

February 28, 2019

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 188 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 188 is respectfully submitted to your committee.

SB 188 would make the following adjustments to motor fuel tax rates:

	<u>Current Law</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023 &amp; After</u>
Motor-Vehicle Fuels	\$0.24	\$0.25	\$0.26	\$0.27
Special Fuels	\$0.26	\$0.28	\$0.30	\$0.30
LP-Gas	\$0.23	\$0.24	\$0.25	\$0.26
E-85	\$0.17	\$0.18	\$0.19	\$0.20
Compressed Natural Gas	\$0.24	\$0.25	\$0.26	\$0.27
Liquified Natural Gas	\$0.26	\$0.27	\$0.28	\$0.29

*Per gallon*

The bill would increase the fee for 24-hour motor fuel permits from \$13 to \$14 for FY 2021 and to \$15 for FY 2022 and beyond. The fee for 72-hour motor fuel permits would be increased from \$25 to \$26.92 for FY 2021 and to \$28.85 for FY 2022 and beyond. SB 188 would also increase rates for the alternative tax LP-gas permit users may elect to pay beginning in FY 2021.

The Department of Revenue estimates that SB 188 would increase revenues to the State Highway Fund by \$14.6 million in FY 2021. The bill also is estimated to increase revenues to the Special City and County Highway Fund by \$7.4 million in FY 2021. The fiscal effect to revenues during subsequent years would be as follows:

	<u>FY 2022</u>	<u>FY 2023</u>
State Highway Fund	\$30,200,000	\$40,000,000
Special City and County Highway Fund	15,300,000	20,200,000
	<u>\$45,500,000</u>	<u>\$60,200,000</u>

The Department of Revenue estimates the bill would require additional expenditures of \$44,590 from special revenue funds in FY 2020 for modifications to the automated tax system and other administrative changes.

The Kansas Department of Transportation (KDOT) indicates that expenditures for FY 2021, FY 2022 and FY 2023 would increase in amounts equivalent to the increases to State Highway Fund revenues. KDOT notes that there is a delay between the collection of revenues to and payments from the Special City and County Highway Fund. As a result, KDOT estimates payments from the Special City and County Highway Fund to local governments would increase by \$6.1 million in FY 2021, \$13.9 million in FY 2022 and \$19.4 million in FY 2023. Any fiscal effect associated with SB 188 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is written in a cursive style with a large, sweeping initial "L".

Larry L. Campbell  
Director of the Budget

cc: Ben Cleeves, Transportation  
Lynn Robinson, Department of Revenue