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**Legislative Testimony
by the
Kansas Motor Carriers Association
before the
House Taxation Committee
Representative Steven Johnson, Chairman
Tuesday, February 7, 2017**

In Opposition to the Motor Fuel Tax Increase Section of House Bill No. 2237

**MR. CHAIRMAN AND MEMBERS OF THE
HOUSE TAXATION COMMITTEE:**

I am Tom Whitaker, Executive Director of the Kansas Motor Carriers Association. I'm joined today by Melissa Kershner, KMCA's Director of Governmental Relations and Safety. We appear before you today representing our 930 member companies and the highway transportation industry in opposition to the proposed \$.11 increase in motor fuel tax contained in House Bill No. 2237.

HB 2237 increases Kansas's tax on motor fuels (gasoline) and special fuels (diesel) by \$.11 per gallon per gallon effective July 1, 2017. Below are the current fuel tax rates for gasoline and diesel in the surrounding States:

<u>State</u>	<u>Gasoline</u>	<u>Diesel</u>
Kansas	\$.24 per gallon	\$.26 per gallon
Colorado	\$.22 per gallon	\$.205 per gallon
Missouri	\$.17 per gallon	\$.17 per gallon
Nebraska	\$.267 per gallon	\$.267 per gallon
Oklahoma	\$.16 per gallon	\$.13 per gallon
Federal	\$.184 per gallon	\$.244 per gallon

The proposed increase in fuel taxes would make Kansas' tax rate \$.35 per gallon on gasoline and \$.37 per gallon on diesel giving Kansas the distinction of having the highest tax rate of any of the surrounding States. There will be those who operate automobiles and light-weight trucks that will cross the border to our surrounding States to purchase their motor-fuel, thereby reducing expected revenue.



For larger trucks, those with a gross vehicle weight rating of 26,001 lbs. or more, they are subject to the International Fuel Tax Agreement and pay the tax based on their miles operated in each State. Today's technology allows truckers to determine their routes based on the cost per mile in that State. This tax increase would cause a diversion of interstate truck traffic and reduce revenue to the State Highway Fund.

When the Legislature and the Governor approved the T-Works Transportation Plan it was funded with increased allowable bonding, sales tax and a \$100.00 per year increase on vehicle registration fees for trucks larger than a pickup truck. According to the Kansas Legislative Research Department, with the Governor's budget recommendations for FY 2018 and FY 2019, the Kansas Department of Transportation will have seen \$3.4 billion removed from its budget. This equates to almost \$2 million a day from the State Highway Fund. We ask you to stop depending on the Bank of KDOT.

The Governor and Legislature do not have a State Highway Fund problem, you have a State General Fund problem which needs to be fixed before we start talking about an increase in motor fuel taxes and a new comprehensive transportation program.

Per the US Department of Energy, the average price of gasoline is \$2.358 per gallon and the average price for diesel is \$2.585 per gallon. The price of oil is once again rising. How long before we return to \$100 per barrel oil and an average price for diesel of \$4.49 per gallon? Following record setting bankruptcy filings by trucking companies during the recession, the trucking industry along with the rest of the U.S. economy is slowly recovering.

The Kansas trucking industry is made up of many small businesses. 96% of all trucking companies in Kansas operate 19 or fewer trucks. Increasing the fuel tax by \$.11 per gallon is a huge increase on an industry that is struggling to survive, while at the same time you are considering increases in income taxes.

Mr. Chairman, the Kansas Motor Carriers Association opposes the \$.11 motor fuel tax increase contained in HB 2237. We thank you for the opportunity to appear before you this afternoon and would be pleased to respond to any questions you may have.



Kansas Fast Facts



TRUCKING DRIVES THE ECONOMY

- **Employment:** In 2015, the trucking industry in Kansas provided 72,570 jobs or 1 out of 15 in the state. Total trucking industry wages paid in Kansas in 2015 exceeded \$3.4 billion, with an average annual trucking industry salary of \$47,181. The U.S. Bureau of Labor Statistics (BLS) reported in May 2015 that heavy and tractor-trailer truck drivers held 19,260 jobs with an average annual salary of \$41,330.
- **Small Business Emphasis:** As of April 2015, there were 11,070 trucking companies located in Kansas, most of them small, locally owned businesses. These companies are served by a wide range of supporting businesses both large and small.
- **Transportation of Essential Products:** Trucks transported 87% of total manufactured tonnage in the state in 2012 or 203,980 tons per day. 49.3% of Kansas communities depend exclusively on trucks to move their goods.

TRUCKING PAYS THE FREIGHT

- **As an Industry:** In 2014, the trucking industry in Kansas paid approximately \$379 million in federal and state roadway taxes. The industry paid 43% of all taxes owed by Kansas motorists, despite trucks representing only 13% of vehicle miles traveled in the state.
- **Individual Companies:** As of January 2016, a typical five-axle tractor-semitrailer combination paid \$6,635 in state highway user fees and taxes in addition to \$8,906 in federal user fees and taxes. These taxes were over and above the typical taxes paid by businesses in Kansas.
- **Roadway Use:** In 2014, Kansas had 140,476 miles of public roads over which all motorists traveled 30.7 billion miles. Trucking's use of the public roads was 3.9 billion miles.

SAFETY MATTERS

- **Continually Improving:** In 2014 the large truck fatal crash rate was 1.23 fatal crashes per 100 million vehicle miles traveled (VMT). This rate has dropped by 73% since the U.S. Department of Transportation (DOT) began keeping these records in 1975. The 2014 fatal crash rate for the state of Kansas was 1.07 per 100 million VMT.
- **Sharing the Road:** The trucking industry is committed to sharing the road safely with all vehicles. The Share the Road program sends a team of professional truck drivers to communities around the country to teach car drivers about truck blind spots, stopping distances and how to merge safely around large trucks, all designed to reduce the number of car-truck accidents.
- **Safety First:** Kansas Motor Carriers Association members put safety first through improved driver training, investment in advanced safety technologies and active participation in industry safety initiatives at the local, state and national levels.

TRUCKS DELIVER A CLEANER TOMORROW

- **Fuel Consumption:** The trucking industry continues to improve energy and environmental efficiency even while increasing the number of miles driven. In 2014, trucks consumed 97 billion fewer gallons of fuel than passenger vehicles in the U.S. and accounted for just 17% of the total highway transportation fuel consumed.
- **Emissions:** Through advancements in engine technology and fuel refinements, new diesel truck engines produce 98% fewer particulate matter (PM) and nitrogen oxides (NOx) emissions than a similar engine manufactured prior to 1990. Sulfur emissions from diesel engines have also been reduced by 97% since 1999.
- **Partnerships:** Through the U.S. Environmental Protection Agency's (EPA) SmartWay Transport Partnership, the trucking industry is working with government and businesses to quantify greenhouse gas emissions and take steps to reduce them.

