



March 14, 2016

Memorandum:

To: The Senate Ways and Means Committee
From: Thomas M. Palace Executive Director PMCA of Kansas
Re: Testimony opposing SB 499

Mr. Chairman and Members of the Senate Ways and Means Committee:

My name is Tom Palace. I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 300 independent Kansas petroleum distribution companies and convenience store owners throughout Kansas.

PMCA Opposes SB 499.

SB499 makes sweeping changes to the delivery mechanism for services school districts require. To require school districts to go through the department of administration will harm the community and small businesses of Kansas.

- PMCA represents the large and small fuel distributors in Kansas. In many cases Kansas fuel distributors have modeled their physical location and business to accommodate school district business. Many fuel marketers have installed specialty Underground Storage Tanks (for dyed fuel) allowing non-tagged yellow school buses the ability to purchase exempt fuel, for use in an on-road vehicle.
- Small fuel distributor may also be the service center for school vehicles and busses and they rely on both forms of service to stay in business. The possibility exists that they could lose one of the services they are now providing which could do great harm to their business.
- Moving the purchase power from the local school district to the department of administration could cause problems securing fuel when weather conditions turn bad. The local marketer blends fuel based on weather conditions and in most cases assists the school administrator when blending should occur.
- Sb 499 has the potential of eliminating the local marketer. The small distributor in rural Kansas that sells 3-5 million gallons a year could face extinction if this bill passes because they rely heavily on local fuel contracts.
- The potential that a national company bidding fuel for all schools is a real possibility eliminating the small marketer that has provided service and fuel for years.
- In many rural areas the school district fuels their vehicles at the pump because they do not own supply tanks or the volume of fuel needed does not warrant bulk fuel. Will school vehicles be permitted to purchase fuel at the pump at the local stores?

Petroleum Marketers and Convenience Store Association of Kansas

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Senate Ways and Means Committee

Date: _____

Attachment #: 3

These issues listed above are probably only the tip of the iceberg of potential problems local businesses' will have with SB 499. I am sure that if time permitted, we could fill the room with people that could illustrate more problems with this bill than me. For fuel service, this bill has the potential of affecting many small businesses in Kansas. National companies that make gas and diesel would have a tremendous advantage in the bid process and the small guy would lose out. Small businesses dominate the Kansas economy and this bill is not support small businesses in Kansas.

I urge the committee to oppose this bill.