

Date: March 7, 2016

To: House Committee on Taxation

From: Larry R. Baer
General Counsel

Re: HB 2631 – Testimony in Opposition
(Written Only)

Thank you for allowing me to submit testimony in opposition to House Bill 2631 on behalf of the League of Kansas Municipalities and our member cities.

House Bill 2631 singles out a specific industry and grants to it a “partial exemption” from motor fuel tax. The exemption is accomplished through a refund to be calculated based upon a statutory formula. The refund will result in reduction in motor fuel tax revenue distributions to the Special City and County Highway Fund that are used in part to finance local street and highway projects.

The League has long stood in opposition to legislation that erodes tax bases available to local governments. HB 2631 does just this, albeit at a relative small amount. Nevertheless it is an erosion and does diminish the fuel tax revenue that would be distributed to local governments and that could be used to maintain our very critical assets, streets and highways. In addition, HB 2631 sets a precedent for other industries to seek similar type treatment.

For the above reasons, the League opposes House Bill 2631 and asks that the Committee not report the bill out favorably.

Thank you.