



# **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 22, 2018**

Chair Tyson and Members of the Committee:

My name is Bob Alderson, and I am presenting this testimony on behalf of Casey's General Stores, Inc., in opposition to Senate Bill No. 376 ("SB 376"). Casey's operates nearly 2,000 stores in 16 states, including 159 stores in Kansas. In its last fiscal year, Casey's sold 144,254,175 gallons of gasoline in Kansas for total gasoline sales of \$308,569,042. Total sales for all goods and services in Kansas were \$833,119,850, and Casey's paid property, sales and payroll taxes in Kansas in the total amount of 25 million dollars.

At \$1.29 per pack, the Kansas cigarette tax currently ranks 32nd among the other states and the District of Columbia. SB 376 proposes to add an additional tax of \$1.50, increasing the total cigarette tax to \$2.79, which would make the Kansas tax the 10<sup>th</sup> highest in the country. The taxation of cigarettes already results in a declining source of state revenues. If SB 376 is passed, I believe the tax on cigarettes would almost become counterproductive as a source of state revenue.

Casey's is a member of the Petroleum Marketing and Convenience Store Association of Kansas ("PMCA"), and Casey's endorses the written testimony being presented to this Committee on SB 376 by Tom Palace, Executive Director of PMCA. However, I want to focus briefly on the potential effect of the tax increase proposed by SB 376 on retailers near our state's borders. These retailers already are at a significant disadvantage in comparison to retailers in our neighboring states. The Kansas tax rate of \$1.29 per pack is higher than Colorado (\$0.84/pack), Nebraska (\$0.64/pack), Oklahoma (\$1.03/pack) and Missouri (\$0.17/pack), which has the lowest cigarette tax in the nation. If the Kansas tax were increased to \$2.79, as proposed by SB 376, the disadvantage currently suffered by Kansas retailers, particularly in bordering counties, will be greatly exacerbated.

The difficulty faced by Kansas convenience stores and grocery stores ("Retailers") is not solely the result of the disparity in cigarette taxes. Kansas has a higher sales tax than all of its neighboring states; it has a higher gasoline tax than all but one of our neighboring states; and the Kansas liquor enforcement tax is higher than the comparable tax in all of our neighboring states. Plus, retailers in bordering states can sell types of alcoholic beverages which cannot be sold by Kansas Retailers.

All of these factors combine to place Kansas Retailers at a serious disadvantage. Kansas residents in border counties currently travel across our state's borders to purchase cigarettes, gasoline and alcoholic beverages, and while they are purchasing these items, they also purchase bread, milk, eggs and other grocery items. As a result, Kansas Retailers are deprived of substantial income, and the State of Kansas loses the corresponding tax revenue.

If SB 376 becomes law, this situation will only become worse, and I urge you to oppose the passage of this bill.