



Kansas Motor Carriers Association

Trucking Solutions Since 1936

Kimberly Bonhart
United Parcel Service, Inc.
President

Louis Thompson
Christenson Transportation Inc.
Chairman of the Board

Mike Short
Short & Son Inc.
First Vice President

Lori Borgan
Convoy Systems, LLC
Second Vice President

Brett Weis
Great Plains Trucking
Treasurer

Larry "Doc" Criqui
Kansas Van & Storage
Criqui Corp.
Corporate Secretary

Mike Miller
Miller Trucking LTD
ATA State Vice President

Jason Hammes
Fairview Express LLC
ATA Alternate State VP

Ken Leicht
Miller Trucking LTD/Frito Lay
Public Relations Chairman

Jane DeClue
DeClue Transport
ProTruck PAC Chairman

Jeff Robertson
TT & T Salvage & Towing, Inc
Foundation Chairman

Mel Graves
S & G Associates
Allied Industries Chairman

Tom Whitaker
Executive Director

Legislative Testimony By The Kansas Motor Carriers Association

In Opposition to House Bill No. 2427

Presented before the House Taxation Committee
Representative Marvin Kleeb, Chairman
Tuesday, May 5, 2015

MR. CHAIRMAN AND MEMBERS OF THE HOUSE TAXATION COMMITTEE:

I am Tom Whitaker, Executive Director of the Kansas Motor Carriers Association. I appear before you this afternoon representing our 950 member firms and the Kansas trucking industry in opposition to House Bill No. 2427.

HB 2427 increases Kansas' tax on motor-fuels (gasoline) and special fuels (diesel) by \$.05 per gallon. Further the bill reduces the current sales tax transfer from the State General Fund (SGF) to the State Highway Fund (SHF) in an amount, we presume, equal to the increased revenue generated by the motor-fuel tax. The SHF is held harmless by the motor-fuels tax increase while the SGF would see an increase in funds available. This is on top of the money (equivalent to \$1,000,000.00 per day) taken from the SHF for SGF purposes. The bill also places a new \$.05 fuel tax on gasoline and diesel used for non-highway purposes. Non-highway purposes would include: farmers operating farm machinery; fuel used by hospitals to power their emergency generators; machinery used by heavy contractors; and lawn care companies. Fuel used by school buses would now be subject to \$.05 per gallon tax. While the majority of the bill sunsets in 2018, the tax increase on dyed (tax free) diesel would continue.

Below are the current fuel tax rates for the surrounding States:

<u>State</u>	<u>Gasoline</u>	<u>Diesel</u>
Kansas	\$.24 per gallon	\$.26 per gallon
Colorado	\$.22 per gallon	\$.205 per gallon
Missouri	\$.17 per gallon	\$.17 per gallon
Nebraska	\$.256 per gallon	\$.256 per gallon
Oklahoma	\$.16 per gallon	\$.13 per gallon
Federal	\$.184 per gallon	\$.244 per gallon

HB 2427 would increase the tax on gasoline to \$.29 per gallon and diesel to \$.31 per gallon giving Kansas the distinct honor of having the highest fuel tax rate of any of our surrounding states. There will be those who operate automobiles and light-weight trucks that will cross the border to Oklahoma and Missouri to purchase their motor-fuel, thereby reducing expected revenue. For larger trucks, those with a gross vehicle weight rating of 26,001 lbs. or more, they are subject to the International Fuel Tax Agreement and pay the tax based on their miles operated in each State. Today's technology allows truckers to determine their routes based on the cost per mile in that State. This tax increase would cause a diversion of interstate truck traffic and reduce revenue to the SHF.

When the Legislature and the Governor approved the T-Works Transportation Plan it was funded with increased allowable bonding, sales tax and a \$100.00 per year increase on vehicle registration fees for trucks larger than a pickup truck. There will be almost \$1 billion dollars transferred from KDOT to the General Fund during FY 15, FY 16 and FY 17. We ask you to stop depending on the Bank of KDOT, and repeal the tax cuts that are partially to blame for the State's budget shortfall.

Lastly, according to the US Department of Energy, the average price of gasoline is \$2.439 per gallon and the average price for diesel is \$2.691 per gallon. The price of oil is once again rising. How long before we return to \$100 per barrel oil and an average price for diesel of \$4.49 per gallon? Following record setting bankruptcy filings by trucking companies our industry is just now beginning to recover from the recession.

Mr. Chairman, the Kansas Motor Carriers Association opposes the \$.05 motor fuel tax contained in HB 2427. We thank you for the opportunity to appear before you this afternoon and would be pleased to respond to any questions you may have.

