



Written Testimony in Opposition to HB2370 & HB2381
Mr. Daniel Murray
Kansas State Director, National Federation of Independent Business

House Taxation Committee
March 12, 2019

Chairman and members of the committee, I am pleased to submit written testimony in opposition to HB2370 and HB2381 on behalf of NFIB Kansas. NFIB Kansas is the leading small business organization in Kansas representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB Kansas represents the consensus views of its over 4,400 members in Kansas.

HB2370 and HB2381 both increase the motor fuels taxes on Kansas individuals and small businesses. HB2370 would phase-in an increase of 3 cents on fuels and 4 cents on diesel. HB2381 would increase the tax on both by 6 cents. Both bills increase Kansas' already high rates, are unnecessary and are harmful to Kansas small businesses and consumers.

First, these bills will further exacerbate the gap between Kansas' gasoline and diesel tax rates and that of our neighboring states. Currently, Nebraska is the only border state with higher rates. But, with the increases proposed in HB2381, the gas rate would be virtually even and the diesel rate will exceed that of Nebraska's. This increased divide will further drive up Kansas' non-competitive rates and hurt Kansas small businesses competing with businesses just across our borders.

Second, the state already has a portion of sales tax dedicated to the highway fund. If the state stopped raiding the highway fund to pay for other government services, we wouldn't need to consider fuels tax increases. We have a dedicated source that has been used as a piggybank to pay for other services. Instead of increasing other taxes, let's use the current revenue streams for the purpose for which they are levied.

Finally, small business owners understand the important need to adequately fund the state's transportation system. However, increasing the motor fuel tax as these bills propose, will result in Main Street businesses paying millions of dollars more at the pump to fuel their delivery trucks, service vehicles, equipment, machinery, and automobiles.

Therein lies the chief problem with ever-escalating gas taxes: the hidden costs involved. Consumers won't simply pay a little more at the gas pump and then move on. Rather, as gas taxes drive up the cost of fuel, everything else—such as groceries, clothes, consumer goods, and anything else transported and delivered by truck or other transport methods—becomes more expensive as well. In turn, business owners are forced to decide whether they pass these cost increases on to consumers or cut hours or staff to make up the difference.

Thank you for your consideration of our comments, and we urge you to vote NO on HB2370 and HB2381.