



## **CASEY'S GENERAL STORES, INC.**

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

**FEBRUARY 18, 2020**

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 support of House Bill No. 2543.

Casey's operates more than 2,000 stores in 16 states, including 164 stores in Kansas. Currently, Casey's employs 2,800 Kansans who are paid wages in the amount of \$48,628,075.00. During this fiscal year, Casey's has sold 153,593,940 gallons of gasoline in Kansas for total gasoline sales of \$380,909,475.00. Total sales for goods and services in Kansas are \$739,175,677.00, and Casey's paid property, sales and payroll taxes in the amount of \$30,359,590. Suffice it to say that Casey's is a good corporate citizen.

HB 2543 clarifies the definition of "alternative fuel" applicable to the income tax credit provided in K.S.A. 79-32,201 for a qualified alternative-fueled motor vehicle or alternative-fuel fueling station. This tax credit has been included in 79-32,201 since 1995. It is apparent that this tax credit is intended to encourage growth in the production and use of alternative fuels, but there has been some uncertainty as to what constitutes an alternative fuel. To clarify this situation, the definition of "alternative fuel" in K.S.A. 79-32,201(e)(1) has been amended to provide that alternative fuel includes, but is not limited to, a fuel containing at least 15% ethanol or methanol, or 10% biodiesel.

Over the past several years there has been significant growth in the production and use of alternative fuels, both in Kansas and nationally. I am aware that there are other proponents of HB 2543 who are more qualified than I to address the reasons for such growth, so I will leave that explanation to them. Rather, I will focus on the tax credit itself.

K.S.A. 79-32,201 provides an income tax credit for a qualified alternative fuel fueling station. The amount of the credit depends on when the alternative-fuel fueling station was placed in service. A "qualified alternative-fuel fueling station" is defined by K.S.A. 79-32,201(e)(3) as meaning

"the property which is directly related to the delivery of alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, including the compression equipment, storage vessels and dispensers for such fuel at the point where such fuel is delivered but only if such property is primarily used to deliver such fuel for use in a qualified alternative-fueled motor vehicle."

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At a Casey's station, the property comprising a qualified alternative-fuel fueling station includes the underground storage tanks containing the fuels which are blended to produce an alternative fuel and all of the various piping, fittings, connectors and dispenser used to deliver the alternative fuel to a qualified alternative-fueled motor vehicle. Attached to my testimony is a listing of the equipment, its cost and the labor costs to install the equipment which, when installed at a Casey's station, comprises a qualified alternative-fuel fueling station. The total current cost thereof is approximately \$84,000.

Pursuant to K.S.A. 79-32,201(a)(5), for each qualified alternative-fuel fueling station installed on or after January 1, 2009, the taxpayer is entitled to a tax credit of 40% of the total amount expended for each qualified alternative-fuel fueling station, but not to exceed \$100,000 for each fueling station. Casey's has been hesitant to avail itself of this tax credit, because of the absence of a clear definition of alternative fuel. HB 2543 provides that clarification. Accordingly, I request that you recommend HB 2543 favorable for passage.

Thank you for your consideration of my remarks. I will be happy to respond to any questions.

Expense Type	Expense Detail	# of units	Cost Per Unit	Incremental Cost
Dispenser Cost	Incremental cost per NF8	5	\$6,469.00	\$ 32,345.00
	E85/E15 Dispenser			
Tank Cost	Incremental cost of 8K E85 Tanks			\$ 10,980.00
Tank Labor	Tank and Product Line Rock			\$ 12,680.00
Tank Labor	Tank Labor			\$ 1,222.00
Tank Labor	Tank Piping			\$ 13,196.00
Tank Labor	Tank and Product Line Excavation			\$ 1,560.00
Dispenser Equipment	Husky EZ connect kid (hose, nozzle, swivels)	20	\$ 515.20	\$ 10,304.00
Tank Equipment	Drop Tube	1	\$ 710.82	\$ 710.82
Tank Equipment	Probe	1	\$ 684.80	\$ 684.80
Tank Equipment	Probe Floor Kit	1	\$ 91.00	\$ 91.00
Tank Equipment	Tank Sensor	1	\$ 235.45	\$ 235.45
Tank Equipment	Ball Valve	1	\$ 168.06	\$ 168.06
				<u>\$ 84,177.13</u>