



**Kansas Grain and Feed Association
Kansas Agribusiness Retailers Association
Renew Kansas Association**
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March 12, 2019

To: House Committee on Taxation
From: Randy E. Stookey, Senior Vice President of Government Affairs
RE: **Joint Opposition Testimony on HB 2381, providing for a \$.06 increase in motor fuel taxes**

Chairman Johnson and members of the committee, thank you for the opportunity to provide testimony in opposition to House Bill 2381. This testimony is submitted jointly on behalf of the Kansas Grain and Feed Association (KGFA), the Kansas Agribusiness Retailers Association (KARA), and Renew Kansas Association.

KGFA is the state association of the grain receiving, storage, processing and shipping industry in Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA is an agribusiness industry trade association with membership of over 700 companies across Kansas. Renew Kansas Association is the trade association of the ethanol and biofuels industry in Kansas.

Members of these three associations are engaged in selling fuels such as gasoline, diesel and ethanol-blended fuels. These industries are heavily reliant on transportation for receiving product and moving product to market. Any increase in the tax on motor fuels is of interest to our members.

Our three associations support adequate funding of the state road and bridge infrastructure, including maintenance and preservation projects, through the mechanisms currently existing in Kansas law. These mechanisms secure adequate funding for our roads and bridges when those funds are used for their intended, lawful purpose, and are not otherwise diverted to other state spending priorities. Our associations oppose the diversion of state road and bridge funding for other, non-roadway expenses.

Increased fuel costs impact the cost of doing business. Additional operational costs make it more difficult to maintain profitability, especially when dealing in products where price is heavily influenced by the global market. It is not always possible to fully pass along increased costs, such as taxes. In addition, increases in the motor fuel tax, like the \$.06 increase contained in HB 2381, disadvantage our members located along our state's borders.

We realize there are no easy answers for solving the need for additional state revenues. However, we cannot support an approach that would increase the cost of doing business and further drive market share on fuel sales across the border into neighboring states. Additionally, we cannot support a measure which increases the motor fuels tax when current revenues for highway funding are being diverted to non-highway purposes.

Thank you for allowing us the opportunity to testify in opposition to House Bill 2381.