



To: House Taxation Committee
Date: March 12, 2019
Subject: **Opposition Testimony on House Bill 2370**
From: Shahira Stafford, Kansas Cooperative Council

Honorable Chairman Johnson and Members of the Committee,

Thank you for the opportunity to provide comments on House Bill 2370. The Kansas Cooperative Council (KCC) represents all types of cooperatively structured businesses including agriculture marketing and supply, rural electric, telecom, credit unions, the farm credit system, and risk management cooperatives.

Many of KCC's agricultural cooperatives sell fuels such as gasoline, diesel, dyed diesel, and propane either at the pump, in bulk, or both. We also depend on healthy transportation infrastructure to move agricultural products to and from market. Thus, any increase in the tax on motor fuels is of strong interest to our members.

If HB 2370 is implemented, Kansas would raise the 24-cent gas tax by three cents to 27 cents over three years. The 26-cent diesel tax would be increased by four cents to 30 cents over the same time period. These increases would make Kansas the highest in motor fuel tax rates in three out of the four contiguous states.

For cooperatives along our state's borders, increases in fuel taxes disadvantage Kansas businesses and means there is an economic incentive for Kansas consumers to cross state lines to pumps or for their bulk fuel orders. As the gap widens between Kansas gas prices and the prices in surrounding states, our members are sure to notice a decrease in sales volume and feel the impact.

We recognize and appreciate the state's efforts through the Joint Transportation Vision Task Force and the recommendations put forth to find steady funding streams for state roads and bridges. However, we believe that the current revenue mechanisms in place are adequate if they are used toward their intended purpose and not swept for other state expenses.

For these reasons, the KCC stands in opposition to the motor fuels tax increase found in HB 2370. Thank you for the chance to comment today.

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