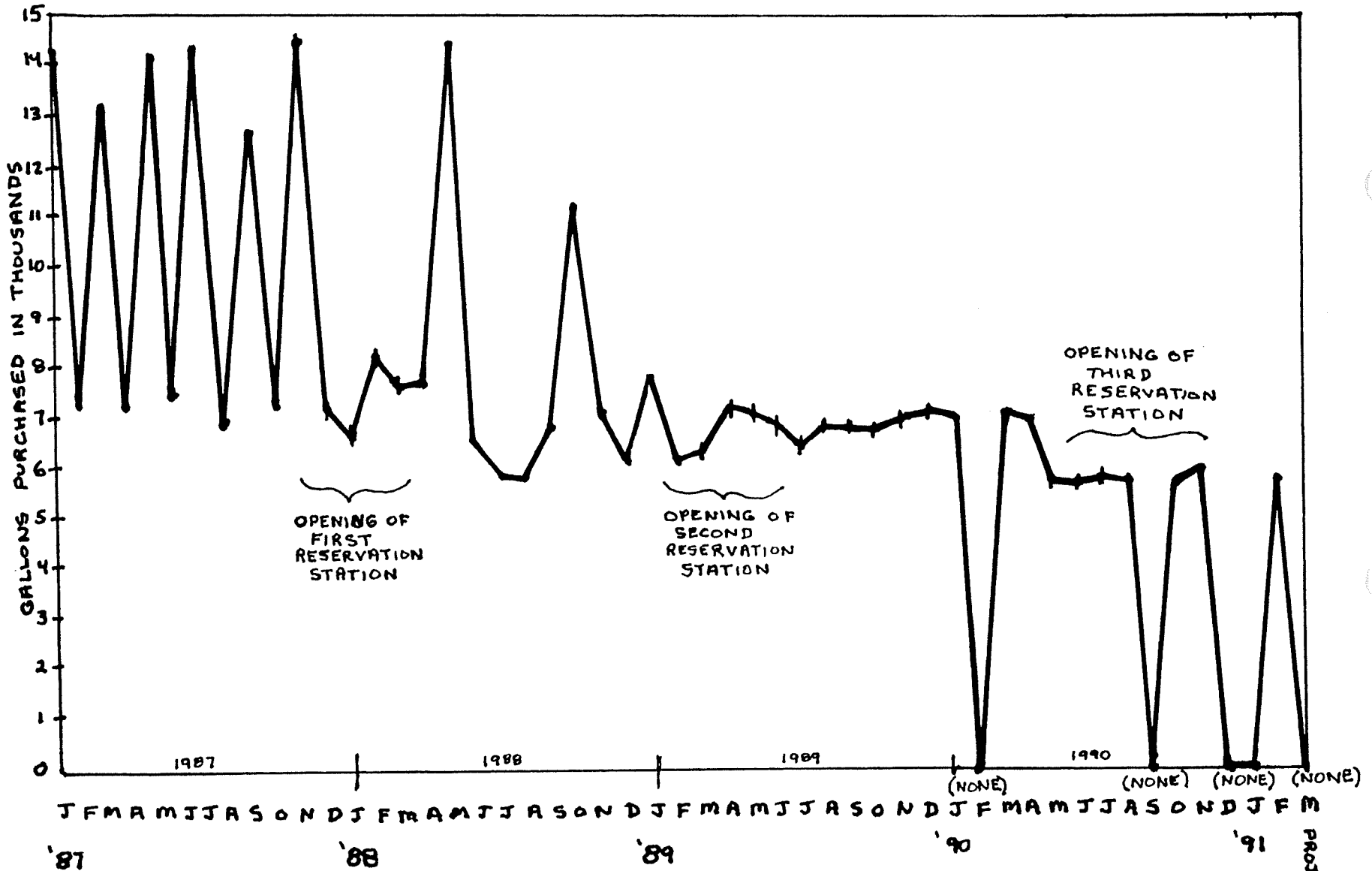


Leslie W. Roediger

HOUSE TAXATION
Attachment #5
02/13/91

ROEDIGER OIL Co. Mayetta, Ks.

MONTHLY GASOLINE PURCHASES 1.-1-87 / 2-11-91



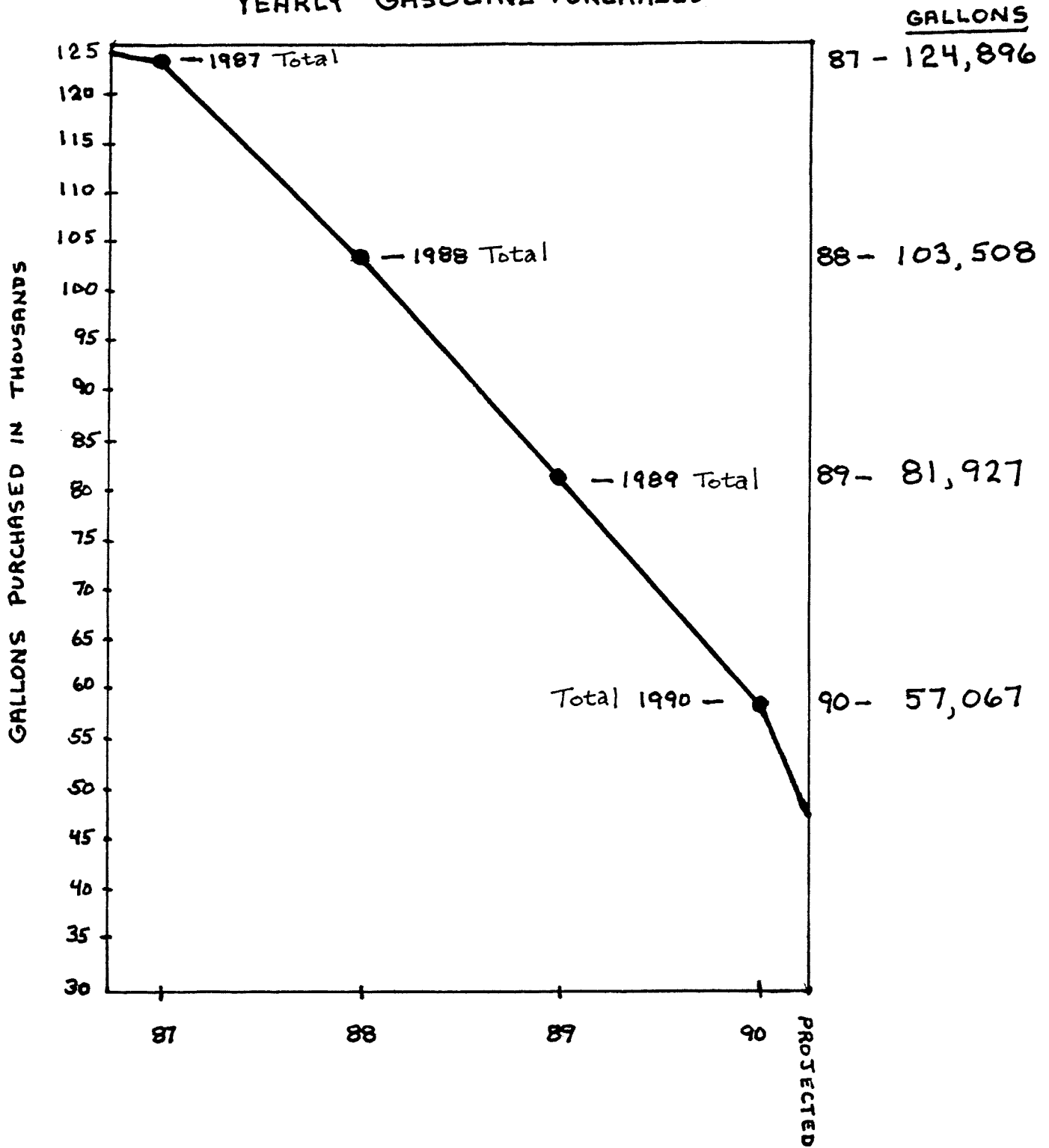
Relates gallonage purchased per month to the opening of the reservation stations. Figures correlate directly to decreases in Motor Fuel Tax revenues.

Leslie W. Roediger 2-11-91

PROJECTED

ROEDIGER OIL COMPANY, MAYETTA, KS.

YEARLY GASOLINE PURCHASES

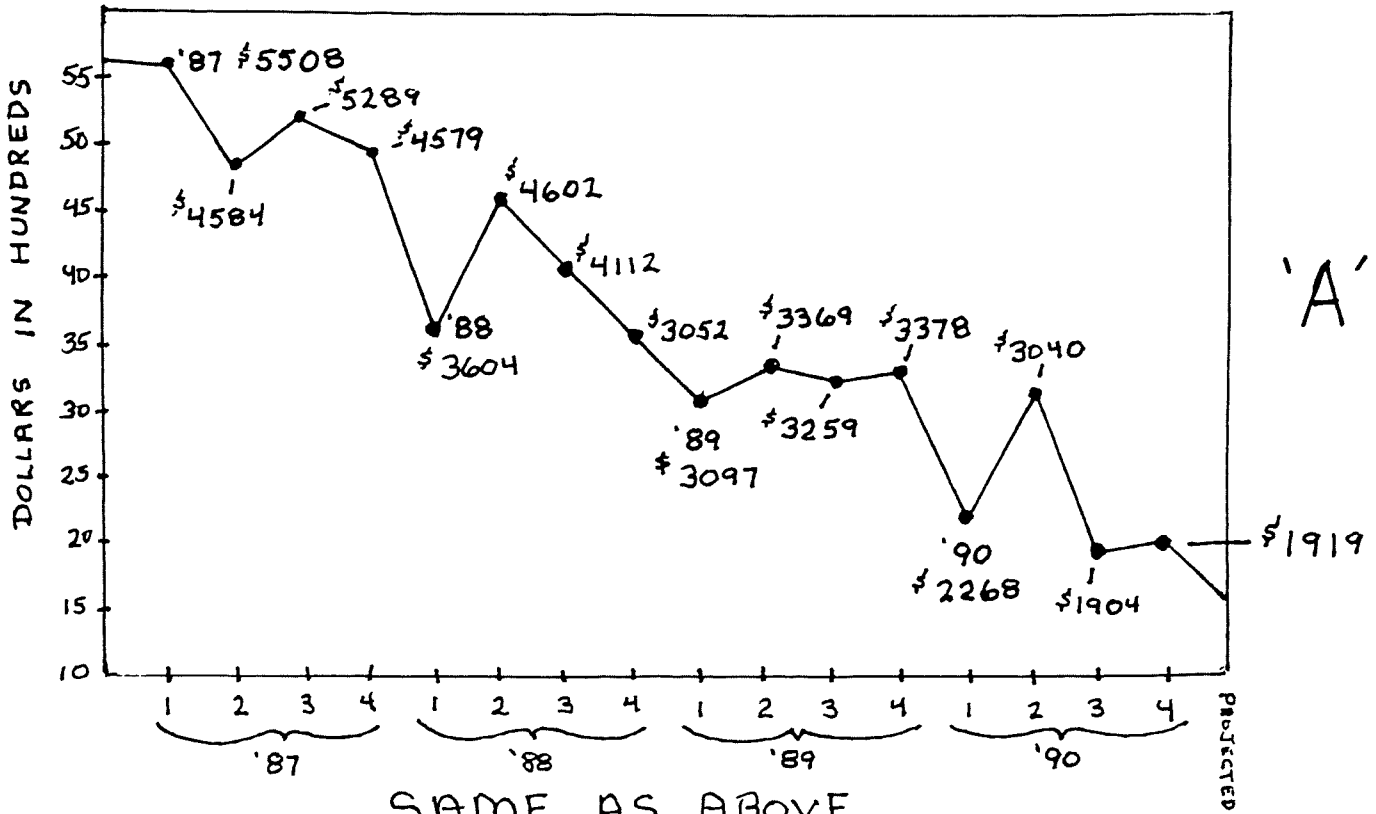


Attachment 5-3

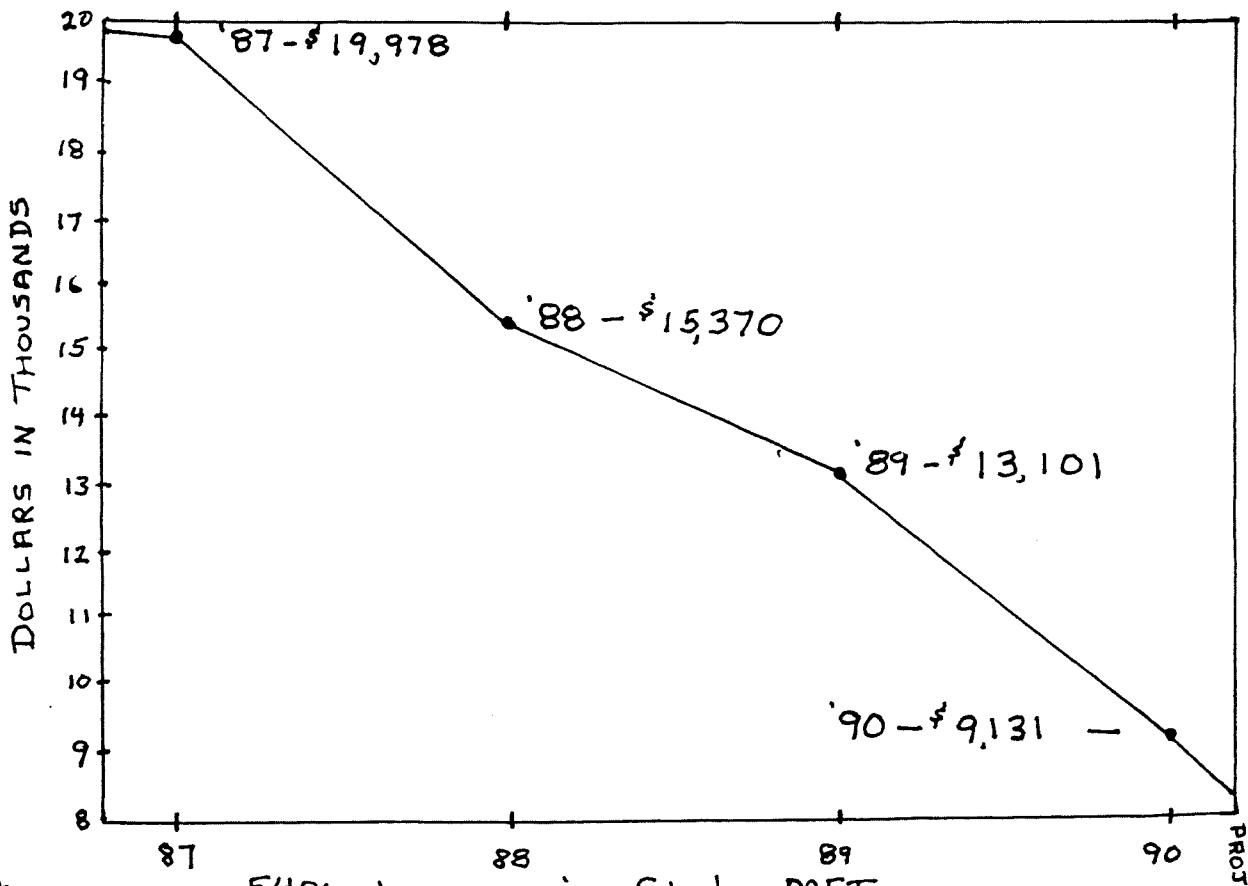
Leslie W. Roediger
2-11-91

Chart # 2

STAT MOTOR FUEL TAX COLLECTED
 Adjusted to 1990 (16¢ per gallon)
 QUARTERLY REPORT



SAME AS ABOVE
 Yearly Report



Shows over 54% decrease in State MFT revenues between 1987 and 1990.

Leslie W. Fordyis

KANSAS and JACKSON CO. SALES TAX

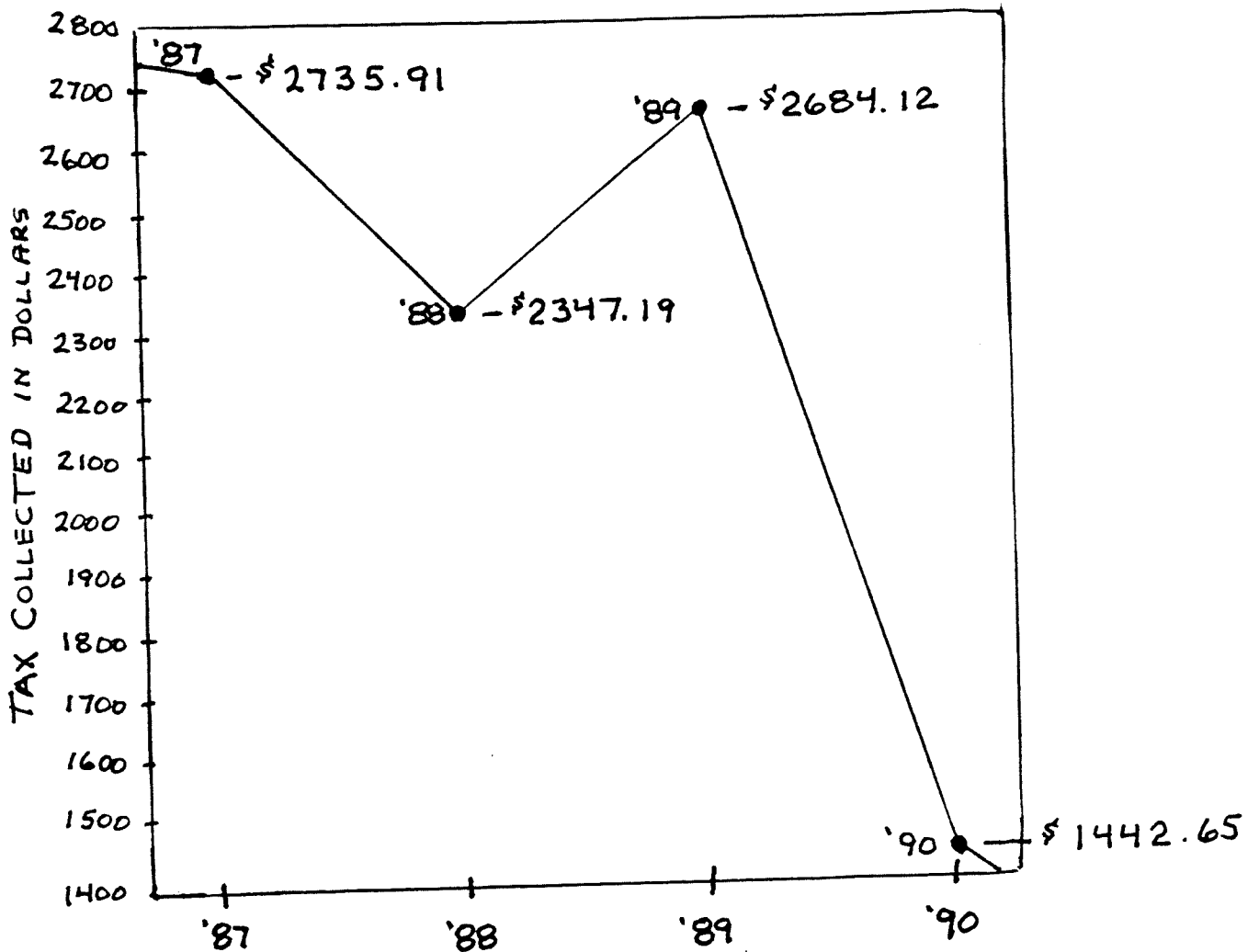


CHART IS NOT ADJUSTED TO COMPENSATE FOR A RISE FROM 5% to 6.25% in 1990.

Shows over 46% decrease in gross sales tax revenues between 1987 and 1990.

Attachment 5-5

Leslie W. Rediger

2-11-91

My name is Dale Allen. I am a resident of Jackson County. I am a proponent of House Bill 2164.

I am a tax paying citizen, concerned about ever increasing government budgets and tax levies required to provide services to meet the needs of the people. The service I refer to today is highways. I am even more concerned about the base values to which budgets are applied or sales and other values to which tax levies are applied that they remain limited from tax exemptich status.

I believe that highway service should be paid for by those that use without exception. I also believe that those who benefit from highway service should be willing to collect mandated fees and return to governmental state which supplied the service. No nation or state is an island, everyone uses and benefits from highway services. No nation, state or individual can survive alone.

House Bill 2164 implemented can be a vehicle by which tax may be rightfully collected and returned to state for purchases made by users of highway service. The State of Kansas, willing to provide highway service should be allowed to collect tax revenue. I would ask that you consider and pass House Bill 2164.

Thank you.

February 13, 1991

House Bill No. 2164

Madam Chairman and members of the House Taxation Committee, I am Bill Cochren of Whiting.

I am a fuel distributor, primarily in the sale and delivery of fuel to farmers.

I am in favor of this bill because it will correct what is now an unfair situation. For some to not pay taxes and yet solicit all customers is not fair for those who want the same customer but must pay the taxes.

Within the last year and a half the State of Kansas has increased this tax by 5 cents to help maintain and improve our highways. These taxes are a burden which must be paid by all.

Those who retail fuel and do not pay their equal share of taxes have a very profitable advantage. This legislation will let all who compete in this business start from a level playing field.

Sincerely,



Bill Cochren

HOUSE TAXATION
Attachment #7
02/13/91

HOUSE TAXATION COMMITTEE

Feb. 13, 1991

SUPPORTING HB 2164

I am Don Snodgrass, resident of Topeka. I support HB 2164 as it is written. We passed a massive highway bill several years ago and we need all the money that is collected, plus the money that's NOT being collected.

People who buy fuel at stations north of Mayetta and south of Holton do not pay their fair share of taxes on fuels.

Loads of fuel going to those three stations for the most part are billed to some place else, such as Paxico or Lucas, Kansas. The Consignee should be held accountable for the tax, then they could not deduct the tax before delivery. The Distributor's License Number entered on the Bill of Lading at the point of loading is the Consignee Number by law, so the State has a tracking mechanism in place.

This bill will see that competition in that area along US-75 is fair and just for everyone. Privately owned stations in that area do pay the tax and have an unfair disadvantage imposed upon them by the current practice.

I hope this committee will pass HB 2164. Thank you for letting me express my ideas and I will answer any questions you have.

Don Snodgrass

HOUSE TAXATION
Attachment #8
02/13/91

This bill introduced by Rep. Smith is finally a step in the right direction regarding the taxation of motor fuels sold on the reservations. I believe this is the only way that the state can be assured of collecting the taxes from non Native Americans purchasing fuel on the reservation. The tax that the Tribal Councils are proposing, will not benefit the state in any way, as all moneys will go to the tribe. This is well and good for the tribe, but we should be looking at a far bigger picture. A percentage of the fuel tax is earmarked for funding the expansion of "75" highway, but this might never become a reality if we do not have the projected amount of funds coming in. It is not reasonable for the tribes to believe that they can get something, such as a new highway for nothing. I cannot understand why they are making such a point out the fact that they are going to levy a reservation tax. If they were serious about doing this, it would have been done when the first station opened over two years ago. These reservation stations have already forced one station in Holton out of business due to unfair pricing and put a severe strain on several others. Mr. Burr has stated that the State can do nothing on or off the reservation that will impair Indian rights. If this is true we may as well close the doors to the Statehouse. Because if you try to enact any law that the tribes don't like, all they need to do is say it impairs Indian rights. I urge you to support this bill

Mark A. Ruett

HOUSE TAXATION
Attachment #9
02/13/91

**STATEMENT
OF THE
KANSAS OIL MARKETERS ASSOCIATION**

**BEFORE THE
HOUSE COMMITTEE ON TAXATION**

FEBRUARY 13, 1991

HOUSE BILL NO.2164

HOUSE TAXATION
Attachment #10
02/13/91

Madam Chair and Members of the Committee:

My name is Charles Nicolay. As executive director of the Kansas Oil Marketers Association, I appreciate the opportunity to be here today in support of House Bill 2164.

As licensed fuel distributors, our members have a long history of reliable, timely collection of motor fuel taxes for the state of Kansas. Since such taxes are earmarked for highways, our members are acutely aware of the importance of these taxes not only to their economic existence, but also to the economic welfare of the entire state.

Our concern, therefore, about the major issue of this bill is that the state is losing tax revenue on thousands of gallons of gasoline when that gasoline is purchased by nonmembers of the reservations.

First, let me state unequivocally that we support the sovereign nations status that gives reservation members the right to purchase tax exempt those products used on their own lands, but we cannot condone the unfair competitive disadvantage that is created when the general public is permitted to evade taxes owed the state of Kansas by purchasing tax-exempt products on the reservations.

To date, a number of businesses have been injured by this injustice. I know of two that have ceased doing business because their owners could not withstand the unfair competition.

To illustrate, let us assume that service station A is selling gasoline upon which the state imposes a 16 cents per gallon tax. Station B, a neighboring competitor, is not required to collect the 16 cents for the state. "B" can reduce his price by 10 cents per gallon and still maintain a 6 cent margin over "A."

Clearly this scenario, though hypothetical, is possible....and probable. It is evident that an unfair competitive disadvantage is the result.

To allow nonmember motorists to purchase tax-free fuel intended for members' use is an inequity that is solidly anti-competitive. Furthermore, these same motorists are using that tax-free fuel to propel their vehicles on the public highways of our state, those same public highways that the rest of us are paying 16 cents a gallon to maintain.

For these reasons, our association supports House Bill 2164.

Thank you for allowing me to address this issue. I will try to answer any questions you may have.

We, the undersigned citizens of Kansas, would like to express our support of House Bill # 2164 requiring distributors to pay the State Motor Fuel Tax on all fuels sold to stations on Indian Reservations.

Name	Address	Name	Address
Bruce Bentley	WHITING, KAN	MARK Carlson	Holtan, KS
Des Gray	Holtan, KS	Jean Swathley	Holtan, KS
Charles Hays	Holtan, KS	R. M. Bell	Holtan
Willard Clark	Holtan, Kansas	William C. Jorde	Holtan, KS
Mary Brunner	Wathena	Roger Megli	Holtan, KS
Tom McAney	Holtan	Sandi Megli	Holtan, KS
Joe Barnes	Holtan	Jerry Bousar	Wetmore, KS
Scott Culman	Holtan	Chiff Greger	Denison, KS
Stan Gale	Holtan	Sue Hallam	Holtan
Ken Heaton	Holtan	Bill Boetcher	Holtan
George E. Wight	Denison	Lewis Wisin	Wetmore
W. R. Wright	Denison	Wharren J. Allen	Holtan, KS
Glenn Wright	Denison	Don Wickmer	Holtan, KS
Mike Harris	Holtan	Don Saunberg	Holtan, KS
Kevin Horr	Holtan	Donald Brody	Holtan, Kansas
Judy Smith	Holtan	Donna Jean Brody	Holtan, KS
Dan Bohannon	Denison	Joe Collins	Holtan, KS
Dan DeBake	Holtan	Lisa Valley	Holtan
John T. Jose	Topeka	Jan M. Mott	Holtan, KS
Lyli Allen	Circleville	Charles A. Robinson	Holtan, KS
Darwin Tamm	Holtan	Richard G. Maloney	Holtan, KS
F. Wayne Allenbury	Holtan	Bob Connor	Wathena, KS
John McManis	RR2 Holtan, KS	Zora C. Martin	Holtan
W. Brian Spalting	RR1 Holtan, KS	Judy Smith	Holtan
Ronald A. Banette	RR1 Circleville, KS	John Bell	Holtan
John	Holtan	Amanda Spalting	Holtan, KS
Nancy Stage	Holtan	Berry Patti	Denison

We, the undersigned citizens of Kansas, would like to express our support of House Bill # 2164 requiring distributors to pay the State Motor Fuel Tax on all fuels sold to stations on Indian Reservations.

Name	Address	Name	Address
DAVID D SMITH	666 Wyoming	Joy Brunton	Mayetta
MR. & MRS. Jack West	RR 2 Holton	Lu Ansh	RR1 Denison
Ellen Lacy	R#1 Wetmore	J Bondage	RR #1 WHITING
Kathy Johnson	609 Kansas ^{Holton}	Paul Kennedy	Mayetta
Lynne Lacy	RR4 Box 122	Allan Limmer	Soldier Ks.
Josephine	Soldier Ks.	Charles Rogers	Holton Ks.
	Box 43 RR 1		
	Netawaka, Ks		
Jeff Harshaw	Holton, Ks	John E. Manning	Wetmore, Ks
MaJo Henry	Mayetta Ks	Al Pe Doux	R#1 Holton, Ks
Jim Henry	Toff, Ks.	Roy Hallauer	Holton, Ks
James M. Day	Holton, Ks	Wally Hawthorne	308 Linc Drive
Charles L Reynolds	Circleville Ks	Harold Hodge	623 W 7TH
Vera M. Reynolds	Circleville, Mo.	Ralph A. Pady	410 Kansas
Brian D. Cato	Holton Ks.	Roger McAsey	Rt 1 Holton
John	Whiting Ks	Janice Uhl	Rt 1 Holton
Faryn Hunter	Mayetta Ks	Marcia McKee	1000 Grove - Holton
June	Valley Falls	John	Holton
Angie Ann Mulla	Holton Ks	Don Collier	Holton
Eyl Zhorshy	Holton Ks	Steve Fathun	Holton
Wayne Ruschik	Soldier	Mary Tressendorf	Circleville
Theresa Ruschik	Soldier	Karen Bonyer	Holton
Mary Clark	Holton	Marvin Long	Holt Ks
Lisa Hickman	Holton	Richard Brown	Whiting, Ks.
Star Mauer	Holton	Joy Clements	Holton Ks
Don Ballock	Hanneyville	Ray Hallauer	Holton, Ks
Fred Digg	Netawaka	Gravis McCauley	Holton Ks
Dave Swales	Holton	Gene Cies	Holton Ks
Wendell	Holton	Howard E. Drib	Holton, Ks.

We, the undersigned citizens of Kansas, would like to express support of Senate Concurrent Resolution #1605 concerning US-75 Hiway relocation, and State taxation on Indian reservations.

Name	Address	Name	Address
Rube Antener	Mayetta, Ks		
Mary Mabe	Mayetta Ks		
J. R. McCauley	Mayetta		
Vivian M. McCauley	Mayetta,		
Douglas Hug	Mayetta		
David Hug	Hoyt Ks.		
Dean Ing	Mayetta Ks.		
Bill Jewell	Mayetta Ks.		
Shirley Dean	Mayetta, Ks.		
D. Wayne	Mayetta Ks		
Karla Gray	Mayetta, Ks.		
Tom Stiers	Mayetta, Ks.		
Phyllis Howe	Topeka, Ks		
Robert Reynolds	Mayetta Ks		
A. D. Reed	Mayetta Ks.		
Jess E. Risher	Mayetta		

KICKAPOO TRIBE IN KANSAS

P.O. BOX 271 HORTON, KANSAS 66439-0271
PHONE: (913) 486-2131 FAX: 913/486-2801

ADDRESS ON KANSAS HOUSE BILL 2164. FEBRUARY 13, 1991.

My name is Steve Cadue and I am the elected tribal chairman of the Kickapoo Indian Nation with six other elected tribal council people. The governing power of the Kickapoo Nation are inherent and these sovereign powers of self-government are recognized in treaties made between the Kickapoo Nation and the United States of America. These powers are subject to qualification by treaties and by express legislation of the United States Congress.

It should be understood by this state of Kansas legislative committee that the Kickapoo Nation practiced Indian self-government long before the organs of Kansas state government were established. It was the Kickapoo's cession of thousands of acres of land that enabled the first settlers a place to be called Kansas. The honored founders of the Kansas Enabling Act and the Kansas Constitution so recognized the sovereign powers of the Indian Nations.

Now House Bill 2164 asks this committee to violate the Indian Nation treaties, the federal constitution, and the Kansas Constitution. Today HB 2164 asks this committee to ignore the federal constitution, to ignore supreme Indian treaty law, and finally, to ignore the Kansas constitutional law. Good government cannot ignore civilization and law.

The Kickapoo people ask now that you reaffirm the civilization values of all people, the laws of all men and do not recommend passage of HB 2164.

HOUSE TAXATION
Attachment #12
02/13/91