

Introduction

There is concern in Kansas that the property Valuation Rendition on motor vehicles traveling to or through Kansas (which results in an Ad Valorem Tax) is confusing motor coach operators and deterring them from coming to, or passing through Kansas.

This is not a new tax; in fact, it is in the Kansas Constitution.

The concern is warranted because tourism and the motor coach industry contribute significantly to the economy of Kansas.

This brief identifies:

- 1) The economic impact of Tourism and the motor coach industry in Kansas
- 2) National Programs that reduce or eliminate common highway use taxes and permits
- 3) A Definition of the Property Valuation Rendition
- 4) Summary of issue and suggestions for advocacy in Kansas
- 5) Appendix A – Kansas Motor Coach Rules and Regulations
- 6) Appendix B – Kansas Motor Coach economic Impact
- 7) Appendix C – National Motor Coach economic impact

Economic impact of Tourism and the Motor Coach Industry in Kansas:

- Tourism is a vital part of the Kansas economy. It infused **\$7.2 billion** into the economy in 2009 and, based upon jobs, is the 3rd largest industry in Kansas.
- Tourism directly supports approximately **125,000** individuals, which accounts for **9.3%** of the total non-farm employment in the state.
- **\$2.56 billion** in wages and salaries were generated in 2009.
- Kansas tourism contributes **4.5%** of the total Kansas gross state product, providing **27.4%** of all state and local tax revenue in 2009.
- If tourism didn't exist, each household would have to pay about **\$876** more in taxes in order to maintain the current level of state and local tax receipts.
- Of this, nearly **\$1.1 billion** in total economic activity and over **14,000** jobs in Kansas can be attributed to the **motorcoach tour and travel industry**.
- The Motor Coach industry in Kansas generates **\$397 million** in wages.
- The Motor Coach Industry in Kansas generates **\$1.2 billion in economic activity**.
- Taxes generated in the state of Kansas by the motorcoach industry are **\$155 million dollars** of which **\$95 million are Federal** and **\$60 million are state**

Motorcoach Industry Taxes & Regulations

There is a wide variety of taxes that affect the motor coach industry and, these taxes can vary from jurisdiction to jurisdiction. There are three national/international programs that simplify compliance with most highway and fuel taxes. Listed below are the three programs that together, eliminate separate filings from state to state.

Motor coaches are regulated by the **USDOT** and almost all companies are registered with the **USDOT**.

- 1) Motor coach companies register with **IFTA (International Fuel Tax Association)**. This registration is based upon fuel usage and exempts carriers from state fuel permits/taxes.
- 2) They also register with the “**Single State Registration**” program also called the **Unified Carrier Registration**. This program is in 42 states and carriers based in a state that is not part of the program can register in an adjacent state. This registration is based on fleet size.
- 3) Motor coach companies also register with the **IRP (International Registration Program)**. This program is based on miles travelled.

One or a combination of all these programs covers most taxes, highway-use permits and fees.

Some states, including Kansas, try to implement additional fees or taxes. In Kansas it is a “Property Valuation Rendition” (see Appendix A).

Property Valuation Rendition

Kansas state law requires all motor carriers that are registered to operate in the state of Kansas to make an annual filing with the Kansas Department of Revenue. Property tax forms (renditions) are usually mailed to the carriers during February of the taxing year. The information provided by the motor carrier on these renditions is used to assess an ad valorem tax, a tax according to value, on equipment operating in or through Kansas in a haul-for-hire capacity. Motor carriers are required to track the total miles per year per bus and the total number of miles that this bus traveled in Kansas. The value of the bus is determined by a “blue book” value based on year, make, mileage etc. and the percentage of the bus value determined to have been used in Kansas is multiplied by a mill rate to determine the amount of tax to be assessed.

Further information is available at:

Kansas Department of Revenue
Division of Property Valuation
Robert B. Docking State Office Bldg.
915 SW Harrison St.
Topeka, Kansas 66612-1585
Phone: (785) 296-4510

This property valuation rendition results in an Ad Valorem Tax being assessed on the carriers that voluntarily comply and register.

Similar Tax in New Jersey Recently Changed

The “Corporation Business Tax Act” was updated in July 2002 to extend the reach of the New Jersey corporation business tax to a corporation that derives income from New Jersey sources – which include out-of-state tour bus companies. Since then, due to a range of factors, visitors to Atlantic City by charter bus have each year declined. From 2008 to 2009 alone, visitors by charter bus dropped 12.8 percent, from 4.9 million to 4.3 million, according to statistics from the South Jersey Transportation Authority’s 2009 Annual Report. By comparison, in 2001, about 8 million people traveled by bus to Atlantic City, according to the SJTA.

The bill limits the corporation business tax so it is not imposed on a corporation whose only connection with the state is the delivery of passengers to a New Jersey location. The Assembly approved the measure in June by a vote of 79-0. The Senate approved it today by a vote of 39-0.

<http://www.politickernj.com/65975/van-drew-bill-exempt-out-state-tour-bus-operators-business-tax-heads-governor>

New Jersey legislators aware that at least 40 percent of its members reported they declined to transport groups to destinations in New Jersey because of the burdensome tax. With every 55-passenger motorcoach representing between \$8,000 and \$11,000 in revenue per overnight charter, there has been a growing negative impact on the state’s tourism industry by that missed revenue by bus and motorcoach companies choosing to avoid New Jersey.

<http://www.bustourismagazine.com/new-jersey-corporate-business-tax-repealed-for-out-of-state-motorcoach-companies/>

Summary

- 1) Several States assess motor carrier taxes over and above those that are consistent and the National level and managed through one of three National Programs.
- 2) Kansas has one of these taxes and it is based on property value.
- 3) These taxes are enforced to varying degrees in the states that have them.
- 4) States periodically correspond with Motor Carriers and demand compliance.
- 5) Kansas is communicating with Operators asking for compliance.
- 6) This communication is confusing and even deterring operators.
- 7) This confusion and deterrence will have a negative impact on the \$7.2 billion Kansas tourism economy of which \$1.1 billion can be directly attributed to the motor coach industry. The specific impact is not known.
- 8) The Kansas Tourism industry should seek for the removal of this tax or significant modifications.
- 9) New Jersey recently removed, after a significant advocacy effort, their state business tax on the motor coach industry.
- 10) The Kansas Tourism industry should advocate that the State Department of Revenue eliminate aggressive enforcement measures since they are highly ineffective at ensuring 100% fair compliance resulting in only a handful of carriers being taxed, according to the American Bus Association (ABA).

Appendix A – Kansas Motorcoach Regulations

Motorcoach Regulations & Guidelines

The following information highlights the motorcoach regulatory guidelines outlined by Kansas law. To avoid potential delays, register your authority and purchase the necessary permits in advance of your trip(s). We want your travel in Kansas to be enjoyable and trouble-free. Stop at the first open weigh station to show your identification and permits. After the paperwork is verified, your motorcoach may "roll through" subsequent weigh stations throughout Kansas.

INTERSTATE Passenger Service (across state lines):

Registration for FHWA (ICC) Authority

Before entering Kansas, register your vehicle with the Federal Motor Carrier Safety Administration to receive your USDOT number. All commercial motor carriers in Kansas are required to display their DOT number if that vehicle has a gross vehicle weight rating or gross combination weight rating of 10,001 or more pounds. For more information contact:

Federal Motor Carrier Safety Administration
400 7th Street, S.W.
Washington, D.C. 20590
<http://www.fmcsa.dot.gov/>

Registration for Single State Authority

Before entering Kansas, register your FHWA (ICC) authority with the Single State Registration System (SSRS) in your base jurisdiction. You will need to provide proof of insurance and your base state will collect fees and issue a receipt. A copy of this receipt must be carried in each vehicle that is registered. If your base jurisdiction does not participate in this program you may use a jurisdiction that does. Kansas does not issue any temporary trip permits. For more information contact:

Kansas Corporation Commission (KCC)
1500 SW Arrowhead
Topeka, Kansas 66604-4027
Phone: (785) 271-3145
<http://www.kcc.state.ks.us/>

Registration for Fuel Taxation

Before entering Kansas, you must be licensed under the International Fuel Tax Agreement (IFTA). For more information contact:

Kansas Department of Revenue
Motor Fuel Tax

Robert B. Docking State Office Bldg.
915 SW Harrison
Topeka, Kansas 66625-8000
Phone: (785) 291-3898
<http://www.ksrevenue.org/>

Property Valuation Rendition

Kansas state law requires all motor carriers that are registered to operate in the state of Kansas to make an annual filing with the Kansas Department of Revenue. Property tax forms (renditions) are usually mailed to the carriers during February of the taxing year. The information provided by the motor carrier on these renditions is used to assess an ad valorem tax, a tax according to value, on equipment operating in or through Kansas in a haul-for-hire capacity. For more information about the motor carrier property tax please contact:

Kansas Department of Revenue
Division of Property Valuation
Robert B. Docking State Office Bldg.
915 SW Harrison St.
Topeka, Kansas 66612-1585
Phone: (785) 296-4510
www.ksrevenue.org/pvdmotorcarrier.html

INTRASTATE Passenger Service (from point-to-point within Kansas):

Registration for Intrastate Authority

If your company is domiciled in Kansas and operates beyond the 25-mile radius from the point of its domicile in a city, you must apply for operating authority and register your vehicle with the Kansas Corporation Commission.

If your company is domiciled outside of Kansas but operates point-to-point within the state, you must apply for operating authority and register your vehicle with the Kansas Corporation Commission. For more information contact the following:

Kansas Corporation Commission (KCC)
1500 SW Arrowhead
Topeka, Kansas 66604-4027
Phone: (785) 271-3145
<http://www.kcc.state.ks.us/>

Appendix B – Kansas Motorcoach Impact

American Bus Association Foundation



Economic Impact of the Motorcoach Tour and Travel Industry

The Motorcoach Tour and Travel Industry Creates Jobs in Kansas

Kansas companies that provide motorcoach services to intercity travelers and group tours are a critical part of the state's economy. Motorcoach operators, along with the companies that supply services and materials to them, provide well paying jobs in Kansas and pay significant amounts in tax to federal, state and local governments.

Economic Impact of Motorcoach Tour and Travel in Kansas

	Direct	Supplier	Induced	Total
Jobs (FTE)	8,630	2,000	3,490	14,120
Wages	\$180,931,600	\$82,036,700	\$134,075,500	\$397,043,800
Economic Impact	\$452,266,800	\$273,979,500	\$475,109,100	\$1,201,355,400

The Motorcoach Industry is a Crucial Economic Driver in Kansas's Economy

- ❖ Motorcoach companies in Kansas that provide good jobs paying an average of \$49,228 , with drivers averaging \$48,672 in wages and benefits.¹ Today every job is important. In fact, in Kansas the unemployment rate has reached 5.60 percent. This means that there are already 82,800 people trying to find jobs in the state, and collecting unemployment benefits.²
- ❖ In addition to providing good paying jobs for thousands of workers in Kansas, motorcoaches are the most fuel- and carbon-efficient mode of passenger transportation. Motorcoach travel averages 206 passenger miles per gallon compared to commuter rail at 92, transit bus at 31, automobiles at 27 and hybrid cars at 46 passenger miles per gallon.
- ❖ Motorcoach operations in Kansas, saves travelers \$2.4 million annually by alleviating congestion on local roads, city streets and major arteries by removing cars from travel lanes and adding productivity to the workforce.³
- ❖ Motorcoaches are an important cog in driving local and regional tourism economies; providing flexible and cost effective transportation for rural residents, commuters and intercity passengers; while linking airports and rail stations to the surface transportation network. This is all accomplished by an industry of small businesses with little to no public subsidy.
- ❖ Motorcoaches provided nearly 700 million passenger trips in 2010 with little to no public subsidy.⁴

The State Also Benefits From the Taxes Paid by the Industry

- ❖ Not only does the motorcoach travel and tourism industry create jobs, it also generates substantial revenues for state and local governments. In Kansas, the industry and its employees pay over \$59.62 million in taxes including property, income, and sales based levies.⁵

Taxes Generated in the State of Kansas	
Federal Taxes	\$95,067,800
State Taxes	\$59,619,900
Total Taxes	\$154,687,700

¹ Motorcoach industry jobs and wages based on an economic impact model developed by John Dunham and Associates for the American Bus Association Foundation, January 2013. Driver wages are national averages based on the reported wage rate for bus drivers from the US Department of Labor, Bureau of Labor Statistics, *May 2011 National Occupational Employment and Wage Estimates United States*, at www.bls.gov/oes/current/oes_nat.htm#53-0000, multiplied by 1.3 to reflect estimated benefits.

² The Bureau of Labor Statistics. Available on-line at: www.bls.gov/lau/home.htm. Data for October 1, 2013.

³ Schrank, David and Tim Lomax, *Mobility Benefits from Motorcoach Service*, Texas Transportation Institute, December 2009.

⁴ *Motorcoach Census: 2011*, prepared by John Dunham and Associates for the American Bus Association Foundation, June 18, 2012. On-line at: www.buses.org/files/Foundation/Final_Motorcoach_Census_2011_7-3-2012.pdf

⁵ op cit, John Dunham and Associates.

American Bus Association Foundation
Economic Impact of the Motorcoach Tourism Industry



2012 Data
Kansas

Direct Economic Impact			
	Jobs	Wages	Output
Motorcoaches	1,810	\$89,102,200	\$160,912,500
Hotel/Lodging	1,280	\$25,459,200	\$96,617,600
Eating and Drinking Places	1,280	\$23,394,600	\$69,083,200
Entertainment and Amusement	3,940	\$35,169,400	\$110,139,000
Retail	320	\$7,806,200	\$15,514,500
Total	8,630	\$180,931,600	\$452,266,800
Supplier Impact			
	Jobs	Wages	Output
Agriculture	100	\$1,512,800	\$18,510,000
Mining	50	\$815,400	\$5,272,300
Construction	40	\$1,630,100	\$4,073,300
Manufacturing	180	\$10,675,200	\$69,647,700
Trans & Comm	250	\$14,445,500	\$49,231,400
Wholesale	40	\$2,375,100	\$5,032,100
Retail	20	\$408,600	\$857,500
FIRE	230	\$8,768,200	\$37,582,400
Bus. & Per. Svc.	680	\$30,104,300	\$56,493,400
T&E	310	\$4,248,800	\$14,601,900
Government	100	\$7,052,700	\$12,677,500
Other	-	\$-	\$-
Total	2,000	\$82,036,700	\$273,979,500
Induced Economic Impact			
	Jobs	Wages	Output
Agriculture	180	\$5,032,500	\$33,022,000
Mining	60	\$3,228,600	\$8,557,300
Construction	30	\$1,315,500	\$3,211,500
Manufacturing	230	\$14,017,300	\$114,120,000
Trans & Comm	150	\$9,073,500	\$36,470,400
Wholesale	110	\$7,863,100	\$16,657,300
Retail	570	\$14,612,700	\$31,168,100
FIRE	460	\$17,587,600	\$102,791,200
Bus. & Per. Svc.	1,160	\$51,188,700	\$97,499,100
T&E	410	\$6,147,600	\$20,098,400
Government	60	\$3,353,300	\$9,892,000
Other	70	\$655,100	\$1,621,800
Total	3,490	\$134,075,500	\$475,109,100
Total Economic Impact			
	Jobs	Wages	Output
Total Economic Impact	14,120	\$397,043,800	\$1,201,355,400
Tax Impact		Business Taxes	
Federal Taxes		\$95,067,800	
State Taxes		\$59,619,900	
Total Taxes		\$154,687,700	

Appendix C – National Motorcoach Impact

American Bus Association Foundation



Economic Impact of the Motorcoach Tour and Travel Industry

The Motorcoach Tour and Travel Industry Creates Jobs in America

Companies that provide motorcoach services to intercity travelers and group tours are a critical part of the nation's economy. Motorcoach operators, along with the companies that supply services and materials to them, provide well paying jobs in America and pay significant amounts in tax to local, state and federal governments.

Economic Impact of Motorcoach Travel and Tourism in The United States

	Direct	Supplier	Induced	Total
Jobs (FTE)	790,190	206,200	393,280	1,389,670
Wages	\$26,442,759,500	\$10,800,506,600	\$18,497,871,700	\$55,741,137,800
Economic Impact	\$58,575,255,700	\$30,245,822,500	\$56,950,482,100	\$145,771,560,300

The Motorcoach Industry is a Crucial Economic Driver in America's Economy

- ❖ Motorcoach companies provide good jobs, paying an average of \$58,740, with drivers averaging \$48,672 in wages and benefits.¹ Today, every job is important. In fact, the United States unemployment rate has reached 7.31 percent. This means that there are already 11,330,000 people trying to find jobs and collecting unemployment benefits.²
- ❖ In addition to providing good paying jobs for thousands of workers, motorcoaches are the most fuel- and carbon-efficient mode of passenger transportation. Motorcoach travel averages 206 passenger miles per gallon compared to commuter rail at 92, transit bus at 31, automobiles at 27 and hybrid cars at 46 passenger miles per gallon.
- ❖ Motorcoach operations save travelers \$1.2 billion annually by alleviating congestion on local roads, city streets and major arteries and adding productivity back to the workforce.³
- ❖ Motorcoaches are an important element driving local and regional tourism economies; providing flexible and cost effective transportation for millions of rural residents, commuters and intercity passengers; while linking airports and rail stations to the surface transportation network.
- ❖ Motorcoaches provided 700 million passenger trips in 2010 with little to no public subsidy.⁴

Motorcoach Travel and Tourism Contributes to America's Tax Base

- ❖ Not only does the motorcoach travel and tourism industry create jobs, it also generates substantial revenues for state and local governments. In the United States, the industry and its employees pay over \$8.46 billion in taxes including property, income, and sales based levies.⁵

Taxes Generated in The United States	
Federal Taxes	\$11,655,436,600
State Taxes	\$8,464,286,000
Total Taxes	\$20,119,722,600

¹ Motorcoach industry jobs and wages based on an economic impact model developed by John Dunham and Associates for the American Bus Association Foundation, January 2013. Driver wages based on the reported wage rate for bus drivers from the US Department of Labor, Bureau of Labor Statistics, *May 2011 National Occupational Employment and Wage Estimates United States*, at www.bls.gov/oes/current/oes_nat.htm#53-0000, multiplied by 1.3 to reflect estimated benefits.

² The Bureau of Labor Statistics. Available on-line at: www.bls.gov/lau/home.htm. Data for October 1, 2013.

³ Schrank, David and Tim Lomax, *Mobility Benefits from Motorcoach Service*, Texas Transportation Institute, December 2009.

⁴ *Motorcoach Census: 2011*, prepared by John Dunham and Associates for the American Bus Association Foundation, June 18, 2012. On-line at: www.buses.org/files/Foundation/Final_Motorcoach_Census_2011_7-3-2012.pdf

⁵ op cit, Economic Impact Analysis, John Dunham and Associates.

American Bus Association Foundation
Economic Impact of the Motorcoach Tourism Industry



2012

The United States of America

Direct Economic Impact			
	Jobs	Wages	Output
Motorcoaches	195,770	\$11,499,279,900	\$20,418,494,500
Hotel/Lodging	114,170	\$3,646,014,900	\$12,635,593,500
Eating and Drinking Places	146,330	\$2,955,489,400	\$8,390,361,400
Entertainment and Amusement	303,560	\$7,508,067,300	\$15,473,717,100
Retail	30,360	\$833,908,000	\$1,657,089,200
Total	790,190	\$26,442,759,500	\$58,575,255,700
Supplier Impact			
	Jobs	Wages	Output
Agriculture	4,370	\$102,924,400	\$477,939,500
Mining	1,490	\$154,771,100	\$447,341,300
Construction	4,370	\$230,912,300	\$575,342,200
Manufacturing	13,330	\$912,778,900	\$5,500,905,000
Trans & Comm	27,540	\$1,704,800,400	\$5,492,415,100
Wholesale	3,610	\$283,229,600	\$600,989,500
Retail	1,460	\$48,057,200	\$99,389,700
FIRE	25,730	\$1,173,457,400	\$5,282,726,400
Bus. & Per. Svc.	80,730	\$4,330,853,400	\$8,071,904,100
T&E	33,630	\$989,718,400	\$2,333,373,400
Government	9,940	\$869,003,500	\$1,363,496,300
Other	-	\$-	\$-
Total	206,200	\$10,800,506,600	\$30,245,822,500
Induced Economic Impact			
	Jobs	Wages	Output
Agriculture	8,350	\$232,984,600	\$940,654,900
Mining	1,920	\$202,888,100	\$584,321,800
Construction	3,410	\$180,671,700	\$436,013,900
Manufacturing	18,230	\$1,338,969,300	\$9,587,319,500
Trans & Comm	17,010	\$1,277,742,700	\$4,804,368,300
Wholesale	12,150	\$954,515,100	\$2,025,401,200
Retail	62,080	\$1,936,140,100	\$4,084,846,400
FIRE	56,470	\$2,870,518,400	\$15,511,570,300
Bus. & Per. Svc.	146,210	\$7,796,229,900	\$14,299,899,700
T&E	51,830	\$1,146,620,200	\$3,256,074,100
Government	5,280	\$418,430,600	\$1,090,722,000
Other	10,340	\$142,161,000	\$329,290,000
Total	393,280	\$18,497,871,700	\$56,950,482,100
Total Economic Impact			
	Jobs	Wages	Output
Total Economic Impact	1,389,670	\$55,741,137,800	\$145,771,560,300
Tax Impact		Business Taxes	
Federal Taxes		\$11,655,436,600	
State Taxes		\$8,464,286,000	
Total Taxes		\$20,119,722,600	