

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 29, 2008 in Room 519-S of the Capitol.

All members were present except Representative Peck - Excused

## Committee staff present:

Chris Courtwright, Legislative Research Department  
Gordon Self, Office of Revisor of Statutes  
Ryan Hoffman, Legislative Research Department  
Richard Cram, Department of Revenue  
Rose Marie Glatt, Committee Secretary

## Conferees appearing before the committee:

Hank Avila, Legislative Research Department  
Deb Miller, Secretary of Transportation

## Others attending:

See attached list.

The following bill introductions were requested:

Representative Powell requested a bill introduction pertaining to coins and precious metals. Representative Wilk moved the motion, seconded by Representative Owens. The motion carried.

Representative Owens requested the introduction of the following three bills:

- A bill pertaining to immigration. The concept is that any business owner that knowingly hires an illegal immigrant would lose any current tax exemptions. Representative Carlson seconded. The motion carried.
- A bill to introduce a resolution to the federal government that would request the federal government consider the same approach for business owners as listed above. Representative Carlson seconded. The motion carried.
- A bill to introduce a resolution to change the US Constitution regarding the way we approach children born in this country. That children, born in the US, would have the same status as their parents, instead of becoming an automatic US citizen. Representative Carlson seconded. The motion carried.

Representative Siegfried requested the introduction of the following four bills:

- An expensing bill through the Committee. Representative Wilk seconded. The motion carried.
- A bill regarding a reimbursement for collection of sales tax. Representative King seconded. The motion carried.
- A bill that would allow the option of destination of origin sourcing for businesses in Kansas. Representative Carlson seconded the motion. The motion carried.
- A bill pertaining to property tax that is statutory, not constitutional. Representative Wilk seconded. The motion carried.

The Chairman turned the Committee's attention to the subject of Motor Fuel Taxes. He thanked Secretary Miller for the presentations at the joint session of Taxation and Transportation on Monday, January 28th. He said the speakers provided an informative look at the transportation issues and challenges of tomorrow.

The Chairman invited Hank Avila, Kansas Legislative Research Department, to provide a statutory

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 29, 2008 in Room 519-S of the Capitol.

review of motor fuel taxation. Mr. Avila distributed two spreadsheets; the first reflected data on Kansas motor fuel tax receipts and selected rates for selected years. The second is a memorandum from KDOR, which gives a contextual view of fuel taxes. (Attachment 1).

Mr. Avila reviewed a memorandum, provided Bruce Kinzie, Office of the Revisor, regarding the statutory history of motor-vehicle fuel tax(Attachment 2). The first motor fuel tax was enacted in 1926. He reviewed the incremental changes in the motor-vehicle tax laws to date. He answered questions regarding future projections, etc. In conclusion, he stated that two years ago Texas established a task force charged with developing new ways to save money on highways. As a result, they produced a whole series of recommendations. He suggested the Committee might be interested in their findings.

Secretary Miller returned to the podium to elaborate on issues presented at yesterday's hearing. She expressed appreciation for the opportunity to step back and explore future transportation challenges for the state and nation.

In response to a question about the \$.40 motor fuel tax increase quoted at yesterday's meeting; she explained how that number was determined. A study commission in Washington D.C. released its report, based on considerable analysis, derived from data from a variety of sources. That commission projected that, as a nation, we should be spending this much money, compared to what we are spending today. Large increases were recommended in order to fill that gap. The \$.40 quote represents the high side of their scale. The ratio of dollars spent on roads is approximately 40 % federal and 60% state and local. KDOT administers the federal funds as well as state funds. She explained the funds spent on major Kansas highway improvements and additions, which were totally funded by Kansas.

She discussed the looming crisis on local road systems, particularly in the rural areas of the state. Kansas has a large amount of old public roads, built when there were few natural impediments that will become an ever increasing maintenance expense for local and state governments. Increased activity of railroads in rural areas is another issue the state needs to address.

Discussion followed regarding: Vehicle Mileage Tax (VMT) ; Impact of weight and size of vehicles on roads; Future use of a Global Positioning System (GPS); Impact of increased traffic due to increased growth in Johnson County; Alternative roadways; and Use of tolling mechanisms on certain roads..

Discussion ensued regarding the importance of options such as light rail and rapid bus transit. Ms. Miller stated she would provide information on the number of riders required to provide a profitable return on investment.

The Chairman thanked Ms. Miller for her input. The meeting adjourned at 10:30 a.m. The next meeting is January 30, 2008.



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January 16, 2008

**To:** House Transportation and Taxation Committees  
**From:** Hank Avila and Chris Courtwright  
**Re:** Kansas Motor Fuel Tax Rate and Receipts History

## Kansas Motor Fuel Tax Receipts and Selected Rates for Selected Years (\$ in thousands)

		<u>Gasoline</u>	<u>Diesel</u>
FY 1930	\$8,827	\$0.03	---
FY 1940	\$10,054	\$0.03	---
FY 1950	\$26,122	\$0.03	\$0.03
FY 1960	\$39,487	\$0.05	\$0.07
FY 1970	\$81,402	\$0.07	\$0.08
FY 1980	\$118,906	\$0.08	\$0.10
FY 1990	\$224,356	\$0.15	\$0.17
FY 2000	\$358,569	\$0.20	\$0.22
FY 2001	\$358,899	\$0.20	\$0.22
FY 2002	\$374,701	\$0.21	\$0.23
FY 2003	\$411,619	\$0.23	\$0.25
FY 2004	\$423,853	\$0.24	\$0.26
FY 2005	\$425,556	\$0.24	\$0.26
FY 2006	\$428,166	\$0.24	\$0.26
FY 2007	\$434,047	\$0.24	\$0.26

# Memorandum

**Identifying Information:** **Tax Rates**  
**Tax Type:** **Motor Vehicle Fuel Tax**  
**Brief Description:** **Historical Tax Rates from 1925 to Present**  
**Keywords:**

**Body:**

Kansas Department of Revenue, Research and Revenue Analysis

**Kansas Motor Fuel Tax Rates**

[Motor fuels tax is per gallon; trip permits are each; oil inspection fee is per barrel (50 gallons)]

Legislative Session Year	Effective Date	Fiscal Year	Gasoline	Gasohol	E-85 Gasohol	Diesel	LP-Gas	Compressed Natural Gas*	Motor Carrier Trip Permits	Inventory Tax	Oil Inspection Fee (bbl)
1925	5-1-25	1925	\$0.02								
1929	4-29-29	1929	\$0.03								
1935	7-1-35	1936	\$0.03								
1941	7-1-41	1942	\$0.03			\$0.03	\$0.03				\$0.03
1945	3-1-46	1946	\$0.04			\$0.04	\$0.04				\$0.03
1949	4-1-49	1949	\$0.04			\$0.04	\$0.04				\$0.03
1949	7-1-49	1950	\$0.05			\$0.05	\$0.05				\$0.005
1955	7-1-56	1956	\$0.05			\$0.07	\$0.07				\$0.005
1956	7-1-56	1957	\$0.05			\$0.07	\$0.05				\$0.005
1957	7-1-57	1958	\$0.05			\$0.07	\$0.07				\$0.005
1959	7-1-59	1959	\$0.05			\$0.07	\$0.05				\$0.005
1969	7-1-69	1970	\$0.07			\$0.08	\$0.05			\$0.02	\$0.005
1971	7-1-76	1972	\$0.07			\$0.08	\$0.05		\$3.00	\$0.02	\$0.005
1976	7-1-77	1977	\$0.08			\$0.10	\$0.07		\$3.00	\$0.01	\$0.005
1977	3-1-76	1978	\$0.08			\$0.10	\$0.07		\$5.00	\$0.01	\$0.005
1979	7-1-77	1980	\$0.08	\$0.03		\$0.10	\$0.07		\$5.00	\$0.01	\$0.005
1979	7-1-79	1981	\$0.08	\$0.04		\$0.10	\$0.07		\$5.00	\$0.01	\$0.005
1979	7-1-80	1982	\$0.08	\$0.05		\$0.10	\$0.07		\$5.00	\$0.01	\$0.005
KAR*	7-1-81	1982	\$0.08	\$0.05		\$0.10	\$0.07	\$0.07	\$5.00	\$0.01	\$0.005
1979	5-1-82	1983	\$0.08	\$0.06		\$0.10	\$0.07	\$0.07	\$6.00	\$0.02	\$0.005
1983	7-1-83	1984	\$0.10	\$0.06		\$0.12	\$0.09	\$0.09	\$6.50	\$0.02	\$0.005
1983	1-1-84	1984	\$0.11	\$0.06		\$0.13	\$0.10	\$0.10	\$6.50	\$0.01	\$0.005

1985	7-1-85	1986	\$0.11	\$0.07		\$0.13	\$0.10	\$0.10	\$6.50	\$0.01	\$0.005
1985	7-1-86	1987	\$0.11	\$0.08		\$0.13	\$0.10	\$0.10	\$6.50	\$0.01	\$0.005
1987	7-1-87	1988	\$0.11	\$0.11		\$0.13	\$0.10	\$0.10	\$6.50	\$0.03	\$0.005
1989	7-1-89	1990	\$0.15	\$0.15		\$0.17	\$0.14	\$0.14	\$8.50	\$0.04	\$0.005
1989	7-1-90	1991	\$0.16	\$0.16		\$0.18	\$0.15	\$0.15	\$9.00	\$0.01	\$0.005
1989	7-1-91	1992	\$0.17	\$0.17		\$0.19	\$0.16	\$0.16	\$9.50	\$0.01	\$0.005
1989	7-1-92	1993	\$0.18	\$0.18		\$0.20	\$0.17	\$0.17	\$10.00	\$0.01	\$0.005
1990	7-1-90	1991									\$0.01
1996	7-1-96	1997									\$0.015
1999	7-1-99	2000	\$0.20	\$0.20		\$0.22	\$0.19	\$0.19	\$11.00	\$0.02	\$0.015
<b>2001</b>	<b>7-1-01</b>	<b>2002</b>	<b>\$0.21</b>	<b>\$0.21</b>		<b>\$0.23</b>	<b>\$0.20</b>	<b>\$0.20</b>	<b>\$11.50</b>	<b>\$0.01</b>	<b>\$0.015</b>
<b>2002</b>	<b>7-1-02</b>	<b>2003</b>	<b>\$0.23</b>	<b>\$0.23</b>		<b>\$0.25</b>	<b>\$0.22</b>	<b>\$0.22</b>	<b>\$12.50</b>	<b>\$0.02</b>	<b>\$0.015</b>
<b>2002</b>	<b>7-1-03</b>	<b>2004</b>	<b>\$0.24</b>	<b>\$0.24</b>		<b>\$0.26</b>	<b>\$0.23</b>	<b>\$0.23</b>	<b>\$13.00</b>	<b>\$0.01</b>	<b>\$0.015</b>
<b>2006</b>	<b>1-1-07</b>	<b>2007</b>				<b>\$0.17</b>					

\* Kansas Administrative Regulations, 92-14-9. 120 cubic feet of compressed natural gas equals one gallon.

Sources: Kansas Statutes Annotated: 55-426;79-34,141;79-34,118 and KAR 92-14-9  
 Kansas Department of Revenue, Motor Fuel Tax Section  
 Kansas Legislative Research, KANSAS TAX FACTS, various  
 Kansas Department of Transportation, SELECTED STATISTICS, various  
 Kansas Administrative Regulations

**Date Composed: 10/06/1997 Date Modified: 03/29/2007**

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**MEMORANDUM**

**To: Joint meeting of:  
House Taxation and Transportation  
Senate Assessment and Taxation and Transportation**

**From: Bruce Kinzie**

**Date: January 28, 2008**

**Re: Tax on motor-vehicle fuels**

- The first motor fuel tax was enacted in 1926.
- In 1928 Article 11 section 10 was adopted:

“§ 10. Special taxes for highway purposes.  
The state shall have power to levy special taxes,  
for road and highway purposes, on motor vehicles  
and on motor fuels.”

- Kansas imposes and collects taxes on motor-vehicle fuels (gasoline), special fuels (diesel) and LP-gas used for operating motor vehicles.
- K.S.A. 79-3402 and 79-3491 provides that the tax is levied  
“.....for the purpose of producing revenue to be used by the state of Kansas to defray in whole, or in part, the cost of constructing, widening, purchasing of right-of-way, reconstructing, maintaining, surfacing, resurfacing and repairing the public highways, including the payment of bonds heretofore issued for highways included in the state system of the state, and the cost and expenses of the department of revenue of this state.... and for no other purpose whatever.”
- K.S.A. 79-3408 imposes a tax per gallon and motor-vehicle fuels (gasoline) and special fuels (diesel fuel). The incidence of the tax is imposed on the distributor of the first receipt. The statute also provides for a list of exempt transactions.
- K.S.A. 79-3408c imposes a tax on the use, sale or delivery of motor-vehicle fuel or special

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fuel, on licensed distributor or licensed retailer. The tax is paid by the licensed distributor or licensed retailer, who may charge and collect the amount of the tax (K.S.A. 79-3409).

- K.S.A. 79-3425 The amounts collected are credited to the:
  1. Motor-vehicle fuel tax refund fund.
  2. State Highway Fund. (79-34,142 current distribution 66.37%)
  3. Special city and county highway fund. (79-34,142 current distribution 33.63%)
  4. Kansas qualified agricultural and ethyl alcohol producer incentive fund. (Expires July 1, 2011)
  
- K.S.A. 79-3425c Provides for the apportionment of the special city and county highway fund based on a formula.
  
- K.S.A. 79-3453 through 79-3464 Any person who pays taxes on motor-vehicle fuels or special fuels not used on public highways or used in school buses may receive a refund of such taxes. The person must have a refund permit before making a claim for a refund.
  
- K.S.A. 79-3490 through 79-34,107 provides for the imposition and collection of taxes on LP gases used for operating or propelling motor vehicles on highways.
  
- The interstate motor fuel user tax (79-34,108 through 79-84,129), provides a system for determination and collection of taxes due from interstate commercial operators.
  
- K.S.A.79-3606 (a), exempts motor-vehicle fuel from sales tax.
  
- K.S.A. 79-3093 through 79-3097 provides what motor fuels tax on the repeal or reduction of federal gasoline tax.