



House Committee on Taxation
Written Opposition to House Bill 2382- Motor Fuel Tax Increase
Presented by Eric Stafford, Vice President of Government Affairs

Thursday, March 23, 2017

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in opposition to House Bill 2382 which increases the motor fuel tax by \$0.11 per gallon.

While the motor fuel tax is one tax where Kansas is in the bottom half of states (currently tied for 19th lowest) with a motor fuel tax of \$0.24 per gallon, our state is the second highest of our five state region behind only Nebraska-\$0.27 per gallon. An \$0.11 cent increase would make Kansas the highest tax of our surrounding states and would move us into the top 10 for highest amount of motor fuel taxes levied.

There have been strong public relations efforts to convince the public that Kansas roads have been decimated, but when you actually look at the total spending on the four categories of maintenance, preservation, expansion and enhancement, and modernization, KDOT spent \$857 million in FY 2016. While that's down from \$932 million in 2015, that's up from \$698 million in 2010. Dating back to 2006, sales tax transfers totaled just under \$99 million, but have grown to \$517 million in 2016.

Our legislative agenda does call for protecting the current \$0.04 sales tax dedicated to the State Highway Fund. Just like it is bad public policy to sweep fees that fund regulatory agencies, it is bad public policy to take dollars from one agency to fund another. However, we opposed the \$0.04 increase in 2010 and instead stated that if the legislature protected existing funding streams, a tax increase wouldn't be necessary- a position which industry opposed. Here we are seven years later and the government is still in the practice of targeting transportation dollars. Taking money from KDOT has been an inefficient government practice in our state for decades. Over \$1 billion was taken from KDOT between 1999 and 2010.

In closing, a lack of revenue is not the problem facing KDOT as actual spending remains higher in 2016 than it was in 2011. Increasing the motor fuel tax by \$0.11 per gallon places us at a competitive disadvantage to not only our neighboring states, but to the rest of the nation. Thank you for the opportunity to provide testimony in opposition to House Bill 2382, and I am happy to answer questions at the appropriate time.



The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.