



CASEY'S GENERAL STORES, INC.

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TESTIMONY OF BOB ALDERSON
ON BEHALF OF CASEY'S GENERAL STORES, INC.
BEFORE THE SENATE COMMITTEE
ON ASSESSMENT AND TAXATION

MARCH 17, 2017

Chair Tyson and Members of the Committee:

My name is Bob Alderson, and I am submitting this testimony on behalf of Casey's General Stores, Inc. in opposition to Senate Bill No. 224 ("SB 224").

Casey's operates 1,954 stores in 14 states, including 154 stores in Kansas. In its last fiscal year, Casey's employed 2,624 Kansans who were paid wages in the amount of \$38,632,647.46. During the fiscal year, Casey's sold 144,254,175 gallons of gasoline in Kansas for total of gasoline sales of \$308,569,042. Total sales for goods and services in Kansas were \$833,119,850.34, and Casey's paid property, sales and payroll taxes in the amount of \$25,000,000.

Casey's does not support a motor fuel tax increase. Casey's and the convenience stores in proximity to the state's borders are already at a tax disadvantage in comparison to the border states of Missouri, Oklahoma and Colorado. The tax advantage enjoyed by these states is a result of motor fuel tax increases in Kansas in 1989, 1999, 2001, 2002 and 2003. Any increase in our state's motor fuel taxes will create a further disparity, and the increase proposed in SB 224 will also provide a tax advantage to Nebraska and provide a further incentive for Kansas motorists in close proximity of the bordering states to purchase motor fuel in these states, rather than in Kansas. When this occurs, it not only results in loss of motor fuel sales for Kansas convenience stores and other merchants and a loss of motor fuel tax revenue to the state, it likely will result in loss of sales and tax revenue on other items, as well. Kansans traveling to bordering states to purchase motor fuel will likely purchase other items on that trip, such as cigarettes, beer, bread, milk, snacks and other food items. Convenience stores and other Kansas merchants in proximity to the borders lose sales revenue on these items and the State of Kansas loses tax revenue on these sales.

In the last few years, sales tax revenues credited to the Highway Fund have been "swept" from the Highway Fund and used for non-highway purposes. This has adversely affected the state's highway maintenance and construction programs. That is regrettable. However, the legislature should not try to right this wrong by increasing motor fuel taxes to the detriment of convenience stores, particularly those located near our state's borders. The legislature should not attempt to ride the road to fiscal integrity on the

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backs of convenience stores. To do so could have unintended consequences, such as forcing smaller convenience stores to go out of business because of dwindling revenues.

Casey's is a member of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA), and Casey's endorses the testimony submitted to this Committee regarding SB 224 by Tom Palace, Executive Director of PMCA.

The motor fuel tax increase proposed in SB 224 will have a negative effect on Casey's and every other convenience store in Kansas, particularly those located in the proximity to the state's borders, and I urge you to not recommend it for passage.

Thank you for your consideration of my remarks.