



February 18, 2020

Memorandum:

To: Senate Ways and Means Committee
From: Thomas M. Palace Executive Director PMCA of Kansas
Re: Neutral Testimony SB 375

Madam Chair and Members of the Senate Ways and Means Committee:

My name is Tom Palace. I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 300 independent Kansas petroleum distribution companies and convenience store retailers throughout Kansas.

PMCA has long been an opponent of the legislature sweeping funds from any fee funded agency. To date the legislature has swept over \$2 billion from the Kansas Department of Transportation and delayed a number of T-Works projects.

When T-Works was initiated it was to be funded with motor fuel excise taxes and 4/10 of cent sales tax. Initially, the sales tax revenue was sufficient to complete new road projects and maintain the current highway system. As the funds were swept highway projects were put on the back burner.

Funding sustainability is the key to the highway program and the legislature needs the discipline to stop stealing money earmarked for specific programs.

Automobile manufacturers will continue to work on new and better ways for vehicles to get better gas mileage and the proliferation of electric vehicles are good examples as to why Kansas cannot continue to rely on motor fuel excise taxes to fund a long term highway program.

SB 375 does not increase motor fuel excise taxes (yet), but it does rely on the state reducing its appetite to take the sales tax dollars away from KDOT.

It appears that the "Forward" plan will provide flexibility to address opportunities as funds are available. The program also will work on prioritization of projects partnering with local communities.

We believe that the delayed T-Works projects as well as additional new road projects can be completed if ALL the sales tax dollars earmarked for KDOT are left untouched.

PMCA will not support any increase in motor fuel taxes. Kansas motor fuel rate is \$.25 gas \$.27 diesel. We can argue that we are at a tremendous competitive disadvantage for any retailer that competes on or near a border of Missouri (\$.174 gas \$.174 diesel) and Oklahoma (\$.20 gas \$.20 diesel). Kansas does enjoy a competitive advantage with Nebraska (\$.302 gas \$.293 diesel).

Petroleum Marketers and Convenience Store Association of Kansas

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The National Association of Convenience Stores has reported that consumers are more sensitive to gas prices than other top economic concerns.

Consumers will change their behavior to save a few cents per gallon. People drive out of their way, 10-15 miles, to save a couple pennies on gas.

Retailers that compete on or near the border are hit hardest with motor fuel, or any type, of excise tax increase. When Kansas increases taxes, it gives the Kansas consumer another reason to cross the border to purchase goods and services and is excellent economic development for our neighboring states.

Thank You

State Motor Fuel Tax Rates

(January 1, 2020)

	GASOLINE			DIESEL FUEL			GASOHOL			Notes
	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	Excise	Fee/Tax	Total	
Alabama /1 /9	24.0		24.0	25.0		25.0	24.0		24.0	
Alaska	8.0	0.95	8.95	8.0	0.95	8.95	8.0	0.95	8.95	Refining Surcharge
Arizona	18.0	1.0	19.0	26.0	1.0	27.0	18.0	1.0	19.0	/8 LUST Tax
Arkansas	21.5	3.3	24.8	22.5	6.3	28.8	21.5	3.3	24.8	Environmental fee, W. Sales Tax
California	47.3	6.0	53.3	36.0	32.0	68.0	47.3	6.0	53.3	Includes prepaid sales tax /7
Colorado	22.0		22.0	20.5		20.5	22.0		22.0	
Connecticut	25.0		25.0	46.5		46.5	25.0		25.0	Plus a 8.1% Petroleum tax (gas)
Delaware	23.0		23.0	22.0		22.0	23.0		23.0	Plus 0.9% GRT
Florida /2	18.3	16.096	34.396	19.3	13.9	33.2	18.3	16.096	34.396	Sales tax added to excise /2
Georgia /5	27.9		27.9	31.3		31.3	27.9		27.9	/5 Local sales tax additional
Hawaii /1	16.0		16.0	16.0		16.0	16.0		16.0	Sales tax additional
Idaho	32.0	1	33.0	32.0	1	33.0	32.0	1	33.0	Clean Water Fee
Illinois /1/5	38.0	1.1	39.1	45.5	1.1	46.6	38.0	1.1	39.1	Sales tax add., env. & LUST fee /3
Indiana /5	30.0		30.0	49.0		49.0	30.0		30.0	Sales tax additional
Iowa	30.5		30.5	32.5		32.5	29.0		29.0	
Kansas	24.0	0.03	24.03	26.0	0.03	26.03	24.0	0.03	24.03	Inspection fees
Kentucky	24.6	1.4	26.0	21.6	1.4	23.0	24.6	1.4	26.0	Environmental fee /4 /3
Louisiana	20.0	0.001	20.001	20.0	0.001	20.001	20.0	0.001	20.001	Inspection fee
Maine	30.0		30.0	31.2		31.2	30.0		30.0	
Maryland /5	36.7		36.7	37.45		37.45	36.7		36.7	/5
Massachusetts	24.0		24.0	24.0		24.0	24.0		24.0	
Michigan	26.3		26.3	26.3		26.3	26.3		26.3	Sales tax additional
Minnesota	28.5	0.1	28.6	28.5	0.1	28.6	28.5	0.1	28.6	Inspect fee
Mississippi	18.0	0.4	18.4	18.0	0.4	18.4	18.0	0.4	18.4	Environmental fee
Missouri	17.0	0.42	17.42	17.0	0.42	17.42	17.0	0.3	17.3	Inspection & Load fees
Montana	32.0		32.0	29.45		29.45	32.0		32.0	
Nebraska	29.3	0.9	30.2	29.3	0.3	29.6	29.3	0.9	30.2	Petroleum fee /5
Nevada /1	23.0	0.805	23.805	27.0	0.75	27.75	23.0	0.805	23.805	Inspection & cleanup fee
New Hampshire	22.2	1.625	23.825	22.2	1.625	23.825	22.2	1.625	23.825	Oil discharge cleanup fee
New Jersey	10.5	30.9	41.4	13.5	35.0	48.5	10.5	30.9	41.40	Petroleum fee
New Mexico	17.0	1.875	18.875	21.0	1.875	22.875	17.0	1.875	18.875	Petroleum loading fee
New York	8.05	17.4	25.45	8.0	15.65	23.65	8.05	17.4	25.5	Petroleum Tax, Sales tax additional
North Carolina	36.1	0.25	36.35	36.1	0.25	36.35	36.1	0.25	36.35	/5 Inspection tax
North Dakota	23.0		23.0	23.0		23.0	23.0		23.0	
Ohio	38.5		38.5	47.0		47.0	38.5		38.5	
Oklahoma	19.0	1.0	20.0	19.0	1.0	20.0	19.0	1.0	20.0	Environmental fee
Oregon /1	36.0		36.0	36.0		36.0	36.0		36.0	
Pennsylvania	57.6		57.6	74.1		74.1	57.6		57.6	Oil franchise tax only /5
Rhode Island /5	34.0	1	35.0	34.0	1	35.0	34.0	1	35.0	LUST tax
South Carolina /9	22.0	0.75	22.75	22.0	0.75	22.75	22.0	0.75	22.75	Inspection fee & LUST tax
South Dakota /1	28.0	2	30.0	28.0	2	30.0	26.6	2	28.6	Inspection fee (gasohol E10)
Tennessee /1	26.0	1.4	27.4	27.0	1.4	28.4	26.0	1.4	27.4	Petroleum Tax & Envir. Fee
Texas	20.0		20.0	20.0		20.0	20.0		20.0	
Utah	31.1		31.1	31.1		31.1	31.1		31.1	/4
Vermont /5	12.1	18.71	30.81	28.0	4.0	32.0	12.1	18.71	30.81	Cleanup Fee & Trans. Fee
Virginia /1	16.2		16.2	20.2		20.2	16.2		16.2	/6
Washington	49.4		49.4	49.4		49.4	49.4		49.4	0.5% privilege tax
West Virginia	20.5	15.2	35.7	20.5	15.2	35.7	20.5	15.2	35.7	Sales tax added to excise
Wisconsin	30.9	2.0	32.9	30.9	2.0	32.9	30.9	2.0	32.9	Petroleum Insp. Fee
Wyoming	23.0	1	24.0	23.0	1	24.0	23.0	1	24.0	License tax
Dist. of Columbia	23.5		23.5	23.5		23.5	23.5		23.5	
Federal	18.3	0.1	18.4	24.3	0.1	24.4	18.3	0.1	18.4	LUST tax

SOURCE: Compiled by FTA from various sources. Fee/Taxes column is for comparison purposes and does not include all taxes/fees levied.

/1 Tax rates do not include local option taxes. In AL, 1 - 3 cents; HI, 8.8 to 18.0 cent; IL, 5 cents in Chicago and 6 cents in Cook county (gasoline only); NV, 4.0 to 9.0 cents; OR, 1 to 5 cents; SD and TN, one cent; and VA 2.1%.

/2 Local taxes for gasoline and gasohol vary from 0 cents to 6.0 cents. Includes Inspection Fee, SCETS, & Statewide Local Tax.

/3 Carriers pay an additional surcharge equal to IL-14.9 cents, KY-2% (g) 4.7% (d).

/4 Tax rate is based on the average wholesale price and is adjusted annually. The actual rates are: KY, 9%; and UT, 16.5%.

/5 Portion of the rate is adjustable based on maintenance costs, sales volume, cost of fuel to state government, or inflation.

/6 Large trucks pay an additional (d) 3.5 cents (g) 12.6 cents. Actual rates (g) 5.1%, (d) 6%.

/7 California Gasoline subject to 2.25% sales tax. Diesel subject to a 13% sales tax.

/8 Diesel rate specified is the fuel use tax rate on large trucks. Small vehicles are subject to 18 cent tax rate.

/9 On July 1, 2020, SC tax will increase to 24 cents. On October 1, 2020, AL tax will increase to 26 cents (g) and 27 cents (d).