

To: House Taxation Committee

From: Eric B. Smith, Deputy General Counsel

Date: March 12, 2019

RE: Opposition Testimony for HB 2381

I want to thank Chairman Johnson and the members of the Committee for allowing the League of Kansas Municipalities the opportunity to provide testimony in opposition to HB 2381.

The League does not have a position on the policy decision to increase the motor fuel tax. We do, however, find the changes in Section 4 of the bill objectionable. This section results in the reduction of the distribution to the Special City and County Highway Fund. The current distribution is 66.37% to the State Highway Fund and 33.63% to the special city and county highway fund. This long-standing formula has served the state and local governments well over the years. HB 2381 would reduce the special city and county fund to 27.01%. The League recognizes the need for the state to have stable and sufficient transportation funding. Cities and counties have the same transportation needs and should continue to share in motor fuels taxes at the same, current rate.

There are approximately 17,000 miles of city roadways in this state and more than ½ of local bridges are over fifty years old. The special city and county highway funds received by local governments can only be used for construction, reconstruction, alteration, repair, and maintenance of streets and highways. Cities are prohibited from collecting local sales tax on motor fuel sales; therefore, they rely on the special city and county highway fund to help defray the costs associated with vehicle use of local transportation infrastructure.

The League is willing to work with the Committee to find a way to fund the state transportation plan, but we ask that Section 4 be removed from this bill before it is passed out to the full House.

Based on the above reasons the League respectfully asks the Committee not to pass out HB 2381 unless Section 4 is removed from the bill.