



**K-1
Kansas Turnpike: The
Relationship Between
KTA and KDOT**

**K-2
Safety Belt
Requirements and
Fines**

**K-3
State Highway Fund
Receipts and Transfers**

**K-4
State Motor Fuels
Taxes and Fuel Use**

**K-5
Toll or Tax?**

Aaron Klaassen
Principal Fiscal Analyst
785-296-3181
Aaron.Klaassen@klrd.ks.gov

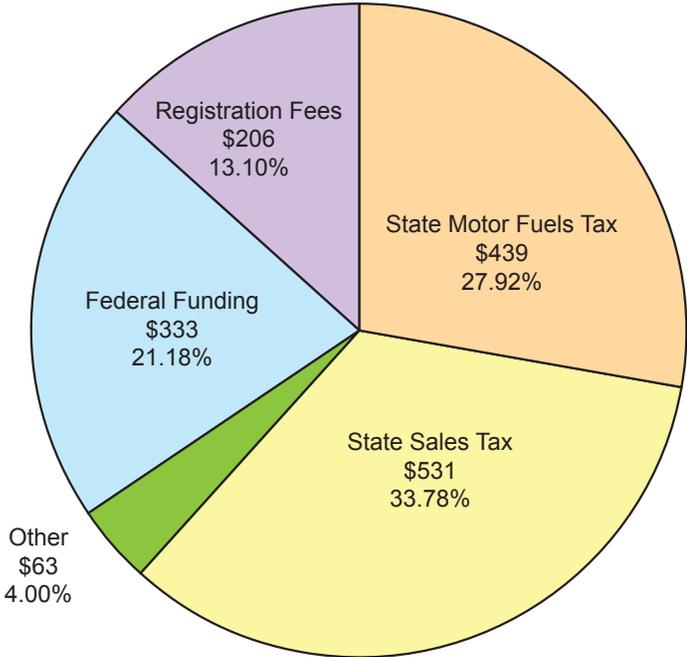
Transportation

K-3 State Highway Fund Receipts and Transfers

The *Kansas Constitution's* Article 11, Section 10, says, "The State shall have power to levy special taxes, for road and highway purposes, on motor vehicles and on motor fuels." Projected revenues to the State Highway Fund (SHF) for use by the Kansas Department of Transportation (KDOT) can be described in five categories: state sales tax, state motor fuels tax, federal funding, vehicle registration fees, and "other." This article discusses the components of those categories and transfers from the SHF.

KDOT estimates—updated through April 2016 (including April consensus estimates)—include these amounts for revenues in fiscal year (FY) 2017 (in millions).

**Projected KDOT FY 2017 Revenues
as of April 2016 (in millions)**



Components of State Highway Fund Revenues

The following information summarizes statutes related to major categories of state funding collected in the SHF.

State motor fuels tax. Kansas imposes a tax of 24¢ a gallon on gasoline and 26¢ a gallon on diesel fuel, unchanged since 2003. A separate article on state motor fuel taxes and fuel use is provided as W-2 State Motor Fuel Taxes and Fuel Use. KSA 2016 Supp. 79-34,142 directs 66.37 percent of fuels tax revenues to the SHF and 33.63 percent to the Special City and County Highway Fund.

State sales tax. KSA 2016 Supp. 79-3620 directs 16.226 percent of the revenues from the state sales tax to the SHF. The sales tax rate on which this is imposed is 6.5 percent. KSA 2016 Supp. 79-3710 similarly directs 16.226 percent of compensating use tax to the SHF. Those statutes direct 16.154 percent of sales and use taxes to the SHF as of July 1, 2016.

Registration fees. Statutes also direct moneys from vehicle registration and title fees (KSA 2016 Supp. 8-145, and others), fees from permits for oversize or overweight vehicles (KSA 2016 Supp. 8-1911), and other registration-related fees to the SHF. For most vehicles, property taxes paid at registration and retained by the counties are the majority of the total amount paid. Examples are provided in the general memorandum

“Taxes and Fees Paid at Vehicle Registration,” available through the KLRD website homepage, “Transportation.”

Other fees. Driver’s license exam and reinstatement fees (KSA 2016 Supp. 8-267 and others) are included in this category, as are smaller items such as junkyard certificate of compliance fees (KSA 68-2205) and sign permit and license fees (KSA 2016 Supp. 68-2236).

Anticipated Revenues the State Highway Fund Has Not Realized

Since 1999, actual State General Fund (SGF) revenues to the SHF have been reduced by approximately \$3.5 billion when compared with the amounts anticipated. The following table summarizes the categories of those reductions. A detailed spreadsheet, “State Highway Fund Adjustments,” shows year-by-year revenue adjustments, by category. It is available through the KLRD website homepage, “Capitol Issues,” “Transportation.” This table reflects KDOT’s budget estimates through November 2015.

Net Changes to SHF Revenues from SGF, Authorized to Anticipated, 1999-2017 (in millions)	
Sales Tax Demand Transfer. Sales taxes were transferred from the SGF to the SHF under highway program bills starting in 1983. The Comprehensive Transportation Program as enacted in 1999 included provisions to transfer certain percentages of sales tax (9.5 percent in 2001 – 14 percent in 2006 and later) from the SGF to the SHF. Appropriations reduced those amounts and the transfers were removed from the law in 2004.	\$(1,456.73)
Sales and Compensating Use Tax. When sales tax transfers were eliminated, the sales tax was increased and the percentage going directly into the SHF was increased. The amount reflects the changes enacted in 2010 Senate Sub. for HB 2360, and as amended by 2013 House Sub. for SB 83 and 2015 House Sub. for SB 270.	\$420.75
Loans to the SGF. A total of \$125.2 million was “borrowed” from the SHF with arrangements to replace that money from FY 2007 through FY 2010. Only the first two payments were made.	\$(61.79)
Bond Payments. The 2004 Legislature authorized the issuance of \$210.0 million in bonds backed by the SGF. SGF payments were made on those bonds only in 2007 and 2008. (Subsequent payments have been made from the SHF.)	\$26.58
Transfers from the SHF. Transfers include amounts for the Fair Fares program at the Department of Commerce, Highway Patrol operations, payments on SGF-backed bonds, budget reductions and allotments, and education and health-related transfers. <i>Note:</i> The amount includes transfers authorized by 2015 House Sub. for SB 112, 2016 House Sub. for SB 161, and 2016 Sub. for HB 2001.	\$(2,400.62)
Total	\$(3,471.81)

Highway-related transfers to local governments.

KSA 2016 Supp. 79-3425i states the Special City and County Highway Fund (SCCHF) will receive certain moneys related to commercial vehicles in addition to moneys from fuel taxes. Transfers to the SCCHF of commercial motor vehicle *ad valorem* taxes and the commercial vehicle fees that replaced the *ad valorem* taxes as of January

1, 2014 (see KSA 2016 Supp. 8-143m), have been suspended since FY 2010. Appropriations bills, most recently Section 246 of 2015 House Sub. for SB 112, have amended KSA 79-3425i so that no commercial vehicle taxes or fees are transferred from the SGF to the SCCHF. The transfers had been limited to approximately \$5.1 million a year beginning in FY 2001.

For further information please contact:

Aaron Klaassen, Principal Fiscal Analyst
Aaron.Klaassen@klrd.ks.gov

Jill Shelley, Principal Research Analyst
Jill.Shelley@klrd.ks.gov

Whitney Howard, Research Analyst
Whitney.Howard@klrd.ks.gov

Kansas Legislative Research Department
300 SW 10th Ave., Room 68-West, Statehouse
Topeka, KS 66612
Phone: (785) 296-3181
Fax: (785) 296-3824