



# Kansas Motor Carriers Association

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## Legislative Testimony by the Kansas Motor Carriers Association before the House Taxation Committee - Representative Steven Johnson, Chairman Tuesday, March 12, 2019

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Executive Director

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

I am Tom Whitaker, Executive Director of the Kansas Motor Carriers Association. I appear before you today representing our 860 member companies and the highway transportation industry in opposition to House Bill No. 2370. The bill increases the fuel tax on motor fuels by \$.03 per gallon and special fuel (diesel) by \$.04 per gallon over 3 years. HB 2370 does not reduce the percentage of motor fuel tax going to the city and county highway fund thereby reducing the funds available to the State Highway Fund. The bill does nothing to address the current diversion of sales tax revenue from the State Highway Fund for non-highway purposes.

Mr. Chairman, there is no new comprehensive transportation plan laid out before you to justify the increase in the motor fuel tax. HB 2370 is merely a recommendation from the Joint Legislative Transportation Vision Task Force. The Task Force identified the needs of our transportation infrastructure, the amount of money necessary to address our needs but no real plan on what the next comprehensive transportation program will look like.

Just last Friday, the Kansas House just advanced a bill to reduce income tax and sales tax on food to the tune of \$209 million the first year. Is the Legislature going to reduce taxes on one hand and raise taxes on highway users on the other? The Governor in her budget has recommended that the diversion of monies from the State Highway Fund be reduced by \$160 million the next fiscal year and eliminate the diversion of funds by FY 2023. The \$160 million represents the equivalent of an \$.084 per gallon tax for motor fuels which would begin the process of making KDOT whole again. Replacement of the entire \$528 million diversion per year equates to an increase of \$.278 per gallon fuel tax.

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, in the States' budget for FY 2019, the Kansas Department of Transportation will have seen \$3.4 billion removed from its budget over the past several years. 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.



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	<b>\$.17 per gallon</b>	<b>\$.17 per gallon</b>
Nebraska	\$.289 per gallon	\$.283 per gallon
Oklahoma	<b>\$.19 per gallon</b>	<b>\$.19 per gallon</b>
Federal	\$.184 per gallon	\$.244 per gallon

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 SHF. By encouraging out-of-state trucks to travel our interstate highways, Kansas can generate more fuel tax and registration fee funds to help maintain our highways. HB 2370 does just the opposite.

Per the US Department of Energy, the average price of gasoline is \$2.506 per gallon and the average price for diesel is \$3.076 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 \$.03 per gallon on motor fuels and \$.04 per gallon on diesel is a huge increase on an industry that is struggling to survive.

Mr. Chairman, the Kansas Motor Carriers Association opposes the motor fuel tax and special fuel tax increase contained in HB 2370. We thank you for the opportunity to appear before you this afternoon and would be pleased to respond to any questions you may have.

