



CASEY'S GENERAL STORES, INC.

P.O. Box 3001 • One Convenience Blvd., Ankeny, Iowa 50021-8045 • 515-965-6100

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

MARCH 12, 2019

Chairman Johnson and Members of the Committee:

My name is Bob Alderson, and I am submitting this testimony on behalf of Casey's General Stores, Inc. ("Casey's") in opposition to House Bill Nos. 2370 and 2381 ("Proposed Legislation").

Casey's operates more than 2,000 stores in 14 states, including 162 stores in Kansas. Currently, Casey's employs 2,760 Kansans who are paid wages in the amount of \$47,067,754.50. During this fiscal year, Casey's has sold 145,412,400 gallons of gasoline in Kansas for total gasoline sales of \$334,819,470. Total sales for goods and services in Kansas are \$650,010,426.00, and Casey's paid property, sales and payroll taxes in the amount of \$28,439,000. Suffice it to say that Casey's is a good corporate citizen.

Casey's is a member of the Petroleum Marketers and Convenience Store Association of Kansas ("PMCA"), and I am aware that Tom Palace, Executor Director of PMCA, also is submitting written and oral testimony in opposition to the Proposed Legislation. Casey's endorses and supports Mr. Palace's testimony. There will necessarily be overlap in our testimony, but I will avoid as much as possible unnecessary repetition.

Casey's recognizes the continuing need to maintain our state's roads and highways. They are essential to the state's economic growth. However, Casey's does not support a motor fuel tax increase to fund our transportation plans. 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 neighboring states is a result of motor fuel tax increases in Kansas in 1989, 1999, 2001, 2002 and 2003. The current motor fuel tax rates in Kansas and the bordering states are as follows:

<u>Gasoline</u>	<u>Diesel Fuel</u>
KS \$.24	\$.26
NE \$.30	\$.30
MO \$.17	\$.17
CO \$.22	\$.205
OK \$.19	\$.19

(does not include environmental and inspection fees)

Testimony of Bob Alderson
On Behalf of Casey's General Stores, Inc.
Before the House Committee on Taxation
March 12, 2019
Page 2

Any increase in our state's motor fuel taxes will create a further disparity with these 3 states, and the increase proposed in HB 2381 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. If HB 2381 were enacted, the tax advantage enjoyed by our neighboring states would be as follows:

<u>Gas Tax Advantage</u>		<u>Diesel Tax Advantage</u>	
MO	\$.13		\$.15
NE	\$0		\$.02
CO	\$.08		\$.115
OK	\$.11		\$.13

This Committee's consideration of the Proposed Legislation should include an awareness of potential unintended consequences of enacting either of the pending bills. There should be no debate that the motor fuel tax advantage enjoyed by our bordering states causes Kansans to cross state lines to purchase motor fuel. But, when Kansans travel to neighboring states to purchase motor fuel, 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 also likely will result in loss of sales and tax revenues 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 State Highway Fund have been "swept" from the Highway Fund and used for non-highway purposes to keep state government afloat during the Brownback tax experiment. More than 2 billion dollars have been taken from the Highway Fund during the Brownback era. 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 backs of convenience stores. To do so could have unintended consequences, such as those mentioned earlier, and also including the possibility that smaller convenience stores may be forced to go out of business because of dwindling revenues.

The motor fuel tax increase sought by the Proposed Legislation will have a negative effect on Casey's and every other convenience store in Kansas, particularly those located in proximity to the state's borders, and I urge you to not recommend either bill for passage.

Thank you for your consideration of my remarks.