Kansas County Highway Association

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**House Committee on Taxation**
**Testimony in opposition to HB 2631**

March 7, 2016

To: Chairman Kleeb & Members of the House Committee on Taxation

I am Darryl Lutz, member of the Kansas County Highway Association (KCHA) and Chairman of the KCHA Legislative Committee. I am also the Director of Public Works and County Engineer for Butler County. This testimony today is offered in behalf of the Kansas County Highway Association in opposition to HB 2631.

The KCHA is the County Engineers and Road Supervisors in Kansas. Kansas Counties own and maintain 109,000 miles of roads, which accounts for 82% of all the roads in Kansas. We own and maintain 19,468 bridges which accounts for 77% of all the bridges in Kansas. We are opposed to any decrease in the tax on any kind of truck as they currently do not pay their fair share of maintaining public roads. Also this proposal singles out a one of the heaviest tandem axle trucks on the road for favorable tax treatment.

The reason the counties are interested in this bill is because we receive a share of the fuel tax that is attributable to miles driven on local roads. The estimate is that this bill would reduce our (County) revenues $62,000 per year. Furthermore, this bill opens a Pandora's box for other special interest trucking groups to seek a tax break and further reduce road revenue.

It is both common knowledge and scientifically proven that trucks dramatically increase the cost of road maintenance and shorten the life of pavement, bridges and culverts. You never hear of a car collapsing a bridge as shown in Figure 2 or a car causing pavement to rut and buckle like shown in Figure 3.

**Figure 1 We already have a problem with large trucks on county roads as this Marshall County picture illustrates.**

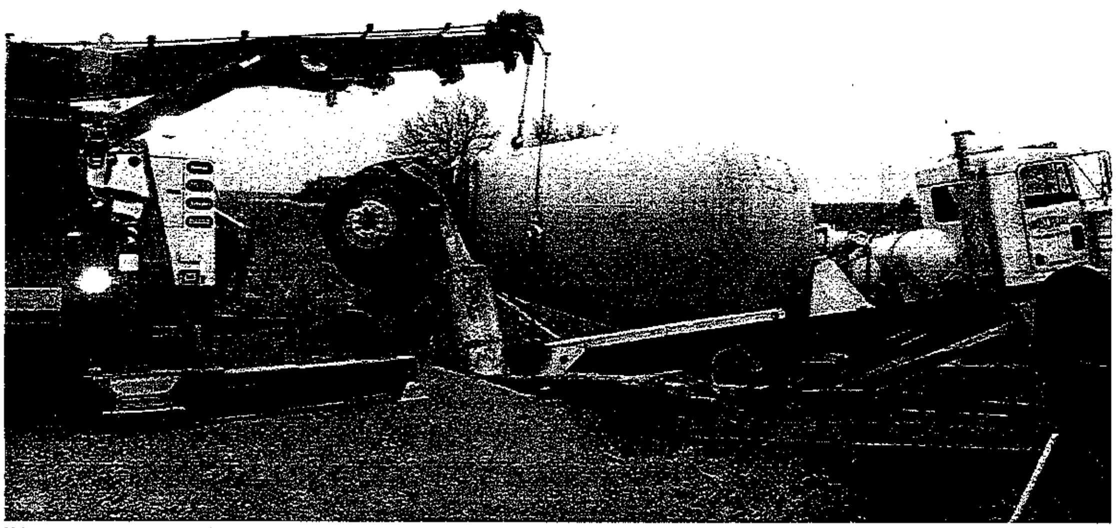
**Figure 2 Ready mix truck collapsed a Saline County bridge in 2015**

There have been many studies on the damage that trucks do to our roads compared to the amount they pay in taxes. The most recent study in Kansas was published in

2009 by the Kansas University Transportation Research Institute which was sponsored by the Mid-America Transportation Center, University of Nebraska-Lincoln, and the Federal Highway Administration. This study titled "Estimating Highway Pavement Damage Costs Attributed to Truck Traffic" calculated that 75% of maintenance costs of state highways are attributable to truck traffic. The American Trucking Association has indicated that there are 11% trucks on the road which pay 35% of the road use taxes. Generally speaking trucking causes 75% of the road damage but pays only 35% of the road tax.

**Figure 3 Rutting and potholes caused by trucks.**

The bill before you proposes a 22% reduction in the fuel tax of ready mix trucks. Ready mix trucks are one of the heaviest straight frame trucks on the road. A type of truck that is presently not paying its fair share of road maintenance costs wants an additional reduction in their road use tax. Their basis for a reduction in tax is a study by the National Ready Mixed Concrete Association (NRMCA), the same people that want the tax break. It was not an independent study. The study was quoted by the IRS in one of their reports, but, not supervised or approved by the IRS. The basis of the request is that turning of the drum on the ready mix truck takes 22% of the fuel, and since this fuel is not used to power the truck down the road they should not have to pay tax on that portion. This 22% seems very high for just turning the drum. Any tax reduction should be based on an independent study, not one done by the people that get the tax break.

All trucks use some fuel not related to powering the truck on the public road. This bill will encourage other trucking groups to seek their own tax break. All these tax breaks would be for an industry that is already not paying their fair share of road use tax.

I believe that the trucking industry is aware of the marginal condition of many county and township roads. Counties are already cutting back road service levels due to budget restrictions. Many counties are reducing the number of blacktop roads and turning them back to gravel. Many counties have permanently closed bridges. The current bridge replacement rate is about half that necessary to maintain the current bridge inventory. This means that if there is no increase in bridge replacements that about half the county bridges will need to be closed in the next 50 years. Road funding is not adequate now and any reduction in revenue just makes the problem worse.

Oil and gas valuations are decreasing and gas tax revenue is flat, if not decreasing. Motor carrier property tax which used to go to counties and cities was diverted to the state in 2010 in the amount of about $10 million per year. So the cities and counties no longer receive property tax revenue from trucks. Now a tax lid is in place so property tax revenue is not an option. We should be considering raising taxes on trucks so they are paying their fair share, not giving a special interest group a tax break.

The Kansas County Highway Association appreciates the opportunity to present this testimony and urges this committee to find unfavorably on HB 2631 and not pass this bill out of committee.

Respectfully,

Darryl C. Lutz

Darryl C. Lutz, P.E.
Chairman, KCHA Legislative Committee
Butler County Director of Public Works/County Engineer

Cc: Kansas Association of Counties