

MINUTES OF THE HOUSE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Gary Hayzlett at 1:30 P.M. on February 20, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Hank Avila, Kansas Legislative Research
Bruce Kinzie, Revisor of Statutes Office
Betty Boaz, Committee Secretary

Conferees appearing before the committee:

Representative Virgil Peck
Ed Roitz, President Fleming Petroleum, Pittsburg, KS
Gratz Peters, Pump'n Pete's, Erie, KS
Eldo Hurlbutt, K & S Oil, Coffeyville, KS
Jerry Davidson, Crescent Oil, Independence, KS
Ken Gudenkauf, Legislative Liaison, KS Department of Transportation
Patrick Hurley, Economic Lifeline
Representative Jerry Henry
Representative Jene Vickrey
Charles Yunker, Adjutant, The American Legion, Department of Kansas
Representative Rob Olson

Others attending:

See attached list.

Chairman Hayzlett opened the hearing on **HB 2822**.

HB - 2822 -MOTOR VEHICLE FUEL TAX RATES NEAR STATE LINES

Chairman Hayzlett recognized Representative Virgil Peck as the first proponent for this bill. According to Representative Peck (Attachment #1) **HB 2822** creates a border zone for motor vehicle fuel within 3,000 feet of a state line, or if the city limit of a city starts within 3,000 feet, it includes the entire city limits. He said the fuel tax can be within one cent of the neighboring state's fuel tax.

The next proponent was Ed Roitz, President of Fleming Corporation of KS. He said they own and operate a Travel Plaza close to the Oklahoma border. According to Mr. Roitz (Attachment #2) Oklahoma has cheaper gas and diesel fuel and as a result customers who used to come into Kansas to buy lottery tickets, food, groceries and other products are now spending their money in Oklahoma.

Gratz Peters, co-owner of Pete's Corporation which has stores within 45 miles of the Missouri and Oklahoma borders, was the next proponent for **HB 2822**. According to Mr. Peters, (Attachment #3) a competitive border tax zone has the potential to generate millions of dollars in new revenues by stimulating economic development and increasing property values.

The next proponent was Eldo Hurlbutt, from Coffeyville, KS. He talked about the drop in gas sales and the number of convenience stores that have closed in and around Coffeyville because the sales are going to Oklahoma. (Attachment #4)

Jerry Davidson, Crescent Oil Company, Coffeyville, KS, was the next proponent. According to Mr. Davidson, (Attachment #5) they have experienced first hand the results of the tax differential between bordering states, giving them a competitive edge, and watching their volumes go across the state lines. He said this bill will allow them to compete with their neighboring states and bring back revenues.

Chairman Hayzlett drew the Committee's attention to the written testimony submitted by Joseph Wright of Wright Oil Inc., Medicine Lodge, KS (Attachment #6) and Dickie Rolls, Caney, KS (Attachment #7).

CONTINUATION SHEET

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There being no other proponents, after the Committee's questions were answered, the Chairman called for opponents of **HB 2822**.

The first opponent of this bill was Ken Gudenkauf (Attachment #8). According to Mr. Gudenkauf this bill would effectively create up to five different tax rates for motor vehicle and special fuels. Mr. Gudenkauf also said that enactment of this bill would result in a reduction of motor fuel tax collections deposited in the State Highway Fund and the Special City and County Highway Fund.

The next opponent of **HB 2822** was Patrick Hurley, representing Economic Lifeline. (Attachment #9) According to Mr. Hurley the situation is the contention that because all of the surrounding states have a lower motor fuels tax than Kansas, except for Nebraska, that it is having a severe detrimental impact on service stations on the Kansas side of those state lines, and could cause Kansas service stations to go out of business. Mr. Hurley said that every other service station in Kansas that was more than 3,000 feet from the state line but in the same county, etc. would all still have to charge the full state rate. They would suffer the ultimate irony of being at a terrible competitive disadvantage against other Kansas retailers fortunate enough to be in that "reduced rate zone" defined in this bill.

The last opponent of **HB 2822** was Representative Jerry Henry. Representative Henry said his district borders on the State of Missouri to the east and the State of Nebraska to the North (Attachment #10) and when a Kansas resident drives over a state line to purchase less expensive gasoline, the State of Kansas loses approximately 24 cents in tax revenue on every gallon of gas. Representative Henry said that even though he supports the concept of **HB 2822** there are still a number of questions concerning how this bill would be implemented.

There being no additional opponents, and after the questions had been answered, the Chairman closed the hearing on **HB 2822**. It was the feeling of the Committee that this might make a good summer study.

Chairman Hayzlett opened the hearings on **HB 2951**.

HB 2951 - Designating part of US 36 Highway as the World War I Veterans Memorial Highway

Chairman Hayzlett introduced Representative Jene Vickrey According to Representative Vickrey (Attachment #11) the last World War I Veteran in Kansas is now 106 years old and lives in Smith Center. US 36 Highway passes through Smith Center. He concluded by saying that naming a part of US Highway 36, the World War I Veterans Memorial Highway, we recognize the service and dedication of a generation who preserved our nations's freedoms.

The next proponent was Charles M. Yunker, Adjutant, American Legion (Attachment #12) who asked for the Committee's support of **HB 2951**.

The last proponent was Representative Rob Olson (Attachment #13). According to Representative Olson it is thought that this World War I Veteran is perhaps the nation's oldest living Marine and he asked the Committee to favorably pass **HB 2951**.

There being no additional proponents and no opponents, Chairman Hayzlett closed the hearing on **HB 2951**.

It was the Chairman's desire to work **HB 2951** so he opened it up for the Committee's discussion, comments or motions. Representative Ballard made a motion to favorably pass this bill out of Committee. This motion was seconded by Representative Olson and the motion carried.

It was also the Chairman's desire to work **SB 373** and he opened it up to the Committee. Bruce refreshed the Committee about the bill. Representative Yonally made a motion to pass this bill favorably to the Consent Calendar, Representative Menghini seconded the motion and the bill carried.

The Committee's attention was drawn to the Minutes of the February 2, 2006 meeting. Representative Burgess made a motion to approve the Minutes, it was seconded by Representative Olson and the motion carried.

CONTINUATION SHEET

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There being no further business, the meeting was adjourned. The next meeting will be on February 21, 2006, at 1:30 p.m. in Room 519-S.