



February 26, 2025

SPECIAL CITY AND COUNTY HIGHWAY FUND DISTRIBUTIONS

Vehicle-fuel tax moneys are directed to the Special City and County Highway Fund (SCCHF) and the State Highway Fund (SHF): since 2003, 33.63 percent to the SCCHF and 66.37 percent to the SHF. Since 1970, 57.0 percent of the SCCHF is distributed to counties and 43.0 percent to cities. Distributions to counties and cities from the SCCHF averaged \$146.8 million during the FY 2010–FY 2020 Transportation Works for Kansas program and \$153.1 million in FY 2021–FY 2024, the first years of the Eisenhower Legacy Transportation Program (known as IKE).

This memorandum provides information on the history of the SCCHF, distributions of the motor-vehicle fuel tax to the SCCHF and SHF over time, the revenues available for distribution, how amounts have been and are distributed among counties and cities, and restrictions on uses of SCCHF funds. Unless otherwise specified, years listed refer to calendar years. Amounts distributed by fiscal year (since 1985) are provided.

Inception of the SCCHF

Since 1925, Kansas has taxed motor fuels; the law at that time stated “the object of the tax . . . is to create a fund for the construction and maintenance of roads and ways.” Tax collected from a county was to be returned to that county and placed in its general road fund. Vehicle fuel tax laws were rewritten in 1933 but the essential purpose was little changed: “The tax imposed by this act is . . . to be used by the state of Kansas to defray in whole, or in part, the cost of constructing, widening, purchasing of right of way, reconstructing, maintaining, surfacing, resurfacing and repairing the public highways, including the payment of bonds heretofore issued for highways. . .” Since 1949, Kansas law has required distribution of a portion of motor fuel taxes to a special fund to be used for maintenance of and improvements to county roads and city streets. From 1949 until 1969, that fund was called the Special County Road and City Street Fund; in 1969, the Special City and County Highway Fund (SCCHF) was created. [*Note: For purposes of this memorandum, “SCCHF” will refer to both the SCCHF and the Special County Road and City Street Fund, and “SHF” will refer to the SHF and its predecessor funds.*]

Distributions of Motor Fuel Taxes

Motor-vehicle fuel tax proceeds collected under the authority of KSA 79-3401 *et seq.* have been directed to transportation infrastructure uses since the inception of the motor-vehicle fuel tax. Since 1983, statutes have specified amounts collected from motor-vehicle fuels, LP-gas motor fuel, fuels owned at the time of an increase in the tax rate, and motor fuel trip permits for

commercial motor vehicles are so distributed.¹ As noted above, only since 1949 has Kansas law included provisions for portions of the motor fuel tax to go into the SCCHF for distribution to counties and cities.

The table below summarizes changes in distributions of fuel tax revenues between the SCCHF and the SHF since 1949.²

Fuel Tax Portions to the SCCHF and to Other Funds			
Year Enacted	To The SCCHF	To The SHF	To the State Freeway Fund
1949	1/5 (20%)	4/5 (80%)	
1969 (1)	2/6 (28.57%)	4/7 (57.14%)	1/7 (14.29%)
1970	35.00%	51.00%	14.00%
1972	35.00%	45.00%	20.00%
1974	35.00%	65.00%	
1976 (1)	35.00% of 87.50% (30.625%)	12.50%	65.00% of 87.5% (56.875%)
1979	35.00% of 85.75% (30.01%)	14.25%	65.00% of 85.75% (69.99%)
1983 (1)	7/1/1983: 44.40%; 1/1/1984: 40.50%		7/1/1983: 55.60%; 1/1/1984: 59.50%
1999 (1)	7/1/1999: 40.45%; 7/1/2001: 38.45%; 7/1/2003: 36.65% (2); 7/1/2020: 44.70%	7/1/1999: 59.55%; 7/1/2001: 65.55%; 7/1/2003: 63.35% (2); 7/1/2020: 55.30%	
2002 (1)	7/1/2002: 35.40%; 7/1/2003: 33.63%; 7/1/2020: 44.70%	7/1/2002: 64.60%; 7/1/2003: 66.37%; 7/1/2020: 55.30%	
2010	33.63%	66.37%	
<p>(1) Fuel taxes increased in these years and also in 1989. A listing of motor-vehicle fuel tax rates over time is provided in the Briefing Book article “State Motor Fuels Taxes and Fuel Use” available on the KLRD website, www.klrd.gov.</p> <p>(2) Note the percentage for this year was subsequently changed.</p>			

Revenues Available for Distribution

Before distributions were or are made based on the percentages listed above, certain portions or amounts were directed for specific purposes at various times.

- From 1933 until 1979, small portions were directed to general obligations of the state before any of the above distributions were made:

1 Examples of revenues under Article 34, Motor Vehicle Fuel Taxes, that would not be included are an application fee for a motor-vehicle fuels or special fuels tax refund (KSA 2018 Supp. 79-3454) and a filing fee for a motor-vehicle fuel dealer license (KSA 2018 Supp. 79-3425).

2 From 1959 until 1983, revenues from special fuels taxes were distributed separately, but in identical or very similar proportions.

- 1933: 3 percent to the Motor-vehicle Fuel Tax Administration and Enforcement Fund;
- 1949: 2 percent to the Revenue Administration Fee Fund;
- 1957–1975: 2 percent to the State General Fund (SGF); and
- 1976–1979: 1.75 percent to the SGF;
- Since 1950, amounts determined necessary to pay claims for motor-vehicle fuel tax refunds have been set aside before any distribution [*Note:* For FY 2018, the amount was approximately \$608,000];
- From 1970 until 1983, \$625,000 each quarter (\$2.5 million per year) of fuel tax receipts was directed to the County Equalization and Adjustment Fund established in 1970. Since 1983, the \$625,000 quarterly transfers to the County Equalization and Adjustment Fund have been from the SCCHF;
- Starting in 1979, property taxes on commercial motor vehicles have been directed to the SCCHF (KSA 2024 Supp. 79-3425i), as are annual commercial vehicle fees collected under KSA 8-143m. However, the amounts have been reduced since 1990 in these ways:
 - In 1990, the amount was reduced by 1.75 percent;
 - From 1993 to 1999, amounts were limited to between 101.4 percent and 103.7 percent of the amount transferred the previous year;
 - From 2000 to 2009, annual amounts were limited to approximately \$10.1 million per year, except only a partial amount was transferred during FY 2003 and no transfers were made during FY 2004; and
 - No transfers have been made since FY 2010;
- From 1979 until 1988, transfers from the SGF to the SCCHF were not demand transfers. They have been demand transfers since 1988, except in FY 2002–FY 2003 and FY 2005–FY 2011, when they were revenue transfers from the SGF;
- From 1979 until 1983, 1.75 percent was directed to the State Freeway Fund;
- From 2011 to 2017, amounts were paid from the SCCHF to counties to correct errors from earlier distributions; and
- From 1987 until July 1, 2001, \$625,000 each quarter (\$2.5 million per year) of fuel tax receipts were directed to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund; from 2001 through the expiration of the program at the end of FY 2018, the amount was \$875,000 each quarter (\$3.5 million per year).

Distributions to Counties and Cities from the SCCHF

From 1949 until 1970, specific amounts were distributed from the SCCHF to counties and cities:

- 1949–October 1, 1955: \$875,000 to the counties and \$250,000 to the cities; any remaining balance was to be apportioned among the cities; and
- October 1, 1955–1970: \$625,000 to the cities and \$1 million or as much as is available to the counties; of any balance remaining, 50 percent was directed to cities and 50 percent to counties.

In 1969, all payments were directed to counties. Counties of different sizes of population were directed to pay specified percentages of their totals to the cities within that county.

Payments to the cities were in the proportion that the population of a specific city was to the population of all cities in the county.

Since 1970, 57.0 percent has been directed to counties and 43.0 percent to cities based on factors described below.

Bases for the Distribution

Counties. SCCHF funds have been distributed to the counties based on registration receipts, vehicle miles traveled within the county, and miles of roads within the county, and to the cities based on population.

- Beginning in 1949, each county was to receive an amount in the proportion that the secondary road mileage in each county bore to the total secondary road mileage in the state;
- In 1969, the amount to each county was proportional to the total amount collected in vehicle registration fees as compared with the state total of vehicle registration fees;
- From 1970 until 1999, of the 57.0 percent of the total to be distributed to counties:
 - \$5,000 was first directed to each county before the remainder was distributed (this distribution continues to the present):
 - Half of the remainder was distributed based on the proportion of a specific county's vehicle registration fees to the state total collected in vehicle registration fees; and
 - Half of the remainder was distributed based on the county's percentage of vehicle miles traveled (VMT) in a year as compared with the state's total VMT for that year. However, VMT on interstate highways were excluded; and
 - Counties were to receive no less than they received in FY 1970, through use of a County Equalization and Adjustment Fund; and
- Since 1999, 44.06 percent has been distributed based on registration receipts (as above), 44.06 percent has been distributed based on VMT (as above), and

11.88 percent has been apportioned based on the proportion of the county’s road miles as compared with the total of all state road miles;

- Counties were to receive no less than they received in FY 1999, through use of a County Equalization and Adjustment Fund.

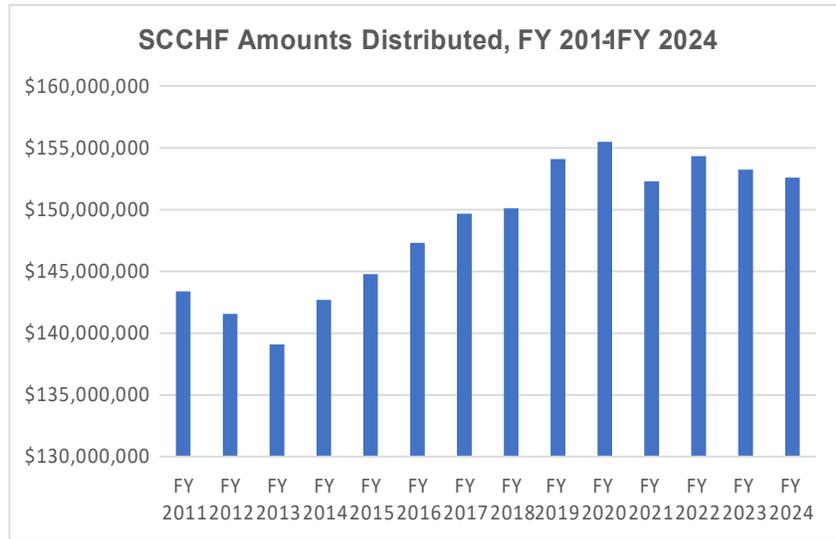
Townships. Counties that have not adopted the county-unit road system since 1969 have been directed to allocate SCCHF funds to townships in not less than the proportion that township received in FY 1970. By 1976, that was clarified to “the formula in effect on June 30, 1970.”

Cities. Since 1949, the portion to each city has been in the same proportion as the population of the city bears to the total population of all cities in the state. Those living on military reservations annexed into a city have been excluded from population counts since 1983.

Amounts Distributed

Amounts distributed from the SCCHF are listed below and also shown graphically.

Fiscal Year	Amount
2011	\$143,382,793
2012	\$141,580,106
2013	\$139,087,222
2014	\$142,714,284
2015	\$144,779,168
2016	\$147,323,382
2017	\$149,679,536
2018	\$150,118,981
2019	\$154,095,741
2020	\$155,487,250
2021	\$152,279,691
2022	\$154,338,648
2023	\$153,236,113
2024	\$152,603,726



Restrictions on Local Uses of SCCHF Moneys

Various restrictions have been placed on how SCCHF moneys may be distributed to counties and cities and used by them over the history of the SCCHF:

- In 1955, language was added to state “all payments so made to the cities shall never be used for any other purposes”;
- From 1955 to 1970, payments to counties were to be used as matching funds for secondary federal aid funds, with some exceptions;
- Since 1969, state law has required at least 25 percent of amounts distributed to counties to be “expended by the county on mail and school bus routes on county

roads as defined in K.S.A. 68-101” [Note: From KSA 68-101: “all roads designated as such by the board of county commissioners.”];

- Since 1969, counties have been directed to place a portion of SCCHF moneys into their county road and bridge funds, with the portion based on the population of the county:
 - From 1969 to 1978, the portions were based solely on the population of the county. In 1978, assessed valuation was added to population as the basis for distribution. In 1980, assessed valuation was removed but the proportion of the county’s area that was unincorporated was included;
 - Since 1982, distributions have been specified by a county for that county’s road and bridge fund, with the remainder to be apportioned to the cities based on population:
 - Sedgwick and Shawnee counties: 50 percent to the county road and bridge fund;
 - Wyandotte County: 10 percent to the county road and bridge fund;
 - Butler, Cowley, Crawford, Douglas, Leavenworth, Lyon, Montgomery, Riley, Reno, and Saline counties: 90 percent to the county road and bridge fund; and
 - Johnson County and all other counties not listed: all to the county road and bridge fund;
- Since 1970, cities have been directed to credit SCCHF moneys to a separate fund to be used for construction, reconstruction, alteration, and repair of the streets and highways of the city; maintenance was added as an approved use in 1972 and interest on bonds issued for the above activities was added in 1982; and
- Beginning in 1976, urban counties were authorized to use no more than 10 percent of their SCCHF moneys for footpaths and bicycle trails. In 1982, that use was restricted to Johnson County, but the authorization was extended to all counties, townships, and cities in 1999. However, the funds may not be used for “rails to trails” recreational trails.

Sources

Information for this memorandum comes from session laws enacting or amending the following statutes:

- KSA 79-3425, Payment into state treasury; distribution of proceeds of tax, last amended 2001;
- KSA 79-3425a, repealed 1957;
- KSA 79-3425b, repealed 1970;
- KSA 79-3425c, Apportionment of special city and county highway fund; apportionment of county equalization and adjustment fund; credit and use, last amended 2007;

- KSA 79-3425i, Transfers from state general fund to special city and county highway fund; limitation, last amended 2024;
- KSA 79-34,142, Distribution of proceeds of vehicle fuel taxes, last amended 2010; and
- KSA 79-34,161, Kansas qualified agricultural ethyl alcohol producer incentive fund, expired 2018.

Details of the changes to those laws will be provided upon request.

Monetary amounts were provided by the Kansas Department of Transportation.