

To: House Committee on Taxation, Representative Marvin Kleeb, Chairman

From: Ryan Flickner, Senior Director of Public Policy, Kansas Farm Bureau

Date: May 5, 2015

Re: **HB 2427** – concerning taxation; relating to motor vehicle fuel taxes, rates, permits, refunds and distribution of; sales and compensating tax, distribution;

Chairman Kleeb and members of the Committee, thank you for the opportunity to provide neutral testimony regarding HB 2427. KFB is the state's largest general farm organization representing nearly 40,000 farm and ranch families through our 105 county Farm Bureau Associations.

Grassroots efforts are fundamental to Kansas Farm Bureau; consequently we understand and appreciate the surface transportation infrastructure Kansas offers. Our members know safe and well maintained roads come at a financial cost. Our policy supports highway users paying a significant share of construction and maintenance costs of highways, roads and bridges through a responsible mix of user fees including fuel taxes, vehicle registration fees and sales taxes on motor vehicles. Where these fees are imposed, revenues generated should be channeled into transportation programs. This position comes at a significant cost to Kansas Farm Bureau, as agriculture is reliant on vehicles that use taxable fuels to move our products to market on public highways. Therefore, agriculture will shoulder a significant burden with a 5 cent fuel tax increase. However, as stated above, KFB members recognize the importance of quality transportation infrastructure.

It is important to note that we oppose creating a tax on non-highway, dyed diesel as this type of fuel is consumed in the production of grain and livestock commodities and the equipment powered by such fuel spends a negligible amount of time on any public highway. Kansas Farm Bureau opposes this provision of HB 2427.

Should this committee choose to remove the provision that creates a tax on dyed diesel, Kansas Farm Bureau will be supportive of this bill. Thank you for the opportunity to testify today and I'd be glad to take questions at the appropriate time.