



Kansas Motor Carriers Association

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Legislative Testimony by the Kansas Motor Carriers Association before the

Senate Assessment and Taxation Committee Senator Caryn Tyson, Chairman Friday, March 17, 2017

In Opposition to Senate Bill No. 224

MADAM CHAIRMAN AND MEMBERS OF THE SENATE ASSESSMENT AND 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 \$.05 increase in motor fuel tax contained in Senate Bill No. 224.

SB 224 increases Kansas's tax on motor fuels (gasoline) and special fuels (diesel) by \$.05 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 \$.29 per gallon on gasoline and \$.31 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. 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 our industry 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 \$.05 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 which would be a "double-whammy" on trucking companies.

Madam Chairman, the Kansas Motor Carriers Association opposes the \$.05 motor fuel tax increase contained in SB 224. We thank you for the opportunity to appear before you this morning and would be pleased to respond to any questions you may have.

