

mailed to Steve 9/27/77

MINUTES

SPECIAL COMMITTEE ON TRANSPORTATION AND UTILITIES

September 19 and 20, 1977

Room 510 - State House

Members Present

Representative Lee Hamm, Chairman
Senator Robert Talkington, Vice-Chairman
Senator Mike Johnston
Senator Tom Rehorn
Senator John Vermillion
Representative Arnold Anderson
Representative Clifford Campbell
Representative Arden Dierdorff
Representative James H. Guffey
Representative Ivan Sand
Representative Jack Shriver

Staff Present

Hank Avila, Kansas Legislative Research Department
Alan Alderson, Revisor of Statutes Office

Conferees Present - September 19

J. O. Adams, Kansas Department of Transportation
Sara Langland, Kansas Department of Transportation
John McNeal, Kansas Department of Transportation
Ernie Mosher, League of Kansas Municipalities
Mary Turkington, Kansas Motor Carriers Association

Conferees Present - September 20

Mary Turkington, Kansas Motor Carriers Association
Al Tyree, Department of Revenue

September 19, 1977

Morning Session

Chairman Hamm called the meeting of the Special Committee on Transportation to order at 10:00 a.m. All members were present.

First order of business was Proposal No. 61 - City Connecting Links. Mr. Avila explained the memorandum dated September 19, 1977, "Bridges on City Connecting Links" (see Exhibit No. 1).

Relative to a statement in the first paragraph of the memo, "The Department maintains all but ten of the 669 city connecting link bridges," the Committee requested Mr. Adams to provide the Committee information of the location of the ten bridges in question.

Mr. Adams responded that he would secure the requested information. Mr. Adams stated that as far as connecting link bridges are concerned, it is the policy of DOT to maintain all major repairs and in some cases on a participating basis. He added that DOT conducts routine inspection of the bridges and monitors them for maintenance needs.

Senator Rehorn asked DOT to provide Committee members with a copy of a letter from Commissioner Thomas F. Lally of Kansas City and the reply from Secretary O. D. Turner relative to the problem of city connecting links in Kansas City (see Exhibit No. III).

Mr. Alderson then explained the proposed legislation (see Exhibit No. II) concerning city connecting links. He pointed out that the recommendations of DOT as presented earlier had been incorporated in the proposed bill.

Senator Rehorn pointed out that a state highway should be defined before a connecting link could be defined.

Miss Langland answered that Sec. 3, K.S.A. 1977 Supp. 68-406, as shown on page 4 of the proposed bill defines a state highway.

Mr. Adams added that an East-West and North-South highway must be designated as a state highway in each county.

Mr. McNeal added that a U.S. number route is not a federal highway. The numbering system is controlled by the Association of State Highways and Transportation Officials and it has no necessary relationship as to whether the Department receives federal funds or not. He also stated that on interstate highways, the basis of route selection is determined by the state and U.S. Secretary of Transportation.

Mr. McNeal was asked how many miles short the present system is of the 10,000 mile state system. Mr. McNeal replied that about 9,600 or 9,700 miles are presently designated. He said that a number is not on the 10,000 mile system but are maintained, or owned by the State Department of Transportation, i.e., state parks and reservoir roads which are exempt by statute. He added that there are 900 to 1,000 miles of such roads.

Mr. Alderson called attention to page 5, subsection (d) of the proposed bill, which defines those roads.

Mr. McNeal stated that at one time there were over 9,800 miles on the state system. However, that figure changes almost every month as a new job is completed, he noted. He indicated that he receives a quarterly report showing such changes.

Mr. Mosher was asked for his opinion of the definition as stated in the proposed bill. Mr. Mosher stated that he would need to study the proposal further.

Senator Talkington made a motion, seconded by Representative Anderson, that the bill draft as prepared, be introduced as a House Committee bill. The motion carried. Senator Rehorn requested to be recorded as voting no on the motion.

Mr. Avila told the Committee that the Legislative Research Department is involved in computer classes and an attempt could be made to arrive at an equitable formula regarding connecting links through the computer at Kansas State.

The meeting was recessed until 1:30 p.m.

Afternoon Session

Proposal No. 64 - Declining Highway Revenues

Chairman Hamm reconvened the meeting and called on Mr. Avila to explain Exhibit IV, "The Texas Highway Financing System."

Mr. Avila said that Texas' problems were very similar to Kansas'. He said that because of the problems of inflation, declining revenue, and a huge backlog of projects, Texas was forced to look at alternative methods of financing its highway system. He stated that what was arrived at was a formula which was sensitive to inflation and declining revenues and which is designed to substantially reduce its backlog of projects. He cautioned, however, that what was utilized in Texas might not work in Kansas due to different revenue determinants.

Mr. McNeal next explained Exhibit VII, alternate finance methods. He also distributed additional information on "The Texas Highway Funding Crisis." Following his presentation, the question was raised by Representative Anderson regarding whether trucks are paying their fair share for use of the roads.

Miss Turkington stated that if the Committee referred to studies that had been made, trucks, particularly heavy-weight vehicles, more than pay their share of highway cost responsibility. She said registered trucks for the state pay more than 61 percent of all registration fees collected from all vehicles.

Mr. Avila then presented Exhibit VIII, a Committee report draft, for the Committee's consideration. The Committee was requested to make changes on page 10, 8) change 1974 to 1985; 9) change \$6 million to \$4 million.

Chairman Hamm then asked for comments regarding "Declining Highway Revenues." He started by asking Mr. McNeal what the effect would be if DOT were given an additional arbitrary figure of \$30 million. Mr. McNeal replied that it would create a problem with the existing staff. He stated that DOT would need additional staff and would be forced to use field construction engineers.

Senator Johnston stated that he was not ready to vote a tax increase but added that it was his responsibility and the responsibility of the Committee members to go back to their respective districts and inform the public of the urgency of the situation.

Senator Vermillion recommended establishing priorities and financing the highway system accordingly.

Representative Dierdorff expressed concern over depleting funds for the 3-R program. Mr. McNeal added that 3-R money are funds left over after maintenance, operations and matching federal aid. He noted that maintenance and operations are subject to inflation, further depleting available funds for the 3-R program.

Representative Shriver stated that he felt the 3-R program is a beneficial program that ought to be legislated. He added that he was having a bill drafted to accomplish that end.

Representative Guffey said that there was not a crisis situation at this time. He said that the Legislature should not think about increasing taxes at this point.

Representative Campbell pointed out to the Committee that any plan to deal with declining revenues will have to include the inflation problem.

Representative Anderson stated that the general public is more sensitive to maintenance than to other highway activities.

The question was raised concerning General Fund revenues from Highway Patrol fines and from the sales of cars and trucks. Senator Talkington cautioned that money in the General Fund is not surplus money. He pointed out that, if funds are taken out of the General Fund, then that money must be made up elsewhere. He said that ultimately new taxes would have to be proposed.

The Chairman stated that if the Committee knew what was forthcoming from the federal government regarding the energy program and the federal motor fuel taxes, the Committee could make better decisions. He said that he was not ready to raise new taxes.

Representative Hamm further stated that he did not think there was anyone better qualified to provide information to the Legislature than DOT. He added that the Department had modified its policy from building highways to a 3-R approach.

Senator Talkington suggested that the Committee report show that the Committee will make no tax recommendations until the recommendations of the Governor's Task Force on Transportation are known.

Mr. McNeal reminded the Committee that the Freeway System is a priority consideration needing action from the Legislature.

Representative Shriver asked Mr. McNeal what the Department would have built in terms of the number of miles for the Freeway System if the Legislature had not designated the Freeway System.

Mr. McNeal replied that the question was almost impossible to answer. He said that from the standpoint of what was needed and not what was built, standards probably would not have been as high. He said most roads would have been improved to present standards but that some roads would not have been full freeways; they would have been expressways.

Senator Vermillion proposed that the Committee make specific recommendations in the Committee report.

Representative Dierdorff stated that the report should show the different areas that have been researched and studied.

The meeting was recessed until 9:00 a.m., September 20, 1977.

September 20, 1977

Chairman Hamm reconvened the meeting. All members were present except Senator Johnston, who was excused for another meeting.

Discussion continued on the Committee report on "Declining Highway Revenues." Chairman Hamm stated that he felt that the Committee could offer no specific recommendations because of the lack of a energy program at the federal level.

Representative Dierdorff suggested that the Committee recommend further study concerning the possibility of abolishing the Freeway System.

Senator Vermillion made a motion, seconded by Representative Sand, that the Committee recommend to DOT and the Citizen's Advisory Committee that top priority be given to the 3-R program. He said that the 3-R program should be defined to include straightening dangerous curves, widening bridges and rehabilitating the existing primary and secondary highway system. He added that whatever money DOT had at its disposal be placed behind these priority projects.

Senator Vermillion also recommended that at the present time it would be unwise and unnecessary to ask for any increase in taxes. He also recommended that the Citizen's Advisory Committee look into the proposition that, since the state uses tremendous amounts of crude oil for the maintenance of highways, that Committee should look into the possibility of a tax-related type of oil tax.

Senator Vermillion further recommended that the Citizen's Advisory Committee look into the possibility that some highways are not made for heavy truck traffic. He recommended that certain highways be designated to ensure that the movement of goods and services that traverse highways are built and maintained for that type of transportation.

In the following discussion on the motion, clarification could not be agreed on regarding the oil tax.

Representative Guffey cautioned that Senator Vermillion's motion should not be interpreted to mean that the Committee would want any relocation of a road on the Freeway System.

Senator Talkington made a substitute motion, seconded by Representative Campbell, that the portion regarding the oil tax be deleted and that the Committee use Representative Guffey's suggestion regarding relocating roads. The substitute motion carried.

Representative Dierdorff made a motion, seconded by Representative Shriver, that a recommendation be made by the Committee that study be made of the Texas method of highway financing. The motion carried.

Miss Turkington asked for clarification on the motion designating routes for trucks to travel on. She said that there had been no Committee study regarding this issue. She noted that at present regulation of trucks on highways is controlled by bridge postings and statutory requirements.

Representative Hamm responded that the recommendation was not final. He said that the next meeting will determine final recommended action. The Chairman requested staff to get the preliminary Committee reports to the Committee members before the next meeting.

The next proposal to be discussed by the Committee was Proposal No. 62 - Motor Vehicle Registration Fees.

Senator Vermillion made a motion, seconded by Representative Dierdorff, that the Committee recommend no changes to the present motor vehicle registration fees. The motion carried.

The final proposal to be discussed by the Committee was Proposal No. 63 - The International Registration Plan.

Mr. Tyree reviewed proposed legislation, H.B. 2587. Mr. Alderson pointed out changes requested by the Committee at previous meetings.

There was discussion relative to the penalty section on line 654. Representative Shriver made a motion, seconded by Senator Rehorn, that the Revisor take language used on page 21 and 22 and put it in line 654 in place of the word "shall." The motion carried.

It was decided that the Committee would have a final meeting on October 21, 1977, in Room 510 of the State House at 10:00 a.m.

Senator Talkington made a motion, seconded by Senator Vermillion, that the minutes of the August 11 and 12 meeting be approved. Motion carried.

The Chairman adjourned the meeting.

Prepared by Henry J. Avila

Approved by Committee on:

(Date)

TENTATIVE AGENDA

SPECIAL COMMITTEE ON TRANSPORTATION AND UTILITIES

September 19 and 20, 1977

Room 510 - State House

September 19, 1977

Proposal No. 61 - City Connecting Links

10:00 a.m. - Committee discussion on proposed bill draft

12:00 noon - Lunch

Proposal No. 64 - Declining Highway Revenues

1:30 p.m. - Department of Transportation's proposed alternatives to highway financing

3:30 p.m. - Adjournment

September 20, 1977

Proposal No. 62 - Motor Vehicle Registration

9:00 a.m. - Committee discussion on proposed bill draft

12:00 noon - Lunch

Proposal No. 63 - International Registration Plan

1:30 p.m. - Committee discussion, final draft

3:00 p.m. - Instructions to staff

3:30 p.m. - Adjournment

PRELIMINARY
MINUTES

SPECIAL COMMITTEE ON TRANSPORTATION

September 19 and 20, 1977

Room 510-S - State House

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Senator Robert Talkington, Vice Chairman
Senator Mike Johnston
Senator Tom Rehorn
Senator John Vermillion
Representative Arnold Anderson
Representative Clifford Campbell
Representative Arden Dierdorff
Representative James H. Guffey
Representative Ivan Sand
Representative Jack Shriver

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Alan Alderson, Revisor of Statutes Office

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Sara Langland, KDOT
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Ernie Mosher, League of Kansas Municipalities
Mary Turkington, Kansas Motor Carriers Association

Conferees present - September 20

Mary Turkington, Kansas Motor Carriers Association
Al Tyree, Department of Revenue

September 19, 1977

Morning Session

Chairman Hamm called to order the meeting of the Special Committee on Transportation at 10:00 a.m. All members were present.

First order of business was Proposal 61, City Connecting Links. Mr. Avila explained memorandum dated September 19, 1977, "Re: Bridges on City Connecting Links", attached, Exhibit I.

Relative to statement in the first paragraph of the memo, "The Department maintains all but ten of the 669 city connecting link bridges", committee requested Mr. Adams to provide the committee information as to where the ten bridges are located.

Mr. Adams said he would secure the information. Also, he stated that basically, as far as connecting link bridges are concerned, it has been the policy of DOT to maintain any major repairs, 100% or on a participating basis in some instances. They have routine inspection of the bridges and watch them carefully for maintenance needs.

Senator Rehorn asked DOT to provide committee members with copy of letter from Commissioner Thomas F. Lally of Kansas City and the reply from Secretary O. D. Turner relative to problem of maintaining connecting links in Kansas City. Letter was provided, Exhibit III.

Mr. Alderson explained proposed legislation, Exhibit II, concerning city connecting links. He pointed out that recommendations of DOT as presented earlier had been incorporated in bill.

Senator Rehorn felt that a state highway should be defined before a connecting link could be defined.

Miss Langland stated that Sec. 3, K.S.A. 1977 Supp. 68-406, as shown on page 4 of proposed bill, defines state highway.

Mr. Adams stated that one E-W and one N-S highway in each county has to be designated as a state highway.

Mr. McNeal explained that a US numbered route is not a federal highway. The numbering system is controlled by American Association of State Highways and transportation officials. It has no necessary relationship to whether they receive federal funds or not. He also stated that on interstate highways, basis of route selection used is determined by US Secretary of Transportation and the state.

Mr. McNeal was asked how many miles short are we of the 10,000 mile system for the state. Mr. McNeal replied that about 9600 or 9700 miles are designated now. A number are not in the 10,000 mile system but are maintained, owned or whatever you wish, by the state Department of Transportation, i.e., state parks and reservoir roads, which are exempt by statute. 900 to 1,000 miles of those roads exist.

Mr. Alderson called attention to page 5, subsection (d) of proposed bill, which defines those roads.

Mr. McNeal stated that at one point we had over 9800 miles on the state system. However, that figure changes almost every month as a new job is completed. He receives a quarterly report showing the changes.

Mr. Mosher was asked for his opinion of the definition as stated in the proposed bill. Mr. Mosher stated that he would need to study the proposal further.

Senator Talkington made a motion, seconded by Representative Anderson, that the bill draft as prepared, be introduced as a House Committee bill. The motion carried. Senator Rehorn requested to be recorded as voting no on the motion.

9.19.77

Special Committee on Transportation

Name	Address	Firm or Corporation
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Curtis Cary	Topeka	Ks. Motor Carriers Assn.
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Joan Callan-Waywood	Topeka	State Planning + Research
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Sara N. England	Topeka	KDOT
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J. O. Adams	Topeka	KDOT
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Bill Gough	P.M. Topeka	KACT
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John Blythe	Manhattan	Ks. State Bureau
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Dick Kerber	Topeka	Division 1 Budget
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9-20-77

Special Committee on Transportation

Name	Address	Firm or Organization
Curtis Cary	Topeka	Ks. Motor Carriers Assn
John K. Bette	Manhattan	Ks. Farm Bureau
John S. Mills	Topeka	Committee of Ks. Farm Organizations
Joan Callam-Waywood	Topeka	State Planning & Research
A. L. Luce	Topeka	Dept. of Revenue

MEMORANDUM

9/19/77

Exhibit I.

September 19, 1977

TO: Special Committee on Transportation and Utilities
FROM: Kansas Legislative Research Department
RE: Bridges on City Connecting Links

The present Department of Transportation policy regarding maintenance of bridges on city connecting links is based on prioritization according to need in six highway districts. The maintenance department of DOT evaluates all bridges on the Interstate, U.S.-marked highways, and Kansas-marked highways. Generally, evaluation is conducted at least once every two years. Of the total 4,586 bridges in the six highway districts, (see Table III), 669 are bridges on city connecting links, or about 15.0 percent of the total (see Table I). The Department maintains all but ten of the 669 city connecting link bridges.

The Department currently provides contractual maintenance bridges in city connecting links, with the cities providing routine maintenance. According to the Department, contractual maintenance consists of the following:

1. Bridge painting;
2. Thin bonded concrete overlay (this is generally two inches thick);
3. Complete deck replacement which includes stripping the existing concrete and replacing the deck with an eight- or nine-inch thick concrete overlay;
4. Miscellaneous repairs such as replacing exposed joints, resetting bearing devices, and repairing bridge backwall;
5. Substructure repair; e.g., replacing encased steel piling and removal of concrete.

In terms of funds expended for the fiscal years 1974-1977, Table II indicates that the amounts spent are spread out across the entire state, with no established pattern for monies spent.

Table IV - Five-Year Program Funds for Bridges by District breaks down the total amount of funds expended by the six highway districts. As might be expected, district one will continue to receive the greatest amount of funds. In terms of

connecting links, the amount comes to about \$200,000 per year for the next five years for the cities in Johnson, Wyandotte, and Leavenworth counties. This amount does not include a special item project sum to cover costly bridge projects established by the DOT. The Department has established \$500,000 for this purpose. Of this amount, \$300,000 per year will be expended by the City of Kansas City, according to DOT's five-year bridge program.

TABLE I

City Connecting Link Structures

Maintenance Responsibility	Orientation			Total Count	Accumulated Structure Lengths (feet)	Accumulated Deck Area (square feet)
	ON	UNDER	ADJ.			
K.D.O.T.	523	94	42	659	183,917 (99.5%)	7,444,986 (99.4%)
CITY	0	0	9	9	871 (0.5%)	45,629 (0.6%)
Railroad	0	1	0	1	33 (-)	1,149 (-)
Total	523	95	51	669	184,821	7,491,764

TABLE II

Kansas Legislative Research Department

September 7, 1977

CONTRACTUAL MAINTENANCE BRIDGE REPAIR COSTS ON CITY
CONNECTING LINKS BY PROJECT AND LOCATION

July 74-July 75 FY 1975	Location of Project	July 75-July 76 FY 1976	Location of Project	July 76-July 77 FY 1977	Location of Project
\$ 74,570	DeSoto Kill Creek, K-10	\$ 79,971.50	Manhattan, East Bound	\$ 7,177.90	Merriam, St. Louis-San Fran-
59,360	Kansas City, U.S. 24	59,567.50	K-18 over Wildcat Crk	428,362.10	cisco Overpass, Spur K-10
22,475	over an abandoned	147,550.00	Olathe, Atchison, Tope-	66,317.00	Kansas City, Central Avenue
	trolley car line	36,082.00	ka, Santa Fe, U.S. 56	42,080.00	over I-70, (K-32)
151,172	Kansas City, 10th St.	30,000.00	Almena, C.R.I. and P.	511,435.00	Fairway, U.S. 50 over Roe
	over I-70	22,600.00	overpass, U.S. 383	138,851.00	Blvd. and Rush Creek
22,000	Dodge City, U.S. 56	88,668.00	Chanute, M.K. and T.	9,865.00	Clyde, K-9 over Elk Creek
	over Arkansas River	178,338.99	railroad overpass,	\$ 1,204,088.00	Hutchinson, K-96 over Arkan-
	Hutchinson, K-61 over	12,500.00	K-39		sas River
	Avenue A	\$ 655,277.99	Cherryvale, U.S. 160,		Wichita, K-15, over Canal
\$ 329,577			Atchison, Topeka,		River and over the Kansas
			Santa Fe Overpass		Turnpike
			Coffeyville, U.S. 166		Lawrence, Irving Hill over
			over Verdigris River		U.S. 59
			Wichita, 3 bridges -		
			two over Sycamore St.;		
			Cowskin, U.S. 54		
			Hutchinson, Cow Creek		
			Diversion, K-96		
			Wichita, Little Arkansas		
			River, K-96		
July 77-July 78 FY 1978	Location of Project				
\$ 400,000	Kansas City, U.S. 169,				
125,000	7th St. over Turkey Crk.				
5,000	Ottawa, Atchison, Topeka, San-				
120,000	ta Fe Overpass				
	Atchison, K-96 over Ave. F				
	Syracuse, U.S. 270 over the				
	Arkansas River				
\$ 650,000					

TABLE III

NUMBER OF BRIDGES BY DISTRICT

1st District	-	1,003
2nd District	-	813
3rd District	-	677
4th District	-	728
5th District	-	1,008
6th District	-	<u>357</u>

Total Bridges 4,586
on Interstate,
U.S. Highways,
Kansas High-
ways

TABLE IV

FIVE-YEAR PROGRAM FUNDS FOR BRIDGES BY DISTRICT
(FY 1978-82)

1st District	-	\$ 460,000
2nd District	-	245,000
3rd District	-	40,000
4th District	-	300,000
5th District	-	350,000
6th District	-	<u>40,000</u>

Total Funds \$1,435,000
for repair
and painting

_____ BILL NO. _____

By Special Committee on Transportation and Utilities

AN ACT relating to roads and highways; concerning city connecting links; amending K.S.A. 8-1338 and 8-1560 and K.S.A. 1977 Supp. 68-406 and 68-416, and repealing the existing sections; also repealing K.S.A. 1977 Supp. 68-406b, 68-406c, 68-406d and 68-406e.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 8-1338 is hereby amended to read as follows: 8-1338. (a) Whenever local authorities in their respective jurisdictions determine on the basis of an engineering and traffic investigation that any maximum speed permitted under this act is greater or less than is reasonable and safe under the conditions found to exist upon a highway or part of a highway, the local authority may determine and declare a reasonable and safe maximum limit thereon which:

- (1) Decreases the limit at intersections; or
- (2) Increases the limit within an urban district but not to exceed the maximum speed limit established by or pursuant to subsection (a)(3) of K.S.A. 1977 Supp. 8-1336; or
- (3) Decreases the limit outside an urban district, but not to less than twenty (20) miles per hour; or
- (4) Decreases the limit within an urban district in a school zone to not less than twenty (20) miles per hour, except that any such decreased limit shall apply only during the hours in which students are normally en route to or from school. Such zones and hours to be determined by ordinance or resolution of such local authority.

(b) Local authorities in their respective jurisdictions shall determine by an engineering and traffic investigation the proper maximum speed for all arterial streets and shall declare a

reasonable and safe maximum limit thereon which may be greater or less than the maximum speed permitted under this act for the urban district or other location in which the arterial street is situated, except that in no event shall any local authority establish any such maximum limit in excess of the maximum limit established by or pursuant to subsection (a)(3) of K.S.A. 1977 Supp. 8-1336.

(c) Except as otherwise provided in paragraph (4) of subsection (a), any altered limit established pursuant to this section shall be effective at all times or during hours of darkness or at other times as may be determined when appropriate signs giving notice thereof are erected upon such street or highway.

(d) Any alteration of maximum limits on state highways or ~~extensions thereof in a municipality~~ city connecting links by local authorities shall not be effective until such alteration has been approved by the secretary of transportation.

(e) Not more than three (3) such alterations as authorized in this section shall be made per mile along a street or highway, except in the case of reduced limits at intersections, and the difference between adjacent limits shall not be more than ten (10) miles per hour.

(f) As used in this act, the term "local authorities" means the Kansas turnpike authority and every city, county and other local board or body having authority to adopt ordinances or regulations relating to vehicular traffic under the constitution and laws of this state.

Sec. 2. K.S.A. 8-1560 is hereby amended to read as follows:
8-1560. (a) Whenever local authorities in their respective jurisdictions determine on the basis of an engineering and traffic investigation that the maximum speed permitted under this article is greater or less than is reasonable and safe under the conditions found to exist upon a highway or part of a highway, the local authority may determine and declare a reasonable and safe maximum limit thereon which:

(1) Decreases the limit at intersections; or

(2) Increases the limit within an urban district but not to more than seventy (70) miles per hour during daytime or sixty (60) miles per hour during nighttime; or

(3) Decreases the limit outside an urban district, but not to less than twenty (20) miles per hour; or

(4) Decreases the limit within an urban district in a school zone to not less than twenty (20) miles per hour, except that any such decreased limit shall apply only during the hours in which students are normally en route to or from school, such zones and hours to be determined by ordinance or resolution of such local authority.

(b) Local authorities in their respective jurisdictions shall determine by an engineering and traffic investigation the proper maximum speed for all arterial streets and shall declare a reasonable and safe maximum limit thereon which may be greater or less than the maximum speed permitted under this act for an urban district.

(c) Except as otherwise provided in paragraph (4) of subsection (a), any altered limit established as hereinabove authorized shall be effective at all times or during hours of darkness or at other times as may be determined when appropriate signs giving notice thereof are erected upon such street or highway.

(d) Any alteration of maximum limits on state highways or ~~extension thereof in a municipality~~ city connecting links by local authorities shall not be effective until such alteration has been approved by the secretary of transportation.

(e) Not more than three (3) such alterations as authorized in this section shall be made per mile along a street or highway, except in the case of reduced limits at intersections, and the difference between adjacent limits shall not be more than ten (10) miles per hour.

(f) The provisions of subsection (e) of K.S.A. 8-1558 shall apply to the limitations on speed limits provided by subsection

(a) of this section.

Sec. 3. K.S.A. 1977 Supp. 68-406 is hereby amended to read as follows: 68-406. (a) The secretary of transportation shall designate, adopt and establish and may lay out, open, relocate, alter, vacate, remove, redesignate and reestablish highways in every county in the state, the total mileage of which shall not at any time exceed ten thousand (10,000) miles. The total mileage of such highways in each county shall not be less than the sum of the north to south and east to west diameters of such county. The highways so designated and established shall connect the county seats and principal cities and market centers, and all such highways, including bridges and culverts thereon, shall comprise the state highway system. The secretary of transportation shall make such revisions, classifications or reclassifications in the state highway system as are found on the basis of engineering and traffic study to be necessary, and such revisions, classifications or reclassifications may include, after due public hearing, removal from the system roads which have little or no state-wide significance, and the addition of roads which have state-wide importance and will provide relief for traffic congestion on existing routes now on the system. All roads which have been heretofore placed upon the state highway system shall be a part of said highway system as herein established, but changes therein may be made when the public safety, convenience, economy, classification or reclassification as herein provided for shall require such change. The total mileage of the state highway system shall not be extended except by act of the legislature. Highways designated under this section shall be state highways, and all other highways outside the corporate limits of cities shall be either county roads or township roads as provided for by law. The state highway system thus designated shall be constructed, improved, reconstructed and maintained by the secretary of transportation from funds provided by law.

(b) In addition to the designation of highways as herein provided, the secretary of transportation shall designate in

those cities on the state highway system certain streets as city connecting links in such system, and. As used in this act, the term "city connecting link" means a routing inside the city limits of a city which connects a state highway through a city or connects a state highway to a city connecting link of another state highway.

(c) The secretary of transportation may mark and maintain existing roads used by it or which may be used by it as detours, but which shall not be a part of the state highway system, except that such roads shall be marked and maintained by the secretary of transportation only until that portion of the state highway system for which such road is substituted is completed and open for travel.

(e) (d) The secretary of transportation may use state highway funds for the purchase of right-of-way, construction, improvement, reconstruction and maintenance of a highway over the most direct and practicable routes from state highways to a state lake, a federal lake or reservoir established by federal authority, a state park, as defined by subsection (d) of K.S.A. 74-4502, and any amendments thereto, national monuments and national historical sites, military reservations, ports of entry, approaches and connections within an urban area, as defined by federal highway laws, places of major scenic attractions which possess unusual historical interest, as defined by subsections (1) and (2) of K.S.A. 76-2018, on which the state now holds or may hereafter hold a long-term lease, a state institution, from the city limits of the nearest city to a state institution, a state owned natural and scientific preserve, as defined by subsection (c) of K.S.A. 1975 1977 Supp. 74-6603, or such road or roads located within the boundaries of a state park, as defined by subsection (d) of K.S.A. 74-4502, and not presently maintained by a federal agency, as defined by subsection (c) of K.S.A. 74-4502, as shall be designated by the secretary of transportation. Said highways or roads shall not be a part of the state highway system, as prescribed by this section, and the

secretary of transportation shall not be required to plan, design or construct said highways or roads in conformity with the prevailing standards applicable to highways within the state highway system.

~~(d)~~ (e) The secretary of transportation may make reroutings of any portion of the state highway system if such rerouting is required in writing by the United States department of transportation of the federal highway administration before it will permit federal funds to be used thereon. The secretary of transportation shall have control and regulation for purposes of posting speed limits and establishing access and egress facilities on any and all portions of streets and roads which are, or have been, a part of the state highway system, and which have been or may be, placed inside of the limits of an incorporated city by the creation of a new municipality or by the extension of the limits or boundaries of any existing municipality.

Sec. 4. K.S.A. 1977 Supp. 68-416 is hereby amended to read as follows: 68-416. (a) All funds received by the various counties from the sale of benefit-district bonds heretofore or hereafter issued, under the provisions of K.S.A. ~~68-701 and~~ 68-709 and K.S.A. 1977 Supp. 68-701, and amendments thereto, shall be transferred by the county treasurers to the state treasurer and by him or her placed in the highway fund; and such amounts shall be expended in the counties from which they are received and for the purposes for which said bonds were issued: Provided, That nothing in this act shall be construed to relieve any county in which a benefit district has been organized under the provisions of K.S.A. 68-701 to 68-709, inclusive, and amendments thereto, from the duty and liability to issue and sell bonds under the provisions of said act in the amount necessary to pay such part of the cost of the construction of such benefit district roads in said benefit district required by said act to be paid by the county, township, and benefit district. Any unexpended balance remaining in the fund in which is placed that

part of the fees for registration sent to the vehicle department or other official designated by law to receive the same, and appropriated for use in the administration of the motor-vehicle registration act, unexpended at the end of any calendar year, shall be placed in the highway fund.

(b) The state highway fund shall be apportioned as follows:

(1) The fund known as the "county and township road fund" is hereby abolished, and on the effective date of this act, the state treasurer shall transfer all moneys in said fund to the special city and county highway fund created by K.S.A. 1975-Supp. 79-3425.

(2) The fund known as the "state highway benefit district fund" is discontinued and hereafter the highway fund shall be used for the payment and reimbursement of benefit district costs and assessments for such benefit districts that have been and may hereafter be constructed as a part of the state highway system. On the effective date of this act the state treasurer shall transfer all state highway benefit district funds to the highway fund.

(3) The secretary of transportation shall annually apportion and distribute quarterly to cities on the state highway system from the highway fund moneys at the rate of ~~seven--hundred fifty--dollars--(\$750)~~ one thousand dollars (\$1,000) per lane per mile for the maintenance of streets and highways in said cities designated by the secretary as connecting links in the state highway system. All said moneys distributed by the secretary shall be credited to the street and alley funds of such cities and shall be used solely for the maintenance of connecting links. "Lane," as used in this subsection, "maintenance" means and includes only the maintenance of the travelled portion of the roadway, and shall not include maintenance of storm sewer systems. As used in this subsection, ~~shall refer to a~~ "lane" means the portion of the roadway for use of moving traffic of a standard width prescribed by the secretary. In lieu of said apportionment the secretary may, by and with the consent of the

governing body of any city within the state of Kansas, maintain such streets within said city and pay for such maintenance from the highway fund.

(4) All of the remainder of such highway fund shall be used by the secretary of transportation in the construction, improvement, reconstruction and maintenance of the state highway system and the support and maintenance of the department of transportation and the expenses of administering the motor vehicle registration and drivers' license laws: Provided, That the secretary shall not construct more than two hundred (200) miles of high-type pavement in any one year until all the roads of the state highway system have been improved with an all-weather surface such as sand, gravel or chat. All apportionments and distribution provided for by this section shall be made quarterly on the first days of January, April, July and October of each year.

Sec. 5. K.S.A. 8-1338, 8-1560 and K.S.A. 1977 Supp. 68-406, 68-406b, 68-406c, 68-406d, 68-406e and 68-416 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.



9-19-77
P.M. E.H. 114 III

CITY OF KANSAS CITY, KANSAS
DEPARTMENT OF BOULEVARDS, PARKS AND STREETS

ONE CIVIC PLAZA • 701 NORTH 7TH STREET, 66101 • 371-2000
THOMAS F. LALLY, COMMISSIONER



August 25, 1977

Mr. O. D. Turner, Secretary
Kansas Department of Transportation
State Office Building
Topeka, Kansas 66612

Dear Mr. Turner:

I wish to call your attention to several serious road maintenance problems we have, and to request your assistance in finding a mutually agreeable solution. The City of Kansas City, Kansas, receives a total of \$72,526.50 per year in maintenance funds at the rate of \$750 per lane mile under the State Highway Connecting Links Agreement. The City consistently spends more than the amount allotted each year by the State for maintenance of the State Connecting Links. The City's major expenditures for the year 1977 to date on State Highway Connecting Links are shown below:

<u>Location & Type</u>	<u>Cost</u>
1. South 7th Street Trafficway (U. S. 169) Bridge over the Kansas River - expansion joint repairs	\$ 2,700.00
2. Rainbow Boulevard (U.S. 169) and West 43rd Avenue - intersection geometrics and signal improvements	9,218.00
3. State Avenue (U.S. 24, 40, 73) North 5th Street to North 69th Street - roto-milling of various locations	50,000.00
4. South 7th Street Trafficway Bridge over the Kansas River - deck repairs	56,175.00
TOTAL TO DATE	\$118,093.00

The expenditures shown above do not include the City's cost for patching, crack sealing, mowing, snow removal, paint striping, and the other ordinary maintenance items that are the City's responsibility under the Connecting Links Agreement.

Mr. O. D. Turner
Ks. Dept. of Transportation

8/25/77
Page two

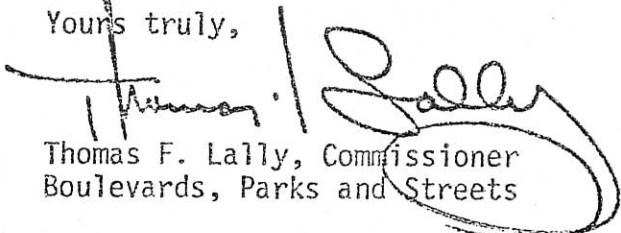
The City has attempted to use all available funding sources to meet the improvement needs on the Connecting Links. The City is using revenue sharing funds on the State Avenue (U.S. 24, 40, 73) improvement project. The first two sections are under construction at a contract price of \$1,718,976.00. The estimated cost for the remaining sections is \$2.6 million. The City has re-applied for Public Works funds for the remaining sections after the application for the first two sections was not approved. The City is proceeding with preliminary plans on a Federal Aid Urban Highways improvement project on Kansas Avenue (K-132) from the west interchange ramps with I-635 to South 55th Street. The City also has proposed projects using Highway Safety funds for street sign upgrading and payment marking programs.

Unfortunately all of our needs are not being met by the available Federal and local funding sources that would enable us to solve the problems on several State Highway Connecting Links. The problems we are facing and their estimated repair costs are shown below:

<u>Location</u>	<u>Cost</u>
1. South 7th Street Trafficway (U.S. 169) from Southwest Boulevard (K-10) to I-35 bridge deck repairs and surfacing	\$ 30,000.00
2. South 7th Street Viaduct (U.S. 169) from Kansas Avenue to I-70 - bridge deck surfacing and repairs	150,000.00
3. North 7th Street Trafficway (U.S. 169) Fairfax Bridge Approach - repairs and surfacing	65,000.00
TOTAL	\$245,000.00

All of the problem locations require improvements beyond the scope of ordinary maintenance operations. I, therefore, request the Kansas Department of Transportation provide the funding for the solution of these problems. I would appreciate your attention to this matter as soon as possible, and would be willing to discuss it with you in more detail at any time.

Yours truly,


Thomas F. Lally, Commissioner
Boulevards, Parks and Streets

TFL/HM/en

cc: Mayor Reardon, Commissioner Hanlon
Messrs. Gary Stubbs, Harry Mendenhall
Wyandotte County Legislative Delegation

KANSAS DEPARTMENT OF TRANSPORTATION

STATE OFFICE BUILDING—TOPEKA, KANSAS 66612



O. D. TURNER, Secretary of Transportation

ROBERT F. BENNETT, Governor

September 8, 1977

Mr. Thomas F. Lally, Commissioner
Boulevards, Parks and Streets
City of Kansas City, Kansas
701 North 7th Street
Kansas City, Kansas 66101

Dear Commissioner Lally:

We have received your recent letter concerning the problem of maintaining connecting links in the City of Kansas City. We understand that weather and traffic conditions have been severe recently, with the resulting deterioration of roads and streets. We, too, have gone to considerable expense this year in repairs and special maintenance of particular interchanges, ramps and pavements in the Kansas City area. We are also aware of the city's efforts in making improvements to several of the major arterials such as State Avenue.

As you know, in times past, we have cooperated with the cities in cases of extraordinary maintenance problems, either with State funds or special Federal funds. Recently, our efforts in this line have been severely limited by our own lack of funds. We also are in the position that the needs on the state highway system are far greater than the funds available to make the needed improvements.

At this time, we are in the process of reviewing our multiyear program to determine projected and available funding in order that the program can be extended another year in the future. During this process, we will evaluate our present funding position in regard to the work scheduled for construction and maintenance during the upcoming year. We intend, if the evaluation results are favorable, to set aside a fund for assistance to cities for unforeseen maintenance type improvements.

At the present time, we can not make any definite commitment as to assistance in the work that you have proposed. It is possible that our program evaluation will show that at least a portion of your needs can be fulfilled. In any event, we would be happy to meet with you to discuss the matter further. If you will propose a convenient meeting time, we will plan to get together.

Sincerely,

A handwritten signature in dark ink, appearing to read "O. D. Turner", is written over the word "Sincerely".

O. D. TURNER

cc: Wyandotte County Legislative Delegation

9-19-77
Exhibit IV
PM

MEMORANDUM

September 14, 1977

TO: Special Committee on Transportation and Utilities
FROM: Kansas Legislative Research Department
RE: The Texas Highway Financing System

Background

The crisis facing the Texas Highway Program began to emerge in the early 1970's with several symptoms of the critical problem becoming apparent: namely, increasing traffic volume, increased delays in project approvals, rapidly escalating costs, increased backlog of projects, leveling off of revenue growth, growing public frustration and increasing number of appeals for action before the State Highway and Public Transportation Commission. Highway travel was increasing with most of the new growth on the highway system. Federal environmental requirements added to delays.

If these symptoms of a critical problem were not enough to alarm the public, the oil embargo of 1974 quickly focused attention on the issue. During that year the Texas Construction Cost Index rose at the rate of 37.4 percent. The oil embargo further decreased the revenues to the State from fuel taxes.

In 1971, a Texas Department study had forecast that unless funding levels for highway construction, maintenance, and operations were increased, the Department would be unable to match all available federal funds by 1985. By early 1975 an update of the study indicated that the resultant effects of the oil embargo would move that date to 1979 unless conditions changed dramatically.

Because the prediction foreordained a rapid deterioration of the \$35 billion highway system and only a short time-frame for action, the Highway and Public Transportation Commission asked an independent consulting firm, McKinsey and Company, Inc., to make a comprehensive study of the needs/revenue problem and organizational procedures associated with the Department's predictions.

The consultants found the Department's predictions to be somewhat conservative regarding the needs/revenue gap. They determined in early 1976 that the backlog of needed projects totaled \$11.8 billion in 1975 dollars, with the expectation of having \$1.9 billion in 1975 dollars available within 20 years to accomplish the work. Thus the need to raise \$9.9 billion to meet the needs was a formidable challenge to place before the public and the Texas Legislature.

The Department and the consultants investigated 47 alternatives for increasing revenues with the intent of providing a target band for funding between merely providing matching funds necessary to obligate future federal funds and funds to reduce the backlog by \$8.0 billion during the 20-year period.

During the period February 15 - March 15, 1976, the Department's District Engineers apprised all the elected public officials of the state at all levels of government of the predicament and the consequences if additional funds were not made available. During the period September 1, 1975, to August 31, 1976, the Department reduced its manpower levels by over 3,000 employees through forced "layoffs." During a three-year period ending September 1, 1975, the 3,000 plus employees discharged because of reduced work volume, coupled with attrition and vacated savings, reduced the Department work force by approximately 6,100 full-time employees. This action and related budget constraints were later to result in extending the 1979 date when all federal funds could not be matched until 1981.

Grass roots support for increased funding grew during the spring and summer of 1976 to a climax when on August 4, 1976, Governor Briscoe held a press conference to announce his program to raise \$825 million for the next fiscal biennium to fund the sagging highway program.

House Bill No. 3

On April 12, 1977 Governor Briscoe signed House Bill No. 3 into law. H.B. 3 provides a unique funding approach which guarantees a funding base geared to protection against inflation. Since the existing state sources of financing the system had proved to be inadequate to meet the dual challenges of continued high levels of inflation and decreasing revenues resulting from better fuel efficiency and lower weights of automobiles, a new financing system was considered to be the highest priority step in restoring the continuity of the highway program.

H.B. 3 is designed to accomplish two basic objectives. First, the bill provides a substantial and immediate increase in funds available for highway construction and maintenance. Second, it guarantees protection against the ravages of inflation by automatic dedication of required revenues to the Texas State Highway Fund.

H.B. 3 sets a statutory base amount for dedicated state revenues for the Texas Highway and Public Transportation Department. Existing constitutional dedicated revenues are then deducted from the base amount. The remaining amount will be allocated

to the State Highway Fund from a Tax Clearance Fund from which priority allocations are made for certain state programs from General Revenues of the state. In this calculation, revenues from the motor fuel tax, motor vehicle registration fees, and sales tax on lubricants constitute the existing constitutional dedicated funds. No federal revenues or other revenues available to the Department would be included. (See enclosed attachments).

As the program continues into the future, the guaranteed base amount would be adjusted annually by the Highway Cost Index Committee composed of the Governor, Lt. Governor, and Comptroller of Public Accounts. The Texas Department of Highways and Public Transportation is charged with the responsibility of developing a Highway Cost Index based upon a weighted annual cost of highway operations, maintenance, and construction.

The Highway Cost Index Committee will review the Department's annual estimate of the Highway Cost Index, a final cost index for the prior year, and the methodology employed in the calculations. The Committee then will apply the approved Cost Index to the base amount set by the statute to determine the total amount of state funds to be dedicated to the Highway Program.

This amount will be certified to the Comptroller for establishment of the actual allocation from the Clearance Fund to the State Highway Fund. The Comptroller will deduct his estimate of the revenues from the constitutional dedicated sources from the amount set by the Committee to determine this allocation. Based on this estimate, the Comptroller is authorized and directed to make a monthly allocation from General Revenues to the Highway Fund. At the beginning of each year the amount for the prior year will be adjusted on the basis of actual experience for the prior year.

For the 1978-79 Biennium, only the total amount is set in the statute. The 1979 figure would be the base to be used in the calculations mentioned above.

TEXAS HIGHWAY IMPROVEMENT PROGRAM ALLOCATION

Basic Formula for Determination

Allocation = (Base Amount (1979) x Highway Cost Index) - Amount from Present State Revenue Dedication

Determination of Allocation

1. Law sets base amount.
2. Highway Cost Index Board adjusts amount on Highway Cost Index.
3. Comptroller allocates difference between existing state revenues and total amount based on action of Committee.
4. Adjustment in allocation made annually.

(After 1979)

EXAMPLE: \$750 million

x1.10

\$825 million - State Funds to Department

Less MV Fees & Fuel Tax -535

Allocation of GR Funds \$290 million

DETAILED CALCULATION FOR PROPOSED TEXAS
HIGHWAY FINANCING PLAN 1978-1979

(in millions)

	<u>1978</u>	<u>1979</u>	<u>Biennium</u>
1. Guarantee Base Amount	\$700	\$750	\$1,450
Less: Existing Sources	<u>585</u>	<u>605</u>	<u>1,190</u>
New Dedication	115	145	260
Plus: DPS Limit Impact	32	36	68
Highway Safety	<u>50</u>	<u>50</u>	<u>100</u>
TOTAL NEW FUNDS	<u>\$197</u>	<u>\$231</u>	<u>\$ 428</u>
Plus: Additional Rehabilitation Funds	\$100	\$ 0	\$ 528

1
2 AN ACT

3 relating to the allocation and use of state revenue credited to the
4 Omnibus Tax Clearance Fund and allocations from the State Highway
5 Fund; making an appropriation; amending Section 5, Chapter 186,
6 General Laws, Acts of the 39th Legislature, Regular Session, 1925
7 (Article 6674e, Vernon's Texas Civil Statutes); amending Section 2,
8 Article XX, Chapter 184, Acts of the 47th Legislature, Regular
9 Session, 1941, as amended (Article 7083a, Vernon's Texas Civil
10 Statutes).

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

12 Section 1. Section 5, Chapter 186, General Laws, Acts of the
13 39th Legislature, Regular Session, 1925 (Article 6674e, Vernon's
14 Texas Civil Statutes), is amended as follows:

15 "Section 5. All moneys now or hereafter deposited in the
16 State Treasury to credit of the 'State Highway Fund', including all
17 Federal aid moneys deposited to the credit of said fund under the
18 terms of the Federal Highway Act and all county aid moneys
19 deposited to the credit of said fund under the terms of this Act
20 shall be subject to appropriation for the specific purpose of the
21 improvement of said system of State Highways by the State [Highway]
22 Department of Highways and Public Transportation. However, direct
23 appropriations in an amount not to exceed \$30 million each fiscal
24 year shall be made from the State Highway Fund to the Department of
Public Safety for policing the State Highway System and for the

1 administration of laws prescribed by the Legislature pertaining to
2 the supervision of traffic and safety on public roads. There shall
3 be subtracted from the \$30 million maximum which may be
4 appropriated to the Department of Public Safety the amount of
5 appropriations for each fiscal year from the State Highway Fund to
6 the State Employee's Retirement System to provide for the state's
7 share of retirement contributions, social security taxes, and state
8 paid health insurance for employees and officers of the Department
9 of Public Safety."

10 Sec. 2. Section 2, Article XX, Chapter 184, Acts of the 47th
11 Legislature, Regular Session, 1941, as amended (Article 7083a,
12 Vernon's Texas Civil Statutes), is amended by adding Subsection
13 (4-d) to read as follows:

14 "(4-d) (A) After the above allocations and payments have
15 been made from the Clearance Fund, other than those provided by
16 Subsections (4-a) and (5) of this section, there is allocated and
17 shall be transferred and credited to the State Highway Fund an
18 amount determined by the Highway Cost Index Committee as provided
19 in this subsection.

20 "(B) The Highway Cost Index Committee consists of the
21 Governor, the Lieutenant Governor, and the State Comptroller of
22 Public Accounts. In the absence of the Governor, the Secretary of
23 State of Texas serves in place of the Governor.

24 "(C) On or before November 1 of each even-numbered year, the
25 committee created by this subsection shall certify to the
26 Comptroller the estimated amount to be allocated, transferred, and
27 credited to the State Highway Fund under this subsection for the

1 succeeding fiscal biennium, except that the certification of the
2 amount for the biennium beginning on September 1, 1977, must be
3 made not later than 30 days after the effective date of H.B. No. 3,
4 Acts of the 65th Legislature, Regular Session, 1977.

5 " (D) On or before August 1 of each year, the committee shall
6 certify to the Comptroller the amount to be allocated, transferred,
7 and credited to the State Highway Fund under this subsection for
8 the succeeding fiscal year.

9 " (E) Funds allocated and appropriated from the Clearance
10 Fund to the State Highway Fund shall be paid no later than the
11 sixth working day of each month in equal monthly installments. If
12 for any month the amount remaining to the credit of the Clearance
13 Fund is insufficient to provide for the transfer and allocation to
14 the State Highway Fund under this subsection, the difference
15 between the amount transferred and the amount required to be
16 transferred under this subsection shall be transferred and paid
17 from the General Revenue Fund or from funds due to the General
18 Revenue Fund.

19 " (F) On or before November 1, 1978, and on or before each
20 succeeding November 1, the committee shall determine the actual
21 amount of dedicated revenue earned for the State Highway Fund and
22 the actual highway cost index for the preceding fiscal year (except
23 that for fiscal years beginning September 1, 1977, and September 1,
24 1978, the actual highway cost index is 1.00) and shall determine
25 the amount by which the amount allocated, transferred, and credited
26 to the State Highway Fund under this subsection during the
27 preceding fiscal year differs from the amount that would have been

1 allocated, transferred, and credited to the State Highway Fund
2 during the preceding fiscal year based on the actual dedicated
3 revenue and the actual highway cost index. The committee shall
4 certify to the Comptroller the amount of the difference, if any,
5 and shall certify to the Comptroller the amount by which
6 allocations, transfers, and credits for the remainder of the
7 current fiscal year are to be adjusted to compensate for the amount
8 of the difference.

9 "(G) The amount to be transferred, allocated, and credited
10 each fiscal year to the State Highway Fund shall be determined by
11 application of the following formula:

12 "Amount = (Base Amount X Cost Index) - Dedicated Revenue

13 "In this formula:

14 "(i) 'Amount' means the amount to be allocated from the
15 Clearance Fund to the State Highway Fund.

16 "(ii) 'Base Amount' means \$700 million for the fiscal year
17 beginning September 1, 1977, and \$750 million for each fiscal year
18 beginning on or after September 1, 1978.

19 "(iii) 'Highway Cost Index' means the number determined as
20 provided in Paragraph (H) of this subsection, except that for the
21 fiscal years beginning on September 1, 1977, and September 1, 1978,
22 the highway cost index is 1.00.

23 "(iv) 'Dedicated Revenue' means the revenue credited to the
24 State Highway Fund under Articles 9.25, 10.32, 10.72, and 20.13,
25 Title 122A, Taxation--General, Revised Civil Statutes of Texas,
26 1925, as amended; Article 6686, Revised Civil Statutes of Texas,
27 1925, as amended; Sections 1 through 16, Chapter 88, General Laws,

1 Acts of the 41st Legislature, 2nd Called Session, 1929, as amended
2 (Article 6675a-1 et seq., Vernon's Texas Civil Statutes); Chapter
3 18, General Laws, Acts of the 41st Legislature, 5th Called Session,
4 1930, as amended (Article 6675a-6e, Vernon's Texas Civil Statutes);
5 Section 2, Chapter 178, General Laws, Acts of the 43rd Legislature,
6 Regular Session, 1933, as amended (Article 6675a-13 1/2, Vernon's
7 Texas Civil Statutes); Chapter 298, Acts of the 56th Legislature,
8 Regular Session, 1959 (Article 6675a-5b, Vernon's Texas Civil
9 Statutes); Chapter 456, Acts of the 56th Legislature, Regular
10 Session, 1959, as amended (Article 6675a-6b, Vernon's Texas Civil
11 Statutes); Chapter 517, Acts of the 58th Legislature, 1963, as
12 amended (Article 6675a-6c, Vernon's Texas Civil Statutes); Chapter
13 707, Acts of the 59th Legislature, Regular Session, 1965, as
14 amended (Article 6675a-6d, Vernon's Texas Civil Statutes); and
15 Chapter 338, Acts of the 64th Legislature, 1975 (Article
16 6675a-5e.1, Vernon's Texas Civil Statutes).

17 "(H) The highway cost index shall be determined by the State
18 Department of Highways and Public Transportation according to
19 procedures approved by the Highway Cost Index Committee. The index
20 shall be based on the weighted combined costs of highway
21 operations, maintenance, and construction for the appropriate
22 fiscal year compared to the costs of those items used for the
23 fiscal year beginning on September 1, 1978.

24 "(I) This subsection does not authorize the transfer of any
25 funds from the State Highway Fund to the Clearance Fund or any
26 other fund even though the actual amount of dedicated revenue
27 exceeds the base amount times the cost index."

1 Sec. 3. For the purposes of direct field highway maintenance
2 operations and direct highway construction and preliminary
3 engineering, there is hereby appropriated to the State Department
4 of Highways and Public Transportation from the General Revenue Fund
5 the sum of \$200 million for the fiscal year ending August 31, 1978,
6 and for the fiscal year ending August 31, 1979, the unexpended
7 balance of the amount appropriated for the fiscal year ending
8 August 31, 1978.

9 Sec. 4. The importance of this legislation and the crowded
10 condition of the calendars in both houses create an emergency and
11 an imperative public necessity that the constitutional rule
12 requiring bills to be read on three several days in each house be
13 suspended, and this rule is hereby suspended, and that this Act
14 take effect and be in force from and after its passage, and it is
15 so enacted.

--END--

W.P. Hobby

President of the Senate

Bill Clayton

Speaker of the House

I certify that H.B. No. 3 was passed by the House on February 9, 1977, by the following vote: Yeas 121, Nays 27, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3 on April 6, 1977, by the following vote: Yeas 120, Nays 22, 2 present, not voting; passed subject to the provisions of Article III, Section 49a, of the Constitution of the State of Texas.

Betty Messer

Chief Clerk of the House

I certify that H.B. No. 3 was passed by the Senate, as amended, on April 4, 1977, by the following vote: Yeas 23, Nays 7; passed subject to the provisions of Article III, Section 49a, of the Constitution of the State of Texas.

Betty King

Secretary of the Senate

I certify that the amounts appropriated in the herein H.B. No. 3, Regular Session of the 65th Legislature, are within amounts estimated to be available in the affected fund.

Certified

4-7-77

Comptroller of Public Accounts

APPROVED:

Apr 12, 1977

Date

[Handwritten Signature]
Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
.....1:30 P.M. O'CLOCK

APR 12 1977

[Handwritten Signature]
Secretary of State

KANSAS DEPARTMENT OF REVENUE - SALES TAX COLLECTIONS BY BUSINESS CLASSIFICATION
JUNE, 1977

BUSINESS CLASS. GROUP INDICATION	MONTH OF JUNE 1976	MONTH OF JUNE 1977	INCREASE OR DECREASE	JULY 1975 THRU JUNE 1976	JULY 1976 THRU JUNE 1977	INCREASE OR DECREASE
1000 APPAREL GROUP						
1010 BOOY SHCE STO	140,434.95	148,474.63	8,039.68	1,407,177.71	1,458,896.54	51,718.83
1020 CLC STORES ME	135,759.05	128,366.55	7,392.50CR	1,510,756.89	1,612,033.49	101,276.60
1030 CLO STORES MO	238,180.86	240,101.27	1,920.41	2,388,757.28	2,682,489.07	293,731.79
1040 SHOE REPAIR	9,765.75	8,545.23	1,220.52CR	129,878.68	128,752.02	1,126.66CR
1050 OTHR APPAREL	196,360.79	182,892.70	13,468.09CR	2,303,944.17	2,105,368.39	198,575.78CR
	\$720,501.40	\$708,380.38	\$12,121.02CR	\$7,740,514.73	\$7,987,539.51	\$247,024.78
2000 AUTOMOTIVE GR						
2010 ACCESSORS VTR	561,670.28	577,811.94	16,141.66	5,422,305.45	5,392,279.52	30,025.93CR
2020 AUTC AIRCRAFT	3,367,556.07	3,700,269.05	332,712.98	32,197,384.42	35,014,066.57	2,816,682.15
2030 FILLING SERV	492,844.36	501,094.44	8,250.08	5,054,395.99	5,509,836.94	455,440.95
2040 GARAGE REPAIR	318,770.23	317,058.21	1,712.02CR	3,572,990.13	3,839,894.24	266,904.11
2050 OTHR AUTO ST	36,776.91	40,728.74	3,951.83	437,856.51	490,450.71	52,594.20
2060 AIRCRAFT SALE	86,842.20	67,387.23	19,454.97CR	822,696.97	970,254.88	147,557.91
2070 OCCASIONAL AU	486,491.20	490,363.53	3,872.33	4,099,577.64	4,551,660.43	452,082.79
	\$5,350,951.25	\$5,694,713.14	\$343,761.89	\$51,607,207.11	\$55,768,443.29	\$4,161,236.18
3000 FOOD GROUP						
3010 BKRS DAIRY PR	152,340.61	160,196.91	7,856.30	1,678,450.48	1,636,024.62	42,425.86CR
3020 CANDY CONFEY	74,524.80	87,526.09	13,001.29	780,402.30	826,051.95	45,649.65
3030 FRUIT STANDS	16,122.65	15,298.78	823.87CR	163,645.57	152,210.54	11,435.03CR
3040 GRC STORES ME	4,297,196.05	3,683,951.09	613,244.96CR	40,252,406.47	41,341,040.96	1,088,634.49
3050 LUNCH ROOMS R	252,726.35	262,921.59	10,195.24	2,752,542.83	2,838,367.60	85,824.77
3060 RESTAURANTS C	1,262,849.05	1,503,925.79	241,076.74	12,634,043.65	14,217,920.83	1,583,877.18
3070 OTHR FOOD ST	108,751.19	125,427.91	16,676.72	965,931.23	1,189,608.27	223,677.04
	\$6,164,510.70	\$5,839,248.16	\$325,262.54CR	\$59,227,422.53	\$62,201,224.77	\$2,973,802.24
4000 FURNITURE GR						
4010 FURN STORES H	570,897.54	636,889.70	65,992.16	5,823,660.66	6,661,257.81	837,597.15
4020 HOUSEHOLD APP	175,969.25	184,413.05	8,443.80	1,913,889.58	2,018,952.04	105,062.46
4030 RADIO MUSIC I	255,583.45	249,692.76	5,890.69CR	2,711,820.17	2,998,439.41	286,619.24
4040 OTHR HOME FU	13,444.67	11,649.70	1,794.97CR	135,404.13	126,215.49	9,188.64CR
	\$1,015,894.91	\$1,082,645.21	\$66,750.30	\$10,584,774.54	\$11,804,864.75	\$1,220,090.21
5000 GENERAL MDSE						
5010 DEPARTMENT ST	1,704,658.27	1,943,333.01	238,674.74	15,201,813.09	16,386,954.31	1,185,141.22
5020 DRUG STORES	597,418.40	477,764.79	119,653.61CR	5,481,490.99	5,733,445.66	251,954.67
5030 DRY GOODS STO	95,834.75	90,614.61	5,220.14CR	893,297.50	854,221.21	39,076.29CR
5040 GENERAL STORE	279,022.98	232,564.25	46,458.73CR	2,764,977.72	2,581,210.08	183,767.64CR
5050 HDWE PAINTS O	257,532.05	278,454.38	20,922.33	2,553,289.03	2,679,860.04	126,571.01
5060 JEWELRY STORE	115,467.96	124,892.46	9,424.50	1,355,886.32	1,515,106.89	159,220.57
5070 LUGGAGE LEATH	8,112.24	8,670.24	558.00	95,444.52	100,535.13	5,090.61
5080 SECONDHAND ST	24,649.65	31,315.11	6,665.46	286,785.30	307,911.92	21,126.62
5090 SPTG GOODS TE	156,992.66	157,321.92	329.26	1,350,601.28	1,490,058.38	139,457.10
5100 VARIETY SPEC	1,524,965.82	1,048,980.59	475,985.23CR	10,114,630.53	9,826,638.86	287,991.67CR

KANSAS HIGHWAY PATROL

1976 Activity

Charges Filed		227,645
Found Guilty		4,364
Plead Guilty		177,559
Bond Forfeiture		31,730
Release to Other Officers		2,425
Not Guilty	.22%	520
Dismissed	4.8%	11,047
Charges Changed		337
Jailed		1,930
Convictions		216,078
% Convictions		94.9
<hr/>		
Fines		\$ 4,208,448
Court Costs		\$ 2,032,332
Total Fine & Costs		\$ 6,240,780

9/19/77

Exhibit V
PM

Alternate: Replace gallonage tax of 8 cents per gallon with a value tax based on a % of cost/gallon

Based on a telephone survey of present prices charged for a gallon of gas in the Topeka area, the present average price is estimated to be 65 cents per gallon including State and Federal gallonage tax. (Prices ranged 52.9 for self-service regular to 72.9 for full-service premium and 70.1 for unleaded).

The average price without present gallonage taxes would thus be 53 cents/gallon and the value tax equivalent to 8 cents per gallon would be 15.09%.

If this tax rate were to be used instead of gallonage tax of 8 cents, and the price of gasoline (before tax) increased:

<u>To</u> <u>(Dollars)</u>	<u>Tax would equal</u> <u>(cents/gallon)</u>
.53	8.00
.75	11.32
1.00	15.09
1.25	18.86
1.50	22.63

The average price for diesel in the Topeka area is estimated to be 56.9 cents per gallon. The base price (subtracting gallonage taxes) would be 42.9. The gallonage tax of 10 cents is equivalent to a tax on value of 23.31%.

At an average price for liquified petroleum gas of 35.5 (or 24.5 after deducting gallonage taxes) the tax on value equivalent is 28.57%.

If a tax on value for diesel fuel of 23.31% were imposed to replace the 10 cent gallonage tax and the price of diesel (before tax) increased:

<u>To</u> <u>(Dollars)</u>	<u>Tax would equal</u> <u>(cents/gallon)</u>
0.50	11.65
0.75	17.48
1.00	23.31
1.25	29.13
1.50	34.95

If a tax on value for liquified petroleum gas of 28.57% were imposed to replace the 7 cent gallonage tax and the price (before tax) increased:

To
(Dollars)

Tax would equal
(cents/gallon)

0.35	9.99
0.50	14.28
0.75	21.42
1.00	28.57

Based on gallonage projections previously furnished to the Committee, gross revenues from gasoline for each of the prices listed above would be (in thousands):

Price/Gallon

Year	<u>.53(Present)*</u>	<u>.75</u>	<u>1.00</u>	<u>1.25</u>	<u>1.50</u>
1978	\$113,712	\$160,902	\$214,472	\$268,178	\$321,816
1979	115,304	163,119	217,544	271,933	326,322
1980	116,096	164,276	219,038	273,801	328,563
1981	116,096	164,276	219,038	273,801	328,563
1982	114,904	162,589	216,789	270,990	325,190
1983	113,712	160,902	214,540	268,178	321,816
1984	112,520	159,216	212,291	265,367	318,443
1985	111,328	157,529	210,043	264,556	315,069
1986	110,536	156,408	208,548	260,688	312,828
1987	110,136	155,842	207,794	259,745	311,696
1988	109,896	155,503	207,341	259,179	311,017
1989	109,736	155,276	207,039	258,801	310,564

* Exclusive of Interstate and Port of Entry collections which are distributed in the same manner as gasoline tax.

Alternate: Continue present gallonage tax of 8 cents and add a sales tax of 3% on the pump price (including State and Federal gallonage taxes).

Present average price = 65 cents/gallon
 Present average price + 3% = 66.95 cents/gallon
 Total Tax = 9.95 cents/gallon

Additional Revenues from Gasoline Tax
 By Adding Sales Tax of 3% on
 Pump Price of Gasoline (Price Including
 Present Gallonage Tax of 12 Cents)

(Thousands of Dollars)

	Present Price Without Sales Tax		Present Price(65¢) With Sales Tax		\$0.87 With Sales Tax		\$1.12 With Sales Tax		\$1.37 With Sales Tax		\$1.62 With Sales Tax	
	Increase	Total	Increase	Total	Increase	Total	Increase	Total	Increase	Total	Increase	Total
1978	\$113,712	\$27,717	\$141,429	\$37,099	\$150,811	\$47,759	\$161,471	\$58,420	\$172,132	\$69,080	\$182,792	
1979	115,304	28,105	143,409	37,618	152,922	48,428	163,732	59,237	174,541	70,047	185,351	
1980	116,096	28,298	144,394	37,876	153,972	48,760	164,856	59,644	175,740	70,528	186,624	
1981	116,096	28,298	144,394	37,876	153,972	48,760	164,856	59,644	175,740	70,528	186,624	
1982	114,904	28,008	142,912	37,487	152,391	48,260	163,164	59,032	173,936	69,804	184,708	
1983	113,712	27,717	141,429	37,099	150,811	47,759	161,471	58,420	172,132	69,080	182,792	
1984	112,520	27,427	139,947	36,710	149,230	47,258	159,778	57,807	170,327	68,356	180,876	
1985	111,328	27,136	138,464	36,321	147,649	46,758	158,086	57,195	168,523	67,632	178,960	
1986	110,536	26,943	137,479	36,062	146,598	46,425	156,961	56,788	167,324	67,151	177,687	
1987	110,136	26,846	136,982	35,932	146,068	46,257	156,393	56,582	166,718	66,908	177,044	
1988	109,896	26,787	136,683	35,854	145,750	46,156	156,052	56,459	166,355	66,762	176,658	
1989	109,736	26,748	136,484	35,801	145,537	46,089	155,825	56,377	166,113	66,665	176,401	
Total State Tax/Gallon	0.08	0.0995		0.1061		0.1136		0.1211		0.1286		

Interstate Motor Carrier and Port of Entry collections excluded.

Additional Revenue from Gasoline Tax
By Adding Sales Tax of 3% on Base Price

(Thousands of Dollars)

	Present Price (53¢)		\$0.75		\$1.00		\$1.25		\$1.50		
	Without Sales Tax	With Sales Tax	Increase	Total	Increase	Total	Increase	Total	Increase	Total	
1978	\$113,712	\$22,600	\$136,312	\$31,982	\$145,694	\$42,642	\$156,354	\$53,303	\$167,015	\$63,963	\$177,675
1980	116,096	23,074	139,170	32,652	148,748	43,536	159,632	54,420	170,516	65,304	181,400
1985	111,328	22,126	133,454	31,310	142,638	41,748	153,076	52,185	163,513	62,622	173,950
1989	109,736	21,810	131,546	30,863	140,599	41,151	150,887	51,439	161,175	61,726	171,462
Total State Tax/Gallon	0.08	0.0959		0.1025		0.110		0.1175		0.125	

Interstate Motor Carrier and Port of Entry collections excluded.

Alternate: Replace 10 cent gallonage tax on diesel fuel by a tax on value equivalent (currently 23.31%)

(Thousands of Dollars)

<u>Year</u>	<u>Present Base Price</u> 42.9	<u>\$0.50</u> <u>With Sales Tax</u>	<u>\$0.75</u> <u>With Sales Tax</u>	<u>\$1.00</u> <u>With Sales Tax</u>	<u>\$1.25</u> <u>With Sales Tax</u>	<u>\$1.50</u> <u>With Sales Tax</u>
1978 Projection	\$15,768	\$18,378	\$27,567	\$36,756	\$45,945	\$55,134
1989 Projection	20,010	23,322	34,982	46,643	58,304	69,965

Alternate: Add 3% Sales Tax to present gallonage tax. Sales Tax on
 (Diesel) base price (exclusive of gallonage taxes)

	Present Price (49.9)	Present Price + Sales Tax	0.75	1.00	1.25	1.50
1978	\$15,768	\$18,128	19,316	20,498	21,681	22,863
1989	20,010	23,005	24,512	26,013	27,514	29,014
Equivalent Tax Cents/gallon	10¢	11.28¢	12.25¢	13.0¢	13.75¢	14.5¢

The need
will be there

THE TEXAS HIGHWAY FUNDING CRISIS

AND THE SOLUTION

The crisis facing the Texas Highway Program began to emerge in the early 1970's with several symptoms of the critical problem becoming apparent: namely, increasing traffic volume, increased delays in project approvals, rapidly escalating costs, increased backlog of projects, leveling off of revenue growth, growing public frustration and increasing number of appeals for action before the State Highway and Public Transportation Commission. Highway travel was increasing with most of the new growth on the highway system. Federal environmental requirements added to delays.

If these symptoms of a critical problem were not enough to alarm the public, the oil embargo of 1974 quickly focused attention on the issue. During that year the Texas Construction Cost Index rose at the rate of 37.4%. The oil embargo further decreased the revenues to the State from fuel taxes.

In 1971, a Department study had forecast that unless funding levels for highway construction, maintenance, and operations were increased, the Department would be unable to match all available federal funds by 1985. By early 1975 an update of the study indicated that the resultant effects of the oil embargo would move that date to 1979 unless conditions changed dramatically.

Because the prediction foreordained a rapid deterioration of the \$35 Billion dollar highway system and only a short time-frame for action, the Highway and Public Transportation Commission asked an independent consulting firm, McKinsey and Co., Inc. to make a comprehensive study of the needs/revenue problem and organizational procedures associated with the Department's predictions.

The consultants found the Department's predictions to be somewhat conservative regarding the needs/revenue gap. They determined in early 1976 that the backlog

of needed projects totaled \$11.8 Billion in 1975 dollars, with the expectation of having \$1.9 Billion in 1975 dollars available within 20 years to accomplish the work. Thus the need to raise \$9.9 Billion to meet the needs was a formidable challenge to place before the public and the Texas Legislature.

The Department and the consultants investigated 47 alternatives for increasing revenues with the intent of providing a target band for funding between merely providing matching funds necessary to obligate future federal funds and funds to reduce the backlog by \$8.0 Billion during the 20-year period.

During the period February 15th - March 15th, 1976, the Department's District Engineers apprised all the elected public officials of the State at all levels of government of the predicament and the consequences if additional funds were not made available. During the period September 1, 1975, to August 31, 1976, the Department reduced its manpower levels by over 3,000 employees through forced "layoffs." During a three-year period ending September 1, 1975, the 3,000 plus employees discharged because of reduced work volume, coupled with attrition and vacated savings, reduced the Department work force by approximately 6,100 full-time employees. This action and related budget constraints was later to result in extending the 1979 date when all federal funds could not be matched until 1981.

Grass roots support for increased funding grew during the spring and summer of 1976 to a climax when on August 4, 1976, Governor Briscoe held a special called press conference to announce his program to raise \$825 Million for the next fiscal biennium to fund the sagging highway program. His program is outlined in Appendix A and the original legislation House Bill 3 in Appendix B.

House Bill 3 passed the State House of Representatives on February 9, 1977, by a vote of 121 yeas, 27 nays with one present, not voting. The bill then went

to the State Senate where the bill was to remain in committee for almost six weeks as Senate members searched for a compromise that would provide adequate funding for the highway program while still meeting the needs of other state programs under a limited revenue situation. The six week delay in committee provided an opportunity for a candid discussion of the role of transportation in society and resulted in an informed Senate which could understand the complex issues involved. The final compromise proved to be an excellent work of legislation which received Senate approval by a vote of 23 yeas, 7 nays, with one member absent. The House concurred in the Senate amendments to House Bill 3 by a vote of 120 yeas, 22 nays, 2 present, not voting. The Governor signed the bill on April 12, 1977, before one of the largest crowds ever to attend a bill-signing ceremony.

House Bill 3 provides a unique funding approach which guarantees a funding base geared to protection against inflation. The new funding program is designed to guarantee the continuation of the policies which have created a highway system in which Texans have great pride and enjoy the economic benefits which derive from the system. Since the existing state sources of financing the system had proved to be inadequate to meet the dual challenges of continued high levels of inflation and decreasing revenues resulting from better fuel efficiency and lower weights of automobiles, a new financing system was considered to be the highest priority step in restoring the continuity of the highway program.

House Bill 3 is designed to accomplish two basic objectives. First, the bill provides a substantial and immediate increase in funds available for highway construction and maintenance. Second, it guarantees protection against the ravages of inflation by automatic dedication of required revenues to the State Highway Fund.

This guarantee, while statutory as opposed to the constitutional dedication of fuel tax revenues and motor vehicle registration fees, is based upon principles currently used in the time tested Farm to Market Road Program which was initiated in 1949 and has resulted in the construction of over 40,000 miles of such highways since that date.

House Bill 3 sets a statutory base amount for dedicated state revenues for the Highway and Public Transportation Department. Existing constitutional dedicated revenues are then deducted from the base amount. The remaining amount will be allocated to the State Highway Fund from a Tax Clearance Fund from which priority allocations are made for certain state programs from General Revenues of the State. In this calculation, revenues from the motor fuel tax, motor vehicle registration fees, and sales tax on lubricants constitute the existing constitutional dedicated funds. No federal revenues or other revenues available to the Department would be included.

As the program continues into the future, the guaranteed base amount would be adjusted annually by the Highway Cost Index Committee composed of the Governor, Lt. Governor, and Comptroller of Public Accounts. The Department of Highways and Public Transportation is charged with the responsibility of developing a Highway Cost Index based upon a weighted annual cost of highway operations, maintenance, and construction.

The Highway Cost Index Committee will review the Department's annual estimate of the Highway Cost Index, a final cost index for the prior year and the methodology employed in the calculations. The Committee then will apply the approved Cost Index to the base amount set by the statute to determine the total amount of state funds to be dedicated to the Highway Program.

This amount will be certified to the Comptroller for establishment of the actual allocation from the Clearance Fund (General Revenue) to the State Highway Fund. The Comptroller will deduct his estimate of the revenues from the constitutional dedicated sources from the amount set by the Committee to determine this allocation. Based on this estimate, the Comptroller is authorized and directed to make a monthly allocation from General Revenues to the Highway Fund. At the beginning of each year the amount for the prior year will be adjusted on the basis of actual experience for the prior year.

For the 1978-1979 Biennium only the total amount is set in the statute. The 1979 figure would be the base to be used in the calculations mentioned above.

9-19-77
J. L. K. VIII
pm

COMMITTEE REPORT

TO: Legislative Coordinating Council
FROM: Special Committee on Transportation and Utilities
RE: PROPOSAL NO. 64 - DECLINING HIGHWAY REVENUE

The Special Committee on Transportation and Utilities was directed by Proposal No. 64 to conduct a study of the long-range problem of declining highway revenues and stable or increased highway construction and maintenance costs, including such factors as the potential effects on highway revenues of pending federal energy conservation proposals, limited motor fuel supplies, and the development of alternative methods of highway financing.

Background

The development of the state's modern highway system began with the creation of the State Highway Commission in 1929 and the adoption of constitutional provisions permitting state participation in public works. Highways have played a key role in the economic growth of the State and will continue to play an even more important role in the future. Today Kansas has over 135,000 miles of roads and streets, which is the third largest mileage in the nation, surpassed only by Texas and California. Of the total highway system, 10,000 miles are on the state highway system, 114,000 miles on the county system, and 11,000 miles on municipal systems.

It is estimated that Kansas population will grow by 3.6 percent by 1990, and an additional 1.8 percent by 2,000. It is also estimated that vehicle registrations will increase by over 15 percent by the year 2000, and that there will be over 2,065,000 vehicles registered in the state or 15.7 percent more than in 1974. By the year 2000 this will result in 1.18 persons-per-vehicle as compared to 1.45 in 1970 and 1.27 in 1974 values respectively.

It is apparent that the State of Kansas must be prepared and be capable of meeting the demands of future growth with a highway system which will make a maximum contribution to further economic development of the state.

Financial Resources for Highway Support

Financial resources available for highway, road and street purposes are derived from the motor fuel tax, motor vehicle registration fees, toll charges, property taxes and special assessments, and general fund appropriations.

Since the turn of the century, financial support for highways has been highlighted by the emergence of highway user tax and toll revenues, supplanting the traditional revenue sources of property and special assessment taxes, and general fund appropriations.

The family of highway user taxes, however, has not replaced the traditional revenue sources but has tended to augment total funds available for road transport facilities. Nevertheless, highway user tax revenues constitute a substantial portion of the total revenues available for the Kansas highway, road and street system.

Nationally, the trend has been as follows: In 1930, of the total revenue for highway purposes for all governmental units, 64.9 percent was derived from other than highway user taxes -- but by 1960, user tax revenues constituted 80 percent of the total. However, in 1972 the user tax share had dropped to 70.2 percent.

In Kansas, user tax revenues accounted for 62.1 percent of total highway revenues in 1960, increasing to 69.0 percent by 1972. The 1972 distribution was very close to the national average.

Kansas motor vehicle registrations, similar to other states, have grown rapidly since 1950, when 853,462 vehicles were registered. Of this total, 76 percent were automobiles, 23.8 percent were trucks, and 0.2 percent were buses. By 1974, the registered vehicle fleet of 1,785,237 was composed of 70.1 percent automobiles, 29.6 percent trucks, and 0.3 percent buses. By 2000, projected figures show an increase of total vehicle registration to 2,065,000, or 15.7 percent more than in 1974.

1974 figures show the bus fleet is composed primarily (73.7 percent) of publicly-owned vehicles, while the truck fleet showed the opposite ownership picture, with 96.9 percent being private or commercial vehicles.

During the 1950-1974 period, the number of registered automobiles in Kansas increased by 93.0 percent while trucks increased by 160.4 percent. The average annual increase was 2.9 and 4.3 percent, respectively. This latter increase reflects the growing dependence on the truck as a means of transporting primary products to processing plants and distribution centers, and delivering finished products to retail outlets and consumers.

Motor Fuel Tax

Kansas first levied a motor fuel tax in 1925. The rate was two cents per gallon. The tax rates per gallon over the years are as follows:

1925 - 2 cents
1929 - 3 cents
1946 - 4 cents
1949 - 5 cents
1969 - 7 cents
1976 - 8 cents

For two rather extended periods, 1929-46 and 1949-69, respectively, the motor fuel tax remained at the three-cent and five-cent per gallon levels. In 1969, the tax was raised to seven cents and to eight cents in 1976.

According to the consumer price index the seven-cent per gallon motor fuel tax had an effective purchasing power of 4.7 cents in 1974 and declined to 4.3 cents for 1975. (Index: 1967 = 100)

This represents one of the lowest effective rates since the two-cent tax was initiated in 1925. There are no economic indicators that provide assurance that the trend will be reversed. It is possible that the inflationary factors will be less severe in the future, but this probably will represent a leveling off rather than a reversal of the trend.

In terms of the national highway maintenance and operations cost index, revenue from the seven-cent fuel tax was equivalent to 5.3 cents in 1972. The most current federal figures show that for the year 1975 this figure had declined to 4.0 cents. In terms of the Federal Highway Administration construction cost index the first quarter of 1977 indicated that the present tax rate was equivalent to 4.0 cents. From these indices, it is apparent that the purchasing power and effectiveness of the motor fuel tax over the years has been seriously eroded.

Highway Use of Motor Fuel

Prior to the energy crisis, the increasing annual consumption of motor fuel for highway purposes was a phenomenon accepted as normal by the motoring public and by fiscal analysts in preparing financial projections for use by highway administrators and programmers.

The multiple overtones of the energy crisis, the 55-mile-per-hour speed limit, the increasing number of compact and sub-compact automobiles, inflation and economic recession have combined to disrupt these conventional trending processes.

Energy Crisis and Inflation. The energy crisis is best reflected, insofar as highway users are concerned, in the pump price paid for gasoline. There are more complicated long-range problems but the current price situation is the one that impacts almost daily on the motoring public.

The increasing price of motor fuel can be attributed to the rising cost of crude oil, inflation, and possibly increased profit margins. The 1961 retail price of regular gasoline in Kansas was 28 cents per gallon, which included a nine-cent combined federal and state tax. This compares to the average 1977 62 cents per gallon retail price, including 12 cents per gallon in federal-state taxes.

In 1961 state and federal motor fuel taxes accounted for more than 32 percent of the pump price of gasoline. Today, the combined 12-cent tax accounts for only 19 percent of the total. This situation reflects the inherent insensitivity of the motor fuel tax to forces of inflation.

Another factor impacting the revenue for highway construction is the growing number of compact and sub-compact passenger cars. It has been estimated that the number of small foreign cars and economy-size American cars registered in 1970 totaled nearly seven million and that this number had grown to 10.7 million in the space of two years. The number of such vehicles reached the 20 million mark in 1974 or 15.4 percent of the total vehicle fleet.

Motor Fuel Consumption. The use of motor fuel for highway purposes has increased steadily in Kansas for many years. Total fuel consumption for highway purposes increased by 69 percent in the 1960-1977 period.

A comparison of motor fuel consumed on the highways in Kansas with that of surrounding states discloses that Kansas vehicles are driven substantially less each year than in the adjacent states.

In 1967, the average annual miles driven per registered vehicle was approximately the same in Colorado and Kansas, but annual travel per vehicle in the other three states ranged from 14.8 to 25.8 percent greater than that for Kansas. By 1973, the four surrounding states showed substantially greater travel per vehicle than Kansas -- with Colorado being 3.8 percent higher, Nebraska 17.4 percent, Oklahoma 26.1 percent, and Missouri 29.3 percent.

The annual travel per registered vehicle in Kansas is much lower than that for the adjacent states although the five states appear to have many common characteristics. Four of the five states reported decreasing average miles per gallon rates while the Oklahoma rate remained relatively unchanged.

The low rate of increase in the use of motor fuel and miles traveled per registered vehicle in Kansas could possibly be attributed to the exceptionally high density of vehicle ownership in the state. Average annual travel in 1973 per registered vehicle for the U.S. was 10,413 miles, 20.2 percent more than the Kansas average.

Receipts of Motor Fuel Taxes and Vehicle

Registration Fees

Gross receipts from Kansas motor fuel taxes totaled about \$129 million in 1977. This amount is expected to increase until 1981 to approximately \$138 million and

then decline for about seven or eight years (1988, 1989). Projected figures indicate that by 1993 gross receipts will be about \$135 million at current rates of taxation.

On July 1, 1976 the motor fuel tax was increased from seven to eight cents and from eight cents to ten cents for special fuels (diesel). Motor vehicle registration fees were also increased. The increase from both revenue sources had an immediate impact on receipts. Approximately \$15 million dollars in additional revenue were generated during Fiscal Year 1977 due to the increase in the motor fuel taxes. Increases in vehicle registration fees are expected to generate \$13.3 million in additional revenue. For Fiscal Year 1977.

Although increases in the principal sources of revenue (motor fuel tax and registration fees) were substantial, the total needs versus projected revenues indicates that, at the state level, total highway needed revenue for the years 1975-1989 will surpass revenues by 42 percent based on 1975 costs. County and municipal systems also show wide differences between needs and revenues. For counties the figure is 20 percent; and for cities the difference is 29 percent. Further revenue implications are the federal aid funds apportioned to Kansas only if the state is able to meet its matching requirements. In 1975 this was one dollar in every ten for interstate funds and three dollars of every ten for primary/secondary urban extension and urban system funds. Highway user tax revenues and federal funds provide for virtually all receipts (96.6 percent in 1974) available for state-administered highways.

Committee Deliberations

The Committee held four days of hearings on Proposal No. 64. Testimony was presented from the following: Federal Energy Administration Office; The Yellow Freight System; Kansas Association of Commerce and Industry; officials from the Kansas Department of Transportation; Kansas Department of Revenue; Kansas Motor Carriers' Association; and Legislative Post Audit.

Testimony presented to the Committee centered around the complex and interrelated problems of highway financing. These concerns presented to the Committee are summarized as follows:

Federal Energy Proposals. Testimony was presented to the Committee from the Federal Energy Administration Office which outlined the National Energy Plan of April 20, 1977. Among other things, the Plan had as one of its goals a 10 percent reduction in gasoline consumption. It was pointed out to the Committee that, although there was an awareness of the fiscal impact of this goal by the Administration, there were no current mechanisms by the Administration to address this major problem. What was proposed were avenues at the state level to soften this burden. These were:

- 1) A life cycle cost versus low bid concept of road construction and maintenance;
- 2) A re-evaluation of the state passenger car license fee system;
- 3) A revision of the present tax system to penalize those individuals who purchase "gas guzzling" cars instead of taxing cars by weight or size;
- 4) The development of new fuel transportation technologies, i.e., a combination of energy sources - hydrogen, solar, electricity, etc.

Private Sector Concerns. The private sector as represented by the Kansas Motor Carriers' Association; The Yellow Freight System; and the Kansas Association of Commerce and Industry also presented their concerns before the Committee. In general, the conferees' testimony centered around the taxing philosophies of the present gallonage tax figured at the pump versus a sales tax approach. Some of the problems associated with the sales tax concept on gasoline were reported as being that:

- 1) Fuel taxation based on a percentage basis or on changes in fuel prices has no meaningful connection between highway funding needs and the revenues that would be collected;
- 2) The Highway Department may have less incentive to hold costs to a minimum;

- 3) Although it is assumed that the price of oil will rise, there is no guarantee that it will. There are a few people in the country, although in the minority, who feel that the price may go down. The price of oil is highly controlled both from within this country as well as without. What would be the effects of price controls or gas rationing?
- 4) There may be the possibility of overtaxation and the excess revenues being diverted to non-highway programs;
- 5) Collection of a tax on a percentage basis in the form of a sales tax may present legal problems as well as collection problems. The collection experience of a number of states from service stations has indicated problems such as turnover in operators, inadequate record-keeping, and failure to file returns, to name a few. Also, since sales tax is often collected on non-fuel sales or service there would be a problem in the segregation of funds collected for highway purposes;
- 6) Administrative problems and expense for the state would generally increase. Additional personnel would probably be required to enforce compliance, auditing, and the handling of refund claims;
- 7) Administrative problems and expenses for businesses would also generally increase. There would be a problem in the proper treatment of inventories, and in making application for refunds, especially if the refund period extends through several changes in the tax structure. Computing the amount of tax due on fuel consumed by trucks traversing the state using fuel purchased outside the state could present some problems;
- 8) There would probably be an adverse economic effect on businesses and residents of the state. Any added administrative expense or increased tax expense would ultimately be passed on to the consumer. In addition, the increased cost of doing business or buying consumer goods would tend to give a competitive edge to neighboring states.

Instead of the above, conferees suggested the following guidelines:

- 1) The tax should be imposed as a specific "cents per gallon" (volume) levy, making no reference to fuel price or cost indexing;
- 2) If administrative authority is granted to vary the tax rate, such authority should be limited to increasing or decreasing the rate solely for the purpose of maintaining tax revenues at a level consistent with amounts approved (1) by the State Legislature, whether by appropriation or otherwise, or (2) by appropriate state agencies with legislatively delegated authority;
- 3) A maximum tax rate should be set by the Legislature which administrative action could not exceed;
- 4) Tax rate changes should not be effected more than once every six months (preferably once a year) and (1) should only be imposed with appropriate regard for the facilitation of taxpayer record-keeping and compliance; and (2) rate increases should not be imposed at all unless anticipated annual revenues are estimated to fall below legislatively approved amounts;
- 5) The variable fuel tax method adopted, the revenues produced thereby, and the effect of the new system on the motor vehicle fuel consumer should be reviewed by appropriate committees of the State Legislature at reasonable time intervals; and such committees should report findings and recommendations for changes to the Legislature following such review. Appropriate state agencies should be statutorily required to submit annually to such legislative committees all information the committees deem to be pertinent and necessary to their review.

Department of Transportation Concerns. The testimony heard by the Committee from the Department of Transportation was complex and extensive. A host of issues were reviewed and analyzed; however, the Department did outline several of its problems and proposals. These are summarized as follows:

- 1) In terms of new construction, the basic policy pursued by DOT is one that is being satisfied by rehabilitation, upgrading, and reconstruction;
- 2) About 70 or 75 percent of the work relative to the five-year program is 3-R type improvements;
- 3) In terms of the condition for the highway system, 1976 sufficiency ratings indicated a loss of three or four percentage points;
- 4) The 1978 Federal Highway Act might provide more funds for the rehabilitation of the primary system and for the replacement of deficient bridges;
- 5) The Department does not have the personnel to obligate remaining funds when projects become available;
- 6) The Department is understaffed by 23 people in the Design Department and by 25 people in the Planning and Programming Department;
- 7) National energy goals are expected to reduce funds for highways, and if a federal tax is passed on gasoline, a significant portion of such revenues will be returned to the states;
- 8) With regard to the freeway system, the Department recommends finishing the bonding program in 1974 and looking beyond to new sources of revenues;
- 9) In terms of financing the highway system, the Department states that not all user revenues are being utilized; e.g., the highway patrol generates about \$⁸⁴6 million that does not go to the State Highway Fund. There are also possible revenue sources on the sale of vehicle and on the sale of automotive repair parts;
- 10) A decision should be made to determine the role and importance of the transportation system in Kansas and whether to begin appropriating funds from the State General Fund;

- 11) The Department recommends, evaluating the efficiency of organizations responsible for spending the money which would include satellite stations;
- 12) The Department recommends looking into the feasibility of selling part of the state's right-of-ways;
- 13) With regard to the number of miles, the Department advocates looking into the possibility of reducing the number of miles on the highway system on those roads with low traffic volume.

Legislative Post Audit Testimony. The testimony presented to the Committee from the Division of Legislative Post Audit pertained to an audit published in September of 1976 concerning the financial status of the freeway system. Among the audit's findings were that the freeway system would run out of funds while it was less than 25 percent complete. This would happen around 1980 and would lead to halting of construction after 1984. The audit stressed the need for a quick decision on continued funding because of the lead time needed to plan and design new roads. Finally, the audit indicated that several possible of revenue were available to supplant exhausted bond funding, all of which included new taxes.