Approved 9-10-87
Date

MINUTES OF THE Joint Senate and House COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Sen. Bill Morris, Chairperson, at 9:00 a.m./p.m. on August 19, 1987 in room 313 of the Capitol.

All members were present except:

Rep. Dillon.

Committee staff present:
Ben Barrett, Legislative Research Department
Hank Avila, Legislative Research Department
Robin Hunn, Legislative Research Department
Louise Cunningham, Senate Committee Secretary
Donna Mulligan, House Committee Secretary

Conferees appearing before the committee:
Fred A. Brown, representing K.O.M.A. and Concerned Citizens of Kansas
Jim Yount, RR#3, Valley Falls
E. Richard Brewster, Area Director, Public and Government Affairs, Amoco Corporation
Ron Calbert, United Transportation Union
Steve Montgomery, Kansas Oil Marketers Association
Charles Robinson, Robinson Oil Company, Garden City
Trace Walker, President, Blue Beacon, International, Inc.& Green Lantern, Inc. representing Kansas Association of Truck Stop Operators
Howard Menaker, General Counsel, National Association of Truck Stop Operators, Washington, D.C.
Gary Hall, Halls Food Marts, Salina
Leroy Jones, Brotherhood of Locomotive Engineers, Overland Park
Rep. Jack E. Beauchamp, Ottawa
Mary Turkington, Kansas Motor Carriers Association
Charles Nicolay, Kansas Oil Marketers Association
Rep. George Teagarden, LaCygne

The Chairman said the purpose of this meeting was to hear opponents of the Governor's highway plan.

Fred A. Brown, retired from Kansas Oil Marketers Association, said since he was now retired he was planning on going into business with a self-service station convenience store. If this highway bill passes as presently submitted he was told by his accountant he could not survive without bankruptcy. If he cannot succeed in Kansas he would go elsewhere as he feels he can still be productive in business.

He said the indexing relieves the legislature of accountability and it is not a fair way to go. The largest purchaser of lottery tickets are the convenience stores and this would harm sales. The public is not aware of the magnitude of this proposal and new highways are no assurance of economic development. This proposal would also discourage tourism in our state. A copy of his statement is attached. (Att. 1).

Jim Yount, RR#3, Valley Falls, said he was representing himself and is a reflection of the crossroads position of a lot of people. He had worked in these statehouse halls for over 37 years and understands the process. He learned that legislators are hard-nosed and use common sense. People who are out working their farms know very little about what is happening here and are depending on their legislators.

He had made a survey among his neighbors and he questioned the figure stated by KDOT that this increase would amount to 12¢ a day for the average person. Most of the people he surveyed put many more miles on their vehicles than figures issued by KDOT. Only three people surveyed knew that the tax could go up every year. He also thought it was wrong to abolish the Highway Advisory Commission and give more power to the Secretary of Transportation. This proposal would also give special treatment to out-of-state people. He said he realizes that Southeast Kansas should have a priority on roads but that is up to the Legislature to determine this and it should act wisely.

Dick Brewster, AMOCO, had served as a member of the Kansas House for three terms and he could recognize why indexing was put into the proposal. Legislators could avoid accountability for future tax increases. The increase in the fuels tax would cause Kansas to lose business to Missouri and this increase would keep going up. The Missouri voters have to vote on any increase.

Mr. Brewster said there are other options available to the state to increase economic development, such as tax policies, availability of labor, lifestyle and educational opportunities. He urged a broader based tax increase. He said AMOCO supports good roads but a less costly program should be determined. A copy of his statement is attached. (Att. 2).

Ron Calbert, United Transportation Union, said he is speaking for 7,000 members who reside in Kansas. He opposed the tax increase and also the registration increase, as well as the indexing. The committee should study the Cost Allocation Study which was presented to both committees last session. All motor vehicles should pay their fair share of the highway cost as projected by the Study. A copy of his statement is attached. (Att. 3).

Steve Montgomery, Kansas Oil Marketers Association, said he was representing the interests of 700 petroleum distributors. They support the concept of highway construction and maintenance within the state but this program recommends such a radical change that they must oppose the proposal.

The loss of business for Kansas dealers along the Missouri and Oklahoma borders would be disastrous for members. Fuel taxes should be used for maintenance and repair, rather than new construction. Highways, once built, must be maintained and a plan should include the financing and maintenance of these roads. They would support a sales tax increase for construction. They are opposed to any indexing and believe that the number of highways maintained by the state should be reduced and that local units of government should undertake a greater share of the financial burden for new construction projects. A copy of his statement is attached. (Att. 4)

Charles Robinson, Garden City, said he represents the interests of more than 600 petroleum distributors. They have always supported a good highway system but this program is massive. The cost of this is phenomenal. It will place too much of a burden on the people of Kansas. They do not oppose a reasonable and modest program but are concerned about the excessive price tag of this proposal. A copy of his statement is attached. (Att. 5).

Trace Walker, Kansas Association of Truck Stop Operators, said it is important to remain competitive with other states. If this program is adopted, Kansas will be higher than three neighboring states. There will be a decrease in volume. Trucks have a capacity of traveling from 1000 to 1,200 miles without refueling. As a result they will be able to bypass Kansas. The registration fee would be the highest registration fees in the country. These increases are extremely excessive and indexing should not even be considered. He urged the members to limit the scope of the plan to a more reasonable and attainable amount. A copy of his statement is attached. (Att. 6). Also included in the attachment is a letter to the Committee dated August 17, 1987 from Donald L. Graves, President, Triangle Trucking, Inc., Salina, KS stating they would be forced to purchase their fuel in a surrounding state where taxes are lower if this proposal is enacted. Also included is a letter to the Committee dated August 18, 1987 from Mike Ross, President, Ross Truck Line, Inc., Salina stating this proposal would put him and his 15 employees out of business. He urged this proposal not be passed.

Howard Menaker, General Counsel for the National Association of Truck Stop Operators, Washington, D.C., said he was born and raised in Wichita and would like to see his state progress but this proposal would hurt many businesses in Kansas rather than help them. The truck stop industry will be severely hurt by the financing proposal in the Governor's plan. It would decrease consumption of diesel fuel. He cited cases in Washington, D.C. and Illinois where gallonage fell immediately on enactment of a fuel tax increase. Do not create a disincentive for truckers to buy fuel in Kansas. This is not good for economic development. A copy of his statement is attached. (Att. 7).

Gary Hall, small businessman, supports improved highways but does not support the proposed bill. Highways are important but they do not bring economic development. Taxes, utilities, and quality of living are far more important than quality of roads. Kansas needs more revenue, not more taxes and it is pricing itself into failure when it adds taxes. Even a slight imbalance along the Missouri border has a dramatic impact. His sales tripled in his convenience store along the border when Missouri raised their tax. We must remain competitive. A copy of his statement is attached. (Att. 8).

Leroy Jones, Brotherhood of Locomotive Engineers, said he represents tax paying citizens from most of the districts represented by members of his committee.

He said there were other pressing needs for the state, including education, funding of rural community hospitals, law enforcement agencies, etc. and these are more important than building new highways now. Also local property taxes are becoming more of a burden each year. The people who would benefit most such as contractors, concrete and rock suppliers, and owners of right-of-ways,plus bond attorneys are all for the proposal. No place in the bill does it say that only Kansas citizens will be employed to do the work.

He was opposed to truck registration only being raised 50% while automobile registrations would raise by 100%. There should be equal treatment. He said the economy was uncertain at this time and there are greater areas of needs for tax money. A copy of his statement is attached. (Att. 9).

Rep. Jack E. Beauchamp, Ottawa, said he was an opponent because of the understanding the people of his district have of the proposed plan. They are concerned about the excessive cost and they need more money coming back to cities and counties to help maintain their roads and bridges that are outdated. A copy of his statement is attached. (Att. 10).

Mary Turkington, Kansas Motor Carriers Association, said they are not opposed to an expanded highway program and do not object to paying increases in fuel taxes and registration fees to fund a reasonable approach. They are opposed to the 50% increase in truck registration and could support a 25% across the board increase. They flatly oppose indexing of truck registration fees. She suggested a more moderate approach to highway expansion at this time and said the economy has not recovered from the current recession in this state. A copy of her statement is attached, along with a comparison of motor vehicle registration fees and motor fuel taxes of surrounding states. (Att. 11).

Rep. George Teagarden, LaCygne, said he was a member of the Governor's Task Force which developed the comprehensive highway program for the state. The proponents would not be responsible for paying for the program. He said, in his opinion, it was too large and there should be a priority list to determine which highways should be built. Our whole highway system lacks maintenance and it would be too much of a burden to place on the fuels tax and registration. There are other options. The indexing position is the wrong approach. It is intended to keep up with inflation. The changes the Governor made will not keep up with inflation.

Rail and air transportation should also be considered in the total package.

A letter was submitted from R. H. Becker, President, Checkpoint Budget Fuel Stops, Wichita, Kansas dated August 13, 1987 opposing the Governor's proposal. A copy is attached. (Att. 12).

This concluded the hearing of the list of opponents and the Committee turned their attention to questioning the opponents.

Sen. Doyen asked Mr. Montgomery and Mr. Walker whether incomes had increased or decreased because of highways. They said income levels do increase some along highway routes but that any long-term relationship between highway construction and income is, at best, marginal. They were asked to furnish information on studies of this.

They were asked how Mr. Ed Roitz felt about this since he was the president-elect of the Kansas Oil Marketers Association which opposes the highway program, inasmuch as he had previously testified in support of the program. They could not speak for Mr. Roitz but said he had testified in his role as Mayor of Pittsburg supporting the program. They believe he has concerns about indexing and funding. He wears two hats.

They were asked what amount of increase would be acceptable to their group.

They said there was no consensus among their members but they thought it might be reasonable to expect a 2¢ increase in fuel taxes.

They were asked why gas was usually cheaper in Topeka than in Missouri where the tax is less. They said this was due to competitiveness. Much of it depends on the cost of transportation.

They were asked why prices usually go up during the holidays. They said this was due to supply and demand. There is usually a high demand around the holidays and distribution operators know they can charge more. Charles Nicolay, Kansas Oil Marketers, said the prices were posted so they can be seen a block away and there is much competition. It comes down to supply and demand.

Mr. Brewster was asked if the Kansas Petroleum Council had taken a position on this. Mr. Brewster said historically they do not become involved in motor fuel taxes. He did not want to speak for them but this proposal was so substantial that Amoco came forward.

He was asked about oil prices for the next five years and he said they expect a stable market for crude oil for the next 5 to 10 years.

Mary Turkington was asked whether driving on rough roads wasn't costing the trucking industry a large amount of money in maintenance in this state, and especially in Sen. Frey's area. Sen. Frey said the roads were very hard on his vehicles and they had to be replaced often. Ms. Turkington said she would supply figures on maintenance in that area.

There was some discussion with Mr. Menaker when truckers do not stop to buy gas in Kansas. They still have to remit fuel taxes to Kansas for the amount of miles they drive in the state. Mr. Menaker said he felt Kansas is not collecting in some cases because it is not being enforced. The Kansas Ports of Entry were eliminated and this is having an effect. It was estimated that everytime a trucker stops for 131 gallons of gas $50 to $55 is spent in the state on other items.

CONTINUATION SHEET

MINUTES OF THE Joint Senate and House COMMITTEE ON TRANSPORTATION,

room 313, Statehouse, at 9:00 a.m. on August 19, 1987.

Mary Turkington was asked what kind of an increase could her association support in registration fees. She said they could support a 25% across the board increase.

There was discussion about the Cost Allocation Study and whether passenger cars were subsidizing large trucks.

Chairman Crowell told Mr. Menaker that he had given the impression that truckers in Kansas must report on fuel purchases and total miles traveled in this state and elsewhere. If their purchases of fuel in Kansas do not equate to the miles traveled in Kansas, the difference in the fuel tax requirement must be remitted to the state if not enough taxes have been paid and will be refunded by the state if the taxes paid in Kansas exceeds that which would be required for the mileage driven in the state.

It was requested that the Department of Revenue submit information on Ports of Entry.

The Committee received copies of the proposed bill containing the Governor's Highway Plan and the concurrent resolution directing the Secretary of Transportation to expedite the construction of proposed highway projects.

A memorandum from Secretary Edwards dated August 18, 1987 was submitted to the Committee. This was in regard to questions that legislators had from the August 17th meeting concerning prioritization of corridors. A copy of this statement is attached. (Att. 13).

Chairman Morris and Chairman Crowell thanked the participants and media for their cooperation. They said there was a tremendous amount of work remaining and they appreciated all the efforts put forth.

Meeting was adjourned at 1:00 p.m.

Next meeting scheduled for 9:00 a.m. in Room 313 on August 20, 1987.

Approved:

Bill Morris ______ Date

Sen. Bill Morris, Chairman
Senate Transportation and Utilities Committee

Rex Crowell ______ Date

Rep. Rex Crowell, Chairman
House Transportation Committee

AUGUST 19, 1987

To: JOINT COMMITTEES ON TRANSPORTATION

From: FRED A. BROWN, REPRESENTING K.O.M.A. AND CONCERNED CITIZENS OF KANSAS

SUBJECT: COMPREHENSIVE HIGHWAY PROGRAM

Good morning Chairmen Morris and Crowell and members of the Transportation Committees. The people I represent are not opposed to good highways, properly maintained. However, we are opposed to the scope of this proposed highway program and to the method proposed for financing it. We further believe that the majority of the people of Kansas would oppose this program if all the facts are known.

Immediately following my presentation, I will be pleased to answer any of your questions.

ATT. 1
Joint Trans.
8/19/87

1. Passage of Bill proposed will increase transportation cost for all Kansas motorists and truckers from 5 - 15 per cent in the next eight years. This assumes no increase in project cost which is not likely. Federal Government now proposing 10.0¢ per gallon increase on fuels to reduce deficit - the combination of State and Federal excise tax increases will cause a sharp decline in consumption.

2. Present state of Kansas economy doesn't warrant capital investment of $1.7 billion ($3.3 billion including interest) on highways at this time. It is impractical to attempt to spend our way out of economic problems by increasing taxes. We should be exhausting ways and means to attract people and business capitalizing on what Kansas has to offer. (Excellent schools, geographic location, stable work force, above average weather, etc.)

3. New or improved highways are no assurance of future growth...just the reverse in many areas. Most states build highways after new business is secured. There are many examples where improved two lanes or four lane highways were constructed anticipating economic growth; however, the exact opposite took place and economy remained stable or declined.

4. Passage of proposed highway Bill will place state in debt for generations. Our children and grandchildren may never pay off this debt.

5. Once highways are built, they must be maintained, regardless of state of economy. We probably have too many miles of state highways now for population and usage (3rd in nation for total number of miles).

Traffic counts do not justify now, nor will they in the future on many of projects included in this Bill.

6. The present excise tax on gasoline places state 39th (11.0¢). Proposed tax increase 1/1/88 would move Kansas to 13th (16.0¢). Eventually could move close to number one, Montana, which now collects 20.0¢ (Source K.D.O.T.)

7. According to a recent article in the Wall Street Journal, Kansas had the second highest rate of business failures of any state last year. We should protect existing jobs and businessess, as well as encourage new business development.

8. Based on the increase costs of fuel, consumption will decline in Kansas (source K.D.O.T.). This flies in the opposite direction to A.P.I. projection 2 to 3 per cent increases in gasoline consumption nationwide - provided no energy shortages.

9. The proposed Bill hurts petroleum marketers who market only in Kansas. If Kansas marketers are to compete and survive with other states, majors and independents that operate on a direct basis, we must have a level playing field. Future growth by Kansas marketers will decline as profits are reduced.

10. In addition, out of state capital investments by large intergrated marketers could be limited even in growth areas if not in a position to attain reasonable R.O.I.

11. Indexing of fuels and registration will relieve legislators of accountability for spending of highway funds. It provides open check books rather than balancing budget to revenue generated.

12. This proposal will discourage tourists from traveling through Kansas. They presently spend one day or less in the state. Future revenue available from tourists should be encouraged rather than discouraged to add to state coffers.

13. The existing Federal Interstate Program will be completed in 1990. Some of the projects suggested in the Bill could be made a part of new program after 1990. A split of 90-10 much cheaper for taxpayers than proposed Bill.

14. There is a concern over our young people leaving our state. The proposed highway Bill and subsequent debt could cause further erosion by young people from Kansas to areas where taxes are less and opportunities greater.

15. The future revenue from other sources that should rightfully go to Kansas will decline dramatically.

A. Windfall tax-retirees establish permanent residence in other states like Florida, Texas, etc. because of lower taxes.

B. Majority of lottery tickets purchased at convenient stores, fuel stops, etc.

c. Sales tax - food, restaurant, convenience store items where they buy fuel.

16. This is pork barrel legislation with no long term economic impact, but could have short term political implications. The public is not aware of magnitude of Bill, nor are they familiar with tax increases to pay for highways. Would object if knowledgeable about facts.

17. If proposed highway Bill is passed in present form, petroleum marketeters will receive majority of consumers' complaints about high gasoline and diesel fuel prices. This happened during fuel shortage and is unfair for one industry to take majority of consumer complaints.

JOHNSON COUNTY

1. Approximately 20 per cent of people in Missouri and Kansas live within 10 miles of the state line. Maximum revenue potential is where the greatest population lives. (1.7 million people.)

2. The Kansas City metropolitan area including Johnson and Wyandotte counties is one trade area. Most businesses compete on an equal basis. The same holds true for petroleum marketing.

3. A few years ago, gasoline tax increased from 8.0¢ to 11.0¢ and diesel fuel from 10.0¢ to 13.0¢ vs. Missouri. Kansas marketers were able to compete with Missouri because of tax incentive on ethanol enhanced product which reduced differential on gasoline by 2.0¢. This remained stable until 1986. Now Missouri is 11.0¢ on gasoline and diesel fuel. (6/1/87) This is the first time in 12 years Kansas and Missouri are the same -- Kansas now receiving rightful share.

4. Johnson County is outgrowing the metropolitan area 3 to 1 since 1980. Projections for future remain at the same rate. Johnson County is the only bright spot in the overall Kansas economy in the past year. It doesn't seem logical to bite the hand that feeds the state.

5. The recent pull-outs by Panhandle Eastern and Amoco had adverse fall-out for Kansas, since 36 per cent of Amoco employees lived in Kansas. We need to work together with Kansas City, not encourage people to go to other metropolitan areas like St. Louis. Kansans receive no benefits from dollars spent in St. Louis.

6. People along the border are more opposed to registration fees than gasoline tax increases. They could purchase gasoline in Missouri, thereby having the best of both worlds. The same opportunity doesn't exist for people who live in most parts of Kansas, as they will end up paying all higher costs.

7. Recently, a new $10 million truck stop to employ 300 commenced construction in Joplin, Missouri. We need this kind of business in Kansas.

8. Missouri hopes we raise taxes so more people in Kansas City area will shop in Missouri. When Missouri raised excise taxes on 6/1/87, they specifically remained at the same or below the level of Kansas.

9. Johnson County is affluent, so should pay more. The question is, how much more can taxpayers stand? At sometime in the future, taxpayers will rebel when the issue could be far more important than the proposed highway bill.

A. Recently voted tax increase for Shawnee Mission schools. (we supported.)

B. County now considering 20 per cent increase in taxes to meet budget requirements.

C. County to request from voters 1/2¢ increase in sales tax for roads and bridges.

D. State increased sales tax July 1, 1986 - 1 per cent.

In summary, we are for affordable highways adequately maintained. We will work with your committee and the legislature towards that goal. However, this Bill goes far beyond what Kansas can afford.

F. A. Brown

Statement to:

COMMITTEES ON TRANSPORTATION

By:

E. Richard Brewster
Area Director, Public and Government Affairs
Amoco Corporation

August 19, 1987

ATT. 2
Joint Trans.
8/19/87

Mr. Chairman, members of the committee, my name is Dick Brewster. I am Area Director, Public and Government Affairs, Amoco Corporation, formerly Standard Oil Company (Indiana).

I am appearing today on behalf of Amoco Oil Company, our wholly owned subsidiary, which is engaged in the refining and marketing of motor fuels. Amoco is the largest distributor of gasoline in the state of Kansas, in terms of volume, and intends to continue to maintain a strong and aggressive marketing posture.

Let me tell you briefly about Amoco's marketing system in Kansas. We operate no stations in Kansas ourselves. Amoco stations are either operated by marketers, independent operators, or lessees, in which case, Amoco owns the facility, and leases it to an independent Kansas business man or woman, who actually owns the business. So, when I speak about our dealers, please understand that when I talk about Amoco dealers, I am talking about Kansas business owners, not Amoco Oil Company.

It is seldom that we oppose any tax increase on gasoline and diesel fuels. Normally, an increase in fuels tax impact all marketers equally and leads to no competitive disadvantage. However, in this case, circumstances are somewhat different, as I will explain later. Though there is no bill before you at the present time, I am assuming that you are examining the report of the Governor's Task Force on Highways and Highway Financing and the Governor's Proposal presented to you Monday (August 17). With that in mind, there are two key segments of those proposals which we must oppose.

First, the proposed five cent per gallon increase is excessive and unwarranted. We believe such a significant increase will result in lost sales volume in Kansas, especially in the counties bordering Missouri. Additionally, we do not believe such an increase has adequate support.

You know that the tax on gasoline and diesel in Missouri is eleven cents per gallon, and has been since this past April. Prior to that it was seven cents. You might ask why we are concerned about a five cent differential on gasoline and seven cents on diesel now, when we lived with a four and six cent differential for a long time. You must remember that when Missouri's tax was at seven cents, Kansas offered a tax forgiveness for ethanol blended gasoline, which helped Kansas dealers maintain a competitive position with dealers in Missouri. Missouri has never offered tax forgiveness for ethanol blended motor fuels.

During the last several weeks, Maritz, Inc. of Overland Park, Kansas, has surveyed a random sample of six hundred motorists in Johnson and Wyandotte counties. Preliminary results of this survey indicate that a significant number of Kansas motorists close to the Missouri border would reduce their gasoline purchase in Kansas to save five cents per gallon.

Eighty-one percent of those who live in Wyandotte and Johnson counties, close to the Missouri border purchase their gasoline in Kansas. Should the five cent proposal be adopted, only fifty-seven percent of those surveyed would continue to buy their gasoline in Kansas; a twenty-four percent loss of purchasers. Of those who live further from the border, ninety-four percent currently buy their fuel in Kansas, and that would be reduced to seventy-nine percent if there were a five cent tax differential.

These results are preliminary. Details of the survey are being compiled now and are expected to be available August 20th, and I will make them available to you at that time.

On a broader topic of the survey, when asked if the Governor's proposed tax increase would result in economic growth of the state, only seventeen percent of those responding indicated they felt that it would. And sixty-six percent felt that the tax increase would either hinder growth or have no effect. Measuring voter reaction to the proposed tax increase, only twenty-three percent of those responding were in favor, and sixty-two percent were opposed.

One of the more incomprehensible features of the report deals, in a rather strange way, with the issue of economic developement. I am advised that concern was expressed, during the task force studies, that the tax increase would result in lost volume of motor fuels sold in Kansas. I understand that the response to this concern was to build in an escalator to further increase the tax to compensate for lost revenue caused by lost volume. So, the task force proposal, in the name of economic development, recognizes a significant damage potential to the economic posture of existing Kansas businesses. A strange logical convolution, indeed.

The Governor recognized this strange convolution and removed the escalation in his proposal. He stated he removed this escalation because he did not want to discourage conservation. His posture recognizes consumers will change their buying habits in response to price.

When gasoline sales are exported, more than gasoline sales are lost. With the advent of the so-called "C-store," significant ancillary sales of beer, groceries and perhaps even lottery tickets are exported as well. Sales tax revenues on these sales are significant, and their potential loss should not be ignored.

The other portion of the proposal, which causes us great concern, is the indexing feature. Having served three terms as a member of the Kansas House myself, I recognize how attractive it must be to index future tax increases and thereby avoid the political accountablity for those increases. However, I do not believe my former constituents would have understood my desire to avoid future political accountablity. And, frankly, I wonder whether yours will understand. Political accountablity is the issue here; at least, you can expect your opponent in the 1988 election to make it an issue.

If we think there will be lost volume of motor fuel sales because of a five cent per gallon tax differential with Missouri, just wait until the indexing feature of this proposal makes that differential six or seven, or ten cents. Remember that a motor fuel tax increase in Missouri requires approval of the electorate, so we can expect to be out in front of Missouri for years to come.

Now, we all know that Amoco markets motor fuels on both the Kansas and Missouri sides of the border. If motorists buy more gasoline in Missouri, we are confident we will maintain our market position in the greater Kansas City metro area. However, because of the economic growth in the Johnson and Wyandotte county areas, over two thirds of the capital expenditures by Amoco Oil Company in the Kansas City metro area for the past five years have been made on the Kansas side of the line.

If our Kansas dealers lose volume to Missouri dealers, the return on that investment in Kansas by Amoco will suffer, just as those independent Kansas business men and women will suffer; all in the name of economic development.

Several months ago I appeared before the House and Senate Taxation Committees, seeking approval of a proposal I remain convinced would result in more significant economic development incentives for the state. And the price tag was only twenty million dollars. That proposal dealt with the Kansas method of taxing the income of multi-jurisdictional corporations. I remain convinced that the most significant factors in encouraging businesses to locate in a state are tax policy, including specific property tax incentives, the availablity of labor, lifestyle and educational opportunities for employees and their families, and regulatory and statutory stability; not necessarily in that order of rank.

Transportation, and not merely highway transportation, is certainly a factor. However, if basic transportation exists, business executives examining a potential site, will quite naturally assume that enhanced transportation facilities will follow as economic development takes place.

I do not want to suggest that Amoco does not support the development and maintenance of a sound and adequate highway system in Kansas. Obviously enough, the better the roads, the more people drive, and the more gasoline they buy; hopefully, from our dealers. And I do not want to suggest that we believe Kansas' present highway system is not in need of improvement. But if additional transportation corridors are needed and should be built, funding should be more equitably based.

I would suggest to you that to the extent major highway projects are seen as potentially beneficial to the entire state or portions of the state, the notion of financing all such projects through user fees alone should be abandoned. I urge you to consider a broader based tax used to finance a lower, perhaps somewhat less ambitious, but more reasonable highway program.

Let me also pose another question. Past practice has been to direct the Department of Transportation to determine which highway projects are needed and in what priority. I know this determination has not always been popular with all members of the Legislature, but it seems a sensible approach, and one which seems to be abandoned by this proposal. I would suggest to you that the reason this proposal contains very specific projects is exactly the reason that having highway determinations made by K.D.O.T. would be the better approach.

Let me admit my own past displeasure, when I was a Kansas House member, with K.D.O.T. determinations, because certainly I had them. Having said that, allow me to suggest, respectfully, that some of the projects contained in the proposal before you are there strictly to make the overall package acceptable; that is, to get votes on the floor of the House or Senate. And, it seems to me that K.D.O.T. was created by the Legislature precisely to get away from the practice of the old Highway Commission, in which it was often charged that certain roads got built in certain areas because of the influence of certain members of that Commission. Let me urge you not to replace the old Highway Commission with the Legislature. K.D.O.T. was created to eliminate political patronage. Let's don't back up.

In summary, we oppose increasing the motor fuel tax by as much as this proposal contemplates because it will force volume out of Kansas and because it places solely upon the motorist and Kansas fuel dealers the cost of a program intended to benefit all segments of the Kansas economy.

We oppose the indexing scheme because it will only make the problem worse in years to come, and because it avoids the political accountability so necessary to our form of government. We urge you to consider a less costly program of highway construction and maintenance, the priorities of which should be determined by K.D.O.T., financed by a broader based tax source.

Mr. Chairman, members of the Committee, I appreciate your time and attention, and will be glad to answer any questions you might have.

R. E. (RON) CALBERT
DIRECTOR/CHAIRMAN

united transportation union

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KANSAS STATE LEGISLATIVE BOARD

Statement Re: Governor's Highway Construction Proposal

Presented to: Joint Meeting of the

Senate Transportation Utilities Committee

and House Transportation Committee

August 19, 1987

Mr. Chairman, and members of the Committee, thank you for the opportunity to appear before you today concerning the State Highway Proposal. I am Ron Calbert, Director, Kansas State Legislative Board, **United Transportation Union.** Mr. Chairman, I am authorized to speak for our some seven thousand (7,000) active and retired railroad and bus employees and their families who reside in Kansas.

Mr. Chairman, I appear here today in opposition to the $1.6 billion Kansas highway construction proposal that would require an additional five cents per gallon tax increase on motor-vehicle fuel costs and an increase in registration fees. Registration fees on compacts and small cars would be doubled, and fees on standard-sized cars and trucks below 54,000 pounds would be increased by 50 percent and on trucks heavier than 54,000 pounds by 25 percent. The registration fees on all but the big trucks would be indexed to provide automatic increases at the rate of inflation. I am also opposed to the possible indexing of the fuel taxes and registration fees.

ATT. 3
Joint Trans.
8/19/87

As a representative of employees in Kansas railroad and bus industries, we have long been convinced that their automobiles are necessities, not luxuries. This bill imposes an unfair tax rate for the average motorist who is obligated to maintain a vehicle because of the scarcity of mass transportation. The Kansas State Legislative Board has always been an opponent of over-taxing the automobile in Kansas.

Everyone loves good roads, four-lane highways, and short-cut roads, but the bottom line is that they have to be paid for and certainly our presently depressed economic conditions in Kansas do not warrant that kind of an outlay at this time.

The passage of House Bill No. 2566 in 1983, which increased motor fuel taxes by two cents per gallon on July 1, 1983 and by an additional one cent on January 1, 1984 - and other compromises made even though we did not agree in entirity - should not go unnoticed. Here we are, three years later, and the Governor's Highway Task Force is recommending another five cents per gallon increase in motor fuel tax to assist in constructing new highways in Kansas. Because our State is in such poor financial condition, the windfall tax created by the Federal Tax Reform Act of 1986 will be kept. Heaven only knows what that impact will be on the working men and women of this State, in addition to the one cent State sales tax imposed on July 1, 1986. I ask you, Mr. Chairman and Committee members, just how many more increases in taxes can the working men and women of this State take?

According to articles I have read in the newspapers, the Governor's Task Force did not consider information that is in the Kansas Department of Transportation cost allocations study that was presented to both House and Senate Transportation Comittees this last Session. This study addressed the issues of overpaying or underpaying in the highway cost in Kansas.

In attending the Department of Transportation cost allocation presentation on January 29, 1987, there were several items that came to my attention. It is possible that cars, pickups and vans are paying more than their fair share of highway costs in Kansas. One graph depicted cars, pickups and vans paying 67 percent of the motor fuel tax and 94 percent of the sales tax in this State. All of the other trucks paid only 33 percent of the motor fuels tax and generated 1.2 percent of the sales tax.

In the study result, the chart showed that large cars overpaid by 23 percent, pickups and vans overpaid by 11 percent, and single unit trucks overpaid by 6 percent. While dual-unit trucks underpaid by 31 percent, combination units underpaid by 19 percent and twin-trailer units underpaid by 55 percent. [See attachment.]

My predecessor has testified many times before the Senate and House Transportation Committee concerning an increase in gasoline tax. The following is an excerpt from his statement presented in 1983 in opposition to House Bill No. 2566:

> According to the General Accounting Office of the U.S. Government, one tractor-trailer loaded to 80,000 pounds (the maximum legal truck weight in most states), does damage equal to 9,600 automobiles. And yet, each automobile and light truck

pays far more toward the maintenance of highways in relation to the damage it causes than the heavy trucks pay in relation to the damage they cause. It is readily apparent to anyone that an 80,000 pound trailer-truck does not pay registration taxes, sales taxes, fuel taxes, or any state taxes equivalent to those paid by 9,600 automobiles.

The United Transportation Union is not opposed to the idea or the proposal of building new highways in Kansas. However, the State needs more of a "mix" in coming up with the money for this project.

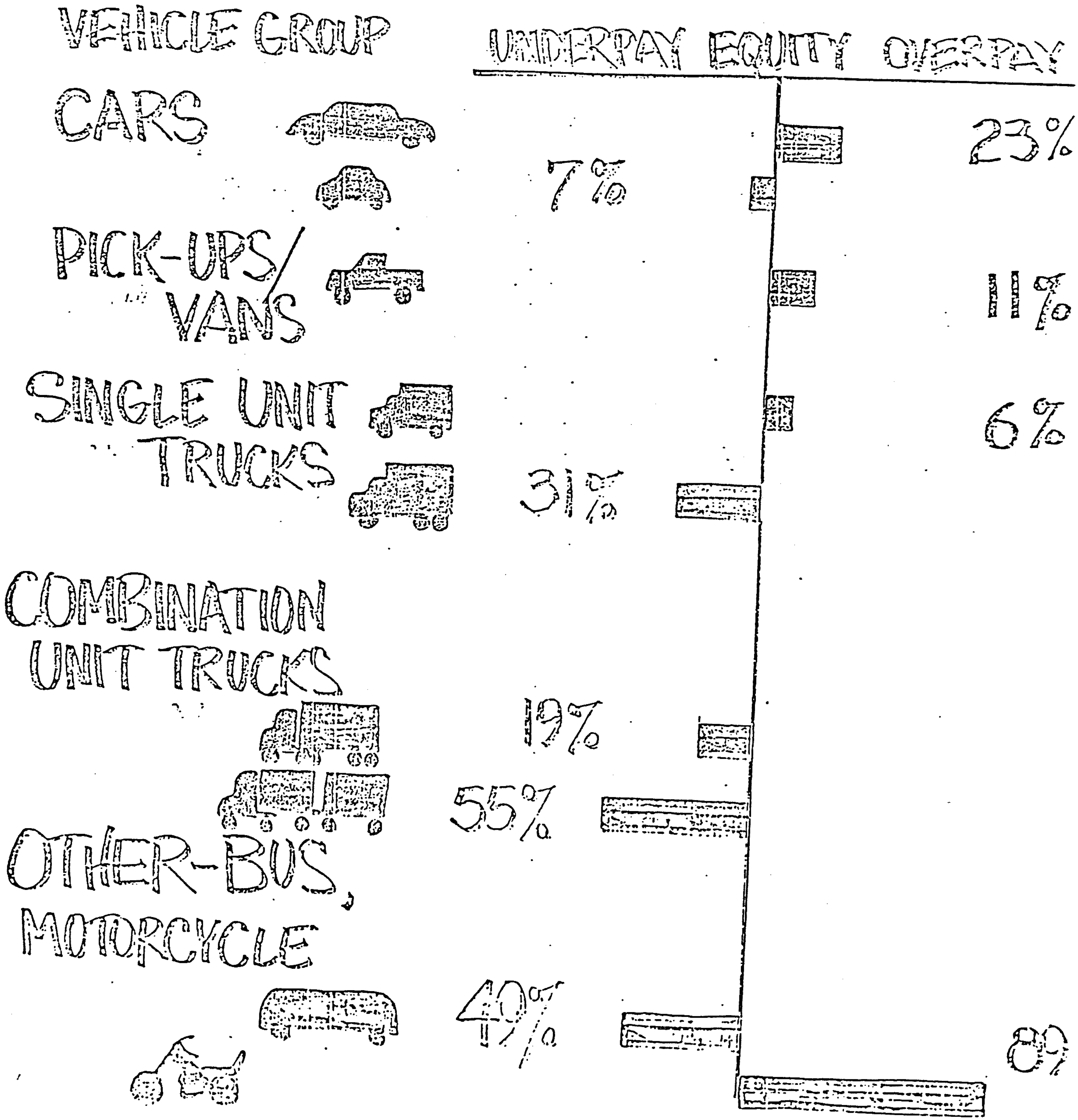
Senate Bill No. 384, which recently passed during the 1987 regular Session of the Legislature, makes changes with respect to the transfer from the General Fund to the State Highway Fund for a portion of the sales tax on new and used motor vehicles. It is estimated that transfers from the General Fund to the State Highway Fund will be reduced by $15.9 million in FY 1988, by $12.7 million in FY 1989, and by $3.2 million in FY 1990. I believe that the sales tax on new and used vehicles, as well as parts and accessories, could be and should be placed in the Kansas highway construction fund.

The cost of crude oil has caused the pump price to increase 30 cents per gallon from the time the Legislative Session ended in May of this year. What if OPEC gets its act together and plays out a sequel to 1974? Consumption figures would again drop off dramatically and we would be left with a tax that would be excessive and inflationary. If the lessons of the past ten years have taught us anything, then we can speculate that neither the straight cents-per-gallon increase nor the indexing provision would be able to take up the slack caused by a sudden and severe decline in consumption.

Until all motor vehicles are paying their fair share of the highway cost as projected in the Kansas Department of Transportation cost allocation study, the Kansas State Legislative Board, **United Transportation Union** opposes the funding package proposed by the Governor's Highway Task Force.

Thank you again, Mr. Chairman, for furnishing me the opportunity to appear before your Committee and express the concerns of the Kansans I represent. I will attempt to answer any questions at this time.

4. STUDY RESULTS



MEMORANDUM

TO: House Committee on Transportation and Utilities

FROM: Kansas Oil Marketers Association

DATE: August 19, 1987

RE: Testimony on Governor's Highway Proposal

I am Steve Montgomery, and I am appearing today on behalf of the Kansas Oil Marketers Association (KOMA) as an opponent of the Governor's Highway Proposal. KOMA is a statewide association representing the interests of approximately 700 petroleum distributors. We are appearing today to express our Association's support for the concept of highway construction and highway maintenance within the State of Kansas. Our members rely upon the highways of our state as our means to transport the petroleum products which we market. However, the proposal recommends such a radical change from the traditions we have established in our state for fiscally conservative, but sound, highways, that we must respectfully oppose it.

Highway Construction Should Be Funded on Cash Basis.

Although we support the construction and maintenance of highways within our state, we cannot support the proposed method of funding highway construction, that is the issuance of bonds backed by the imposition of an immediate 5¢ per gallon increase in motor fuel, special fuel and L.P. fuel taxes, unprecedented increases in vehicle registration fees and indexing provisions. The issuance of bonds to fund the proposed project virtually doubles the total cost of the project. Some might refer to the issuance of

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bonds as a mortgage. We believe funding through bonding is a mortgage. It is placing the state of Kansas in debt until the year 2014.

Our association is fearful of the precedent which would be set by such a proposal. Our members believe that our state should avoid these dangerous precedents and continue with the policies that are responsible for constructing more miles of highway within this state than in any other state in the United States with the exception of Texas and California.

Funding New Highway Construction in Kansas by Fuel Taxes is Imprudent.

Kansas has a peculiar set of circumstances which would appear to make the proposed motor fuel tax imprudent. As many of you are aware, and as our industry is acutely aware, Kansas borders with two states who are quite competitive with Kansas with respect to motor fuel taxes. While Oklahoma imposes fuel taxes on diesel at 13¢ per gallon and gasoline at 16¢ per gallon, Missouri imposes fuel taxes on diesel and gasoline at 11¢ per gallon. Perhaps even more distressing is the fact that both of these sister states just increased their tax rates and Missouri can only increase its fuel tax rate by referendum. Our state's borders between Missouri and Oklahoma contain a significant amount of our state's population. An immediate 5¢ per gallon increase in fuel taxes in Kansas will once again widen the disparity in fuel prices between Kansas and the states of Missouri and Oklahoma. It would only be logical to expect Kansas citizens living near the Oklahoma and Missouri borders to begin purchasing their fuel on a regular basis in our sister states. Such a loss of business would be disasterous to our members. But the economic effect to the state of Kansas would not stop with the purchase of gasoline and diesel fuel. As motorists choose to stop in our sister states to purchase fuel, they will also spend their money on lottery tickets, groceries and other convenience items, further compounding the detrimental effect to our state's economy. On June 1, 1987, the tax rate on gasoline in Missouri equalized with the tax rate in Kansas. Already our state is realizing the positive impact of once again having a tax rate which is competitive with our sister states. Based upon figures recently compiled by the Department of Revenue, the gallons of gasoline sold in June, 1987, are 1/3 greater than the gallons of gasoline sold in June, 1986.

It is a fact that Kansas does not raise a substantial amount of revenue from motor fuel tax increases in comparison to other states. As an example, if Kansas and Missouri each raise fuel taxes by 1¢ per gallon, Missouri will realize $30 million annually while Kansas will realize only $14 million annually. Furthermore, Kansas is one of a very few states which does not transfer to the highway fund a large percentage of sales tax revenues from the sale of motor vehicles and vehicle parts. For instance, in Missouri, 50% of such sales tax revenues, or $79 million, is transferred to the highway fund. All of our bordering states transfer extensive amounts from the general fund to the highway fund.

Any considerations to increase fuel taxes should proceed only after realizing that the price of a gallon of Kansas gasoline contains taxes of 20¢. Additionally, the price of a gallon of Kansas diesel fuel contains taxes of 28¢.

Fuel Tax Revenues Should Be Used for Maintenance of Highways.

It is the position of KOMA that motor fuel taxes should be used for state-wide maintenance and repair, rather than new construction of specific highways. Obviously, some construction of new highways is good for economic development and for our members. However, what many people forget is that after the construction of highways, those highways must be maintained.

The construction of a highway is often the tip of the iceberg with respect to the lifetime costs of the road. The condition of Interstate 70 completed approximately 17 years ago, should be an example to all of us. At the time we plan the construction of our highways, we must also plan for financing of the maintenance of those roads.

If, in fact, new highways are to be constructed based upon the need for economic development within the entire region these roads serve, the basis for the construction of these highways is that the benefits of these roads extend to all. Correspondingly, the members of KOMA believe that the costs of constructing these freeways should be shared by all. It is our position that the most appropriate manner to assess the costs of these projects to the citizens of this state is through a broad based funding approach including a 1/2% sales tax which should be sunset following the construction of the new projects.

Fuel Taxes Should Not be Indexed

KOMA is opposed to the indexing provisions contained in the proposal. Our organization is opposed to any legislation which would automatically increase taxes. Our organization has long held this position and was opposed to the indexing provisions which is currently in effect. The state of Kansas has always been fiscally conservative. Each of our legislatures has made independent decisions with respect to the needs for highway and general fund revenues and the taxes which have been imposed to supply the services of our state.

It is the position of our organization that the proposed fuel tax indexing provisions stray from the fundamental policies which have kept the state of Kansas on a sound financial basis when many other states have chosen disasterous alternatives. We would suggest that the current indexing provisions in our fuel tax statutes be removed and that no replacement indexing provisions be enacted. We believe that each legislature should have the opportunity to evaluate the needs for highway funding and the taxes which should be accordingly imposed, rather than committing to an irreversible increase in fuel taxes which will ~~use~~ be 32¢/gallon by the time the project is paid.

Local Units Should Bear More Responsibility for Highway Maintenance

Although Kansas ranks third in the number of miles of highway, Kansas also ranks 31st in the number of gasoline gallons sold. The financial burden assumed by Kansas motorists through state taxes and fees could be relieved somewhat if the number of miles of highways maintained by the state was reduced. Our members also believe that through existing funding strategies, local units of government should undertake a greater share of the financial burden for new construction projects. This shift would increase the direct input which Kansans have in new construction projects in their geographic areas.

Statement Prepared for the Senate
And House Committees on Transportation

RE: Governor's Task Force Highway Proposal

By: Charles Robinson
Robinson Oil Company
Garden City, Kansas

August 19, 1987

Good morning ladies and gentlemen of the committee. My name is Charles Robinson and I am the President of the Kansas Oil Marketers Association which includes the Kansas Association of Truck Stop Operators and the Convenience Store Association of Kansas. In addition, I am the Vice President of Robinson Oil Company in Garden City. I am here today representing the interests of more than 600 petroleum distributors, to speak in opposition to the highway program proposed by the Governor's Task Force. Let me say from the outset of my testimony that every member of our organization is highly supportive of a good and affordable highway system for the state of Kansas. We have always maintained this position -- and for obvious reasons. For the fact of the matter is that the livelihood of the members of our organization is highly dependent upon motor fuel purchases.

But, while we are very supportive of the idea of maintaining a good highway system for our state, we are equally committed to seeing that this system is undertaken in a timely and affordable manner. Yes, good roads might help to bring about certain benefits to certain depressed areas of our state, but at what cost?

In Garden City we have one of the largest packing plants in the world. It was opened in the early 1980's on the current highway system. A bypass around Garden city had been proposed for a number of years, but was not actually opened until December, 1985, some three years after Iowa Beef went into operation. This reminds us that good roads follow economic development.

The program that you are considering is massive. It calls not only for the maintenance of several thousand miles of existing roads, but also provides for the construction of over 1300 new highway miles. The cost of this extremely ambitious project is phenomenal. While we applaud the Governor's intention to provide Kansans with so many miles of new roads so quickly, we are extremely wary of the 1.7 billion dollar price tag that goes along with this express service. A price tag that will in fact reach an incredible 3.5 billion dollar level before the entire program is paid for. By trying to accomplish too much, too soon, this program will place an unbearable burden upon those who will eventually pay for it -- the people of Kansas.

And pay for it they will. First, at the gas pump, through the proposed 5¢/gallon tax increase on motor fuel. A tax that is now guaranteed to increase up to a penny a year for 27 years before it peaks out at a whopping 32¢/gallon. And that tax is in addition to the 11¢ tax that Kansans already pay every time they purchase one gallon of motor fuel. This means that the total tax paid on a gallon of motor fuel will be 43¢ by the time that the project is paid for. This is unbelievable.

Imagine Kansans paying 43¢ gallon tax on motor fuel in future years when citizens of neighboring states such as Missouri and Oklahoma will pay probably only half that much.

But increased taxes on motor fuel purchases is not the only way in which Kansans will pay for this program. They will pay for it again in the form of higher prices on consumer goods raised artificially by freight companies to offset special taxes and registration fee increases that these companies will have to pay under this program. And so every consumer good imaginable that is transported to Kansas by freight trucks will be vulnerable to such price increases.

When we consider the economic hardships that already face the people of Kansas, how can we endorse a plan that will hit them square in the pocketbook -- not just once, but twice?

But even if Kansans could afford to pay this 43¢/gallon tax on motor fuel - the revenues generated by this enormous increase still could not guarantee payment for the program. This is simply because the availability and price of the taxing mode proposed - motor fuel - is far too volatile to outside influences.

Over the past several years, it has become painfully obvious to every American that fluctuations in the availability and price of oil is influenced at least as much by unpredictable world events (i.e. oil embargoes) as it is by common market factors that would normally dictate the price and availability of other commodities. Because of this - oil supplies are unstable. As a result oil prices could rise dramatically overnight, let alone during the life-time of this highway program. When this happens consumption falls and revenues tied to consumption will therefore fall as well. And if revenues fall far enough, the people of Kansas could suddenly find themselves millions, if not billions, of dollars in debt.

It is for this reason that I must ask the question, if the proposed highway program is so crucial to the needs of Kansans, then why should we risk its success on such a volatile taxing vehicle as motor fuel?

And so in conclusion, let me say again that the organization that I am representing today is not opposed to new and better roads, but is opposed to providing more highways than we really need....or can afford. We are not against a reasonable and modest highway program, but we are extremely concerned about the excessive price tag that results from trying to do too much too soon.

We are not arguing the problems associated with the funding mechanism that the Governor has proposed for argument's sake, but are genuinely concerned about utilizing any taxing vehicle that could put this program at risk and mortgage our children's future.

We appreciate the opportunity to appear before your committee.

Thank you.

TESTIMONY

of

KANSAS ASSOCIATION OF TRUCK STOP OPERATORS

Trace Walker, President
Blue Beacon International, Inc. and
Green Lantern, Inc.

and

Howard Menaker
General Counsel
National Association of Truck Stop Operators

Before the

Kansas Senate Committee on Transportation & Utilities

and

Kansas House of Representatives Committee on Transportation

August 19, 1987

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TESTIMONY OF TRACE WALKER

Representatives and Senators, thank you for the opportunity to testify today. My name is Trace Walker, President of Blue Beacon International, Inc. and Green Lantern, Inc. I am here today representing the Kansas Association of Truck Stop operators and myself as an independent businessman. With me is Howard Menaker, General Counsel for the National Association of Truck Stop Operators from Washington, D.C. who will comment on the effect fuel tax increases have had in other states across the country.

I would like to begin by quoting from comments that were prepared by the Missouri Association of Truck Stop Operators which accurately describes how our neighbors in Missouri view diesel taxes in Kansas. And I quote from their report:

> "Several states have made the fatal mistake of assuming that fuel volume would remain the same and that higher taxes would mean higher total revenues. Kansas and Illinois are two of the states that continue to compound their errors. They are by-passed by many truckers and only the locally based truckers pay, because they can't escape. Eventually these truckers fail to compete and their business drops off or they move.
>
> It is equally frightening to know that there will always be these kind of well-meaning, uninformed people at work trying to influence our states legislation. It becomes our job to provide good information so that it can't happen in Missouri.

> We must maintain our competitive edge -- not just with surrounding states, but with all 19 states within a 750 to 1,000 mile radius. ... Ideally, it would be a minimum tax advantage of 5 cents per gallon for at least 5 out of the 19 states with at least a 3 cents advantage on Kansas and the 11 critical states, with no surrounding state below us.
>
> Once you drop below this (3 cents advantage), other factors come into play which cut deeply into fuel sales volumes..." End of quote.

As you heard from these comments by Missouri Truck Stop Operators, they want to maintain a 3¢ tax advantage over Kansas at all times. Effective June 1st of this year, Missouri raised their gas and diesel taxes by 4¢ per gallon to 11¢. With Kansas diesel taxes at 13¢ - this is the first time in 11 years that we have narrowed the gap to just 2¢ per gallon. Oklahoma has just raised their diesel tax by 3¢/gallon finally bringing us to parity with them. Salina area truck stops which can now be competitively priced, are just beginning to see some increase in diesel sales. This is in spite of new competition in our Salina market. We think we can bring considerable diesel gallonage back to the State of Kansas and therefore an increase in tax revenue, but you have to give us the time and opportunity. If we are not afforded the opportunity to prove our abilities, it is going to have a devastating long term effect on diesel tax revenue for the State of Kansas. And to illustrate this point, I would like to show you a chart depicting 1986 diesel sales in Kansas and the surrounding states. (See Enclosure A)

If this highway program is adopted in its current form, Missouri will immediately have a 7¢ advantage and Oklahoma 5¢. Kansas will again be higher than three of our surrounding states with Colorado, which has the highest fuel tax in the nation, being the only state higher than Kansas. As you can see from this chart, raising fuel taxes does not necessarily guarantee higher revenue. Higher taxes results in a direct decline in volume. Colorado has a half million more people than Kansas, 300 more miles of interstate highways and yet they sell less diesel fuel.

The Kansas Truck Stop Industry is a large and mature industry. As owners and operators we are responsible for:

* $309,600,000 in Annual Sales
* $206,000,000 in Fuel Sales
* Employment of 2,250 People
* $30,960,000 Payroll
* Collection of $27,419,000 in Motor Fuel Taxes for our State
* Collection of $4,128,000 in Sales Tax
* Payment of $928,000 in Unemployment Taxes

We would like to get the point across today that our truck stop industry is unique from the standpoint that a good interstate location and a well run operation does not guarantee success. Trucks have a range of 1,000 to 1,200 miles because of their fuel tank capacity. If we are not competitively priced because of these tax differentials between states, they are capable of by-passing us completely. They do not need us - we need them. I would like to site as a couple of examples two letters I have from local trucking companies in the Salina area. (See Enclosures B and C)

Again, if the Highway Program is passed in its present form and registration fees for heavy trucks increase as proposed, Kansas would immediately have the highest registration fees in the country. The 5¢ increase in diesel tax would raise Kansas to 6th highest diesel tax state. With indexing we would be the highest tax state in a few years. For all of the aforementioned reasons, we feel the proposed increases in fuel taxes and registration fees are extremely excessive irregardless of the indexing provisions. I hesitate to dwell on indexing for fear of playing into the hands of those who proposed it. It seems to be the bone they will throw to placate those of us who oppose this massive spending plan. The indexing provision takes away the Governments accountability to the people of Kansas. We do not think it should be considered in any form.

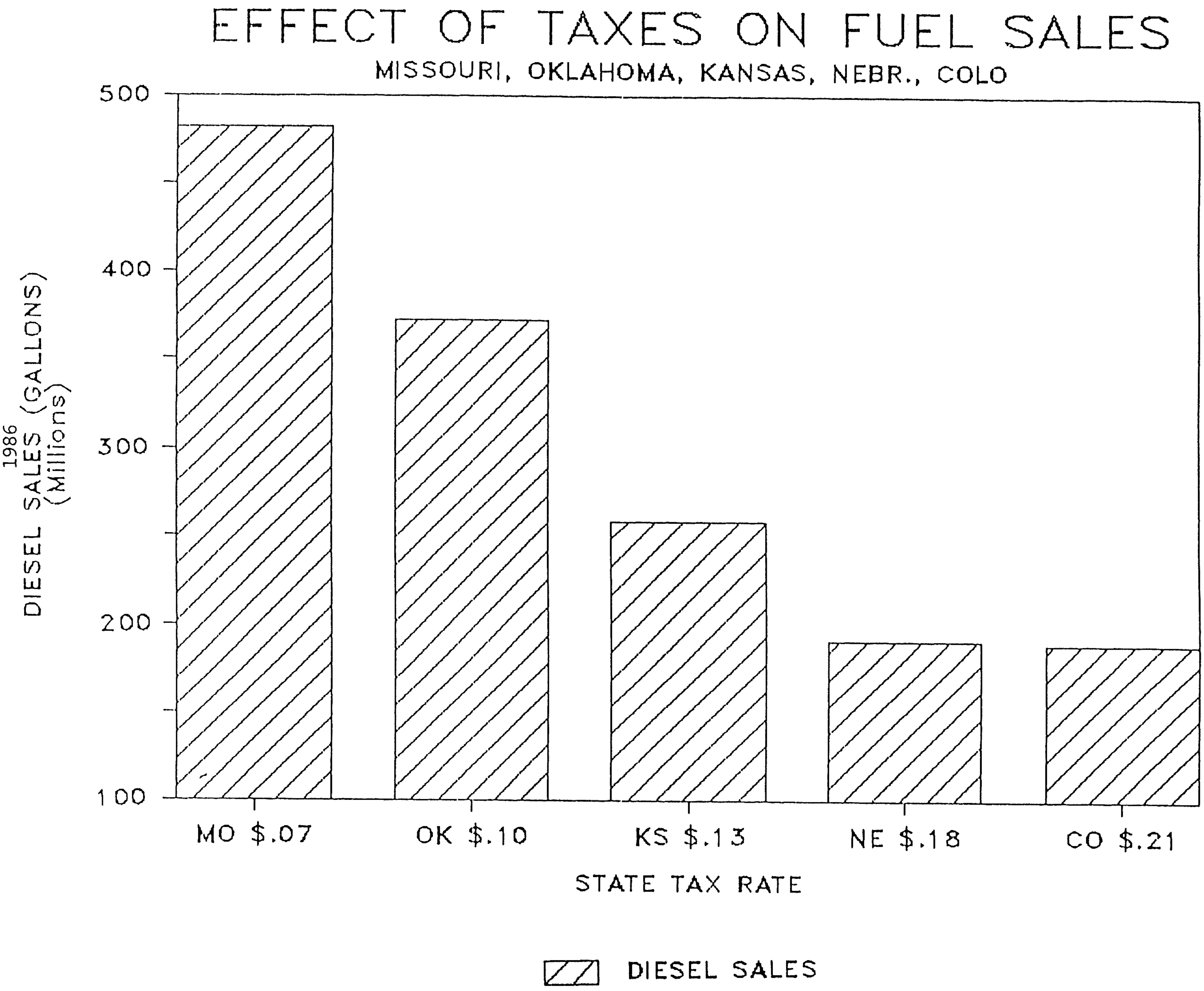
As I stated during my introduction, I am President of Blue Beacon International and Green Lantern, Inc. We own and operate 41 truck wash locations nationwide and also two franchised units in Canada. We employ approximately 900 people in the United States. Our company has just recently expanded into the truck stop business and we invested 2.5 million dollars in a new truck stop and travel center on I-70 in Salina, Kansas. Our investment represents economic activity at one quadrant of one intersection out of the 114 intersections on the interstate system in our state. At our intersection alone two new truck stops have been built, one other truck stop has changed hands and is scheduled for a major remodel. The majority of this economic development has come about because of the action Missouri and Oklahoma have taken in raising their fuel taxes and helping Kansas Marketers be competitive with them. This bill takes away our competitiveness.

Salina area truck stops employ 372 people which places our industry as one of the top employers in the area. These jobs that we have created are service sector jobs which follows a rising national trend that the majority of jobs created have been in the service sector. Highway construction creates service jobs, but the service industry can't develop and succeed if they can't be competitive and we can not be competitive if this plan is adopted. Kansas Truck Stop Operators believe in good roads. Indeed, we make our living from good highways. We are in favor of responsible highway programs. Our experience indicates that highway construction will not create industrial and manufacturing jobs. A local example is Southwestern Kansas. They have enjoyed one of the highest growth rates in our state due to the meat packing industry locating there. This development occurred without the proposed highway system.

In conclusion, the Kansas Association of Truck Stop Operators and I as President of Blue Beacon International oppose the scope and proposed funding of the bill. We supported Mike Hayden for Governor because he claimed to be fiscally responsible and promised to keep Kansas solvent and out of debt. Now we have a bill proposing a 2.3 billion dollar deficit over 20 years.

We strongly urge the honorable committee members to limit the scope of the highway plan to a more reasonable and attainable amount. The Kansas Truck Stop industry generates $309,600,000 in sales and collects or pays $70,000,000 in taxes for Kansas. We feel that we are a vital part of Kansas. In our quest to build the State, please let us not forget those who helped build Kansas into what is today.

ENCLOSURE A



SOURCE: FEDERAL HIGHWAY ADMINISTRATION

TRIANGLE
TRUCKING, INC. Post Office Box 6140 • Salina, Kansas 67401-0140 • (913) 827-5500

August 18, 1987

TO: Joint Senate and House Transportation Committee

We are well aware we are a Kansas based corporation but unless fuel taxes and licensing are controlled, you leave us no alternative but to purchase fuel in surrounding states where the fuel taxes are lower. This is no less than a matter of economic survival for the truck owner-operator and for our company. If the fuel tax is increased, Kansas will then join the states of Oregon, New Mexico, Arizona, Nevada, and Idaho, where only the minimum required amount of fuel is purchased. This does little for the image or the economy of our state that we have tried so hard to promote.

We are a strong supporter for good highways, but believe we need a different source of funding than increasing the burden on the trucking industry. Do not place Kansas in the position of other "NO BUY" states like Colorado which trucking companies avoid due to excessive fuel and road taxes.

Sincerely,

TRIANGLE TRUCKING, INC.

Donald L. Graves
President

ENCLOSURE C

ROSS TRUCK LINE, Inc.
P.O. Box 2803 ~~[struck]~~, SALINA, KANSAS 67402-2803
913 - 823-3704 AND 823-3800

August 18, 1987

TO: Members of the Kansas House of Representatives and Senate

I have been operating a trucking company in Kansas since 1962, and 75-80% of the mileage we log is in Kansas. I would like to continue doing business in this state, but the proposed increases in fuel taxes and registration fees would make that an impossibility.

Most of our business is hauling livestock in Kansas, and if the fees increase I will not be able to pass the costs onto my customers. I will therefore be forced to absorb the costs, which will put me and other Kansas businesses at a competitive disadvantage with out-of-state businesses who pay their registrations and fill up with fuel in surrounding states.

The Governor's plan has been proposed to foster economic development, but I suggest that before rushing to approve it you examine its effects. This proposal would quickly put me, my 15 employees and other Kansas businesses out of business. Do <u>not</u> pass this proposal on the backs of the working men and women of Kansas.

Sincerely,

ROSS TRUCK LINE, INC.

Mike Ross

Mike Ross
President

Chairmen, Senators & Representatives, I appreciate the opportunity to join Mr. Walker today and represent the Kansas members of the National Association of Truck Stop Operators. As a Kansas native, born and raised in Wichita, I am particularly glad to appear before you to address a few remarks to the Governor's Highway Proposal.

Now, I am as much in favor of economic development as anyone, and I want to see my state progress. But, what we have here is a proposal which would hurt many businesses in Kansas rather than help them. This state has always been a good state for small business, but the truck stop industry stands to be severely hurt by the financing proposal in the Governor's plan. As Mr. Walker has mentioned, this is a highly competitive business on an interstate level and a rise in the state fuel tax such as would occur under this plan would decrease consumption of diesel fuel while other states draw off the business which Kansas Truck Stop Operators would have enjoyed, and all of this in the name of economic development.

Let's look at what has happened in other states when their fuel taxes have increased. In August of 1980, the District of Columbia enacted a 6% sales tax on fuel. Their gallonage sold fell immediately from 15.4 million gallons to 10.7 million gallons - a drop of 33% in one month. Could your businesses survive that kind of drop? It continued to drop until December 1980, until the tax was repealed, when their share of the national market almost totally recovered.

Closer to home, let's look at the case of Illinois in recent years. The Governor in that state encouraged a fuel tax increase of 5¢ in 1983, 1¢ in 1984 and 1¢ in 1985 - and when it came into effect, what happened? While national

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diesel sales have risen 34% over the last 7 years, Illinois' sales have dropped 5%. Where there were 125 retail diesel outlets in that state only a few short years ago, there are now 62 -- one half the amount in 1979. And even in 1986 when there was no further increase in their state tax, the recovery was negligible. Their diesel sales grew 1.5% from 1985, but nationally sales were up 6.3%.

More recently, Colorado raised its fuel tax 7.5¢ on July 1, 1986. When figures for the first 6 months of 1986 are compared to the second six months, we can see a drop of 1.3 million gallons, or 1.4% of their total sales. Remember, this was at a time when the national sales were up over 6%. Colorado could ill afford this kind of a loss of business, since its total gallonage of diesel sales was already quite low.

And where is that business going? All the sales figures and the trucking companies themselves have shown that truckers have been buying and will continue to buy their fuel in neighboring states with lower fuel taxes. While Illinois was losing business, for instance right next door in Missouri, where diesel taxes were significantly lower, sales climbed considerably.

We ask that you think carefully before putting Kansas in a similar position to the states I have just reviewed. With the Governor's immediate nickel a gallon increase, not to mention future increases tied to inflation, Kansas will truly price itself out of the market for diesel fuel. We do not want to create a disincentive for truckers to buy fuel in Kansas.

If consumption drops greatly in Kansas, as it has in other states where fuel taxes have increased, then what happens to the debt service that finances the Highway Programs?

And worse yet, what happens to the operators and employees of Kansas Truck Stops? Ladies and Gentlemen, we ask you to consider: Is this economic development? Think back on what Mr. Walker has just told you.

We would be happy to answer any questions you may have at this time.

Gary Hall
Testimony Before The
House and Senate Transportation Committee

Wednesday, August 19, 1987

Mr. Chairman and Members of the Committee, I am Gary Hall, a small business owner with thirteen properties and seven retail businesses in Kansas. I am here representing my 47 employees and myself. Today, I am appearing in opposition to the Governor's proposed tax increase on motor fuels to finance a highway construction program. Thank you for this brief time to present my testimony.

I have been a business owner for 13 years. I have four convenience stores with gasoline sales in Southeast Kansas and video stores in Atchison, Leavenworth and Bonner Springs. Until last year, I also had two fast food restaurants in Southeast Kansas. I have been in competition with Missouri during all this time.

I want to say first that I support improved highways.

I do not support, however, the means proposed in this bill to that end. I oppose it for several reasons but will only talk about two of them.

First: Highways do not bring economic development. It's the other way around. Economic development brings highways. The biggest fallacy that the proponents of this massive highway proposal has based its recommendations on is that good roads will automatically bring about booming economic development in the state.

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Although highways are important, they are not the only item a business considers in determining its location or continued operation. Taxes, utilities, and quality of living are far more important to a business. I sold two fast food restaurants this past year because increasing property taxes and higher utility costs spelled disaster to long-term profitability. I assure you that the decision to sell was not based on the quality of the roads.

Looking at the statistics, for a less personal example of the relationship of business and highways, we find that Kansas already has hundreds of miles of four-lane highways with prime locations for businesses. However, those counties along the 17-year-old Interstate-70 have NOT had large population growth nor have they had increased employment. Any growth in eastern Kansas, for example in Johnson and Coffey Counties, isn't due to highways. As a matter of fact, many times only county roads existed in most of those areas when people and business moved in. The highway came later.

Secondly, and most importantly, my opposition to this bill is based on eliminating Kansas businessmen from competition with Missouri counterparts. Kansas needs more revenue, not more taxes. Kansas is pricing itself into failure when it adds taxes and creates a significant price difference in products sold on both sides of the state line. This bill throws the economic ball to our neighboring state of Missouri. No Kansas team would spot a Missouri team 5-7 points in a ball game (certainly not the possible 32 cents tax differential in this proposal). Yet, this is exactly what Kansas is considering in this much more serious competition for economic survival.

Approximately 20 percent of Kansas residents and 20 percent of Missouri residents live within 10 miles either side of the state line. The Kansas-Missouri state line has always been a well known corridor of state line economics and competition. Even a slight imbalance has a dramatic impact. The recent increase in Missouri's tax was its first in 15 years and they are not likely to increase it for many more years. It can only be increased by a vote of the people. What happens is very simple. When prices are lower in Missouri, Kansans buy in Missouri. Kansas motorists cross the state line to Missouri pumps. That's bad enough in itself, but it's worse in the impact on interstate travelers and commercial carriers. They stop in Missouri to fill up, and while they are there they buy groceries and shop in nearby stores, then they shoot across Kansas without stopping.

My business experience over the past 12 years is a dramatic example. Until June of this year, Missouri motor fuel taxes were four cents lower than Kansas. Convenience stores sprouted along the state line in Missouri pastures across from Kansas towns to take advantage of this disparity. With Kansas' new competitive stance with Missouri's tax increase, the impact was immediate. The past two months, my sales have tripled in the convenience store closest to the state line. My other two stores, six miles into Kansas, have increased 24 and 35 percent respectively. At the present time I am collecting a minimum of $2500 per week in additional fuel tax revenue to Kansas. If you raise the Kansas tax, you take me out of the ball game again.

For eastern Kansas businesses to prosper, we must be competitive with Missouri. If you allow taxes to increase as dramatically as five cents, Kansas businesses are hogtied; those Missouri pasture stores will not only prosper but additional Missouri stores will spring up around them. I don't want your action to mean that the additional $2500 per week tax dollars will go to Jefferson City rather than Topeka. This proposal is a knockout punch to businesses like myself. It is especially frustrating to see that the higher the fuel tax goes the less it is a user's tax. Two examples are: 1). motorists and commercial vehicles buy their gasoline in Missouri and use the Kansas highways; 2.) those Kansans who do not have a close out-of-state source for cheaper gas are the ones caught paying the tax which maintains the highway. Most importantly, a decision to support this proposal straps Kansans for at least two generations with an incredible mortgage exceeding more than one billion dollars. That's the real agenda. Can we make a responsible decision to do what we can afford as we can afford it? Can we see an equitable way to meet the needs of a state's transportation department and economic community while maintaining the long and proud tradition of Kansas' fiscal integrity?

We must remain competitive. We must balance the true needs with the economic reality of the times. Thank you for allowing me to be here. If you have any questions or would like any additional information I may be able to answer or provide, please don't hesitate to ask me. Thank you for your consideration.

Brotherhood of Locomotive Engineers

Kansas State Legislative Board

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TESTIMONY ON THE HIGHWAY PROPOSAL

BY

LEROY JONES

TO

THE JOINT TRANSPORTATION COMMITTEE

ON

AUGUST 19, 1987

Chairman Morris and Chairman Crowell and Members of the Committee, I am Leroy Jones, Chairman of the Kansas Legislative Board for the Brotherhood of Locomotive Engineers. I represent tax paying citizens from most of the districts represented by members of this committee. I am here today to testify in opposition to the proposed highway program.

During Governor Hayden's campaign for office he said that our state needs to be more fiscally responsible. He promised that if he was elected that the windfall from the federal income tax reform would be returned to the citizens of Kansas. What we have now is a proposal to increase taxes to build highways and

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we are yet to see the windfall tax money returned to the citizens of Kansas. This leads to the question of how much more taxes are the citizens of the State of Kansas willing to pay? I say none at this period of time.

WHAT ABOUT THE OTHER NEEDS FOR OUR TAX MONEY?

Before we go into a massive highway program, I believe that we need to realistically look to all future needs of our state. What funding is going to be needed in the area of education? Our teachers need better salaries and our universities will need proper funding to compete on the national level. Our local property taxes are becoming more of a burden each year.

Other areas that we need to think about are the funding of rural community hospitals, law enforcement agencies, senior citizens transportation, handicap services, mass transit in urban areas, local rail service, and rail passenger service. All of these programs will have needs in the near future and I believe they are more important than building new highways now.

WHO WILL BENEFIT THE MOST FROM BUILDING NEW HIGHWAYS?

I believe that contractors, concrete and rock suppliers, oil companies who supply oil for asphalt, landowners on the right of ways, and bond attorneys to mention a few are the people who will benefit the most from building new highways. We have had representatives from each of these interest groups testify for this program. They are here because they want to make money from the tax payers of this state.

As for the employment and the amount of money going back into the Kansas economy, I see no place in this proposal where it says that only Kansas contractors and Kansas citizens will be employed to do the work. Where I live, I notice that a lot of the construction is being done by out of state construction firms.

In my opinion, highways built in the name of economic development should only be built after there is a commitment to locate in a particular area. I can not see building expensive highways to try to bring business into our state. Businesses need to commit first before a road is built.

<u>WHO WILL PAY FOR THE HIGHWAY PROGRAM?</u>

The citizens of the State of Kansas will pay for this program in higher gasoline taxes and higher registration fees. In both instances the automobile and small truck owners will pay the largest portion of the tax generated. I want to go on record now stating my total opposition to any indexing. I believe that it is a backdoor approach for raising taxes. I think that you will find the majority of Kansans feel this way.

The Governor's plan raises the automobile registration as high as 100%; while only raising the heavy truck registration only 50%. The automobile is index and the heavy truck is not. I believe if there is a raise in registration, there should be at least an equal percentage raise between heavy trucks and automobiles. It has already been proven by the U.S. Department of Transportation Cost Allocation Study that heavy trucks only pay 71% of their fair share of highway cost while cars pay 104% and light trucks pay 110%. I think the committee might like to look into this area of revenue. I have copy of a book entitled "OUR HIGHWAYS" prepared by the American Association of State Highway and Transportation Officials for each member of the committee. I think that you will find it interesting reading.

IN SUMMARY

The citizens that I represent feel that there are greater areas of needs for our tax money. Examples of these were mentioned earlier in my testimony. The economy in general is uncertain at this time. Great caution should be used when looking at possible expenses. We also feel that if the program is passed in its present state, we will have to pay more than our fair share of the cost with much less benefits. I urge the committee to think long and hard before placing a large tax burden on the citizens of Kansas.

Thank you for allowing me to give my views on this matter.

STATE OF KANSAS

JACK E. BEAUCHAMP
REPRESENTATIVE, FOURTEENTH DISTRICT
FRANKLIN COUNTY
ROUTE 3, BOX 61
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STATE CAPITOL, ROOM 174-W
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TOPEKA

HOUSE OF REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER AGRICULTURE AND SMALL BUSINESS
INSURANCE
LOCAL GOVERNMENT

Mr. Chairman and Members of the Committee:

I am Representative Jack Beauchamp, Fourteenth District, Ottawa. I am testifying from the position of being an opponent to the proposed highway plan **because of the understanding the people of my district have of the proposed plan**.

May I call your attention to some figures and points as outlined in the TRIP report we all have received copies of. The number of people living Kansas increased by 157,000 or 6.9 percent between 1975 and 1984 according to the U.S. Census Bureau, this is a little below the national average of 9.6 percent. Despite this steady increase in population, Kansas actually has lost licensed motorists in the past decade due in part to our migration of adults from the state while the number of instate births continued to increase.

However, the number of registered vehicles in the state has increased slightly in the past ten years due to an increase in the number of vehicles per household.

State records show that between 1970 and 1980, total annual vehicle miles traveled (VMT) increased 29 percent, from 13.38 to 17.29 billion. By 1985, VMT had reached 19.28 billion, up another twelve percent from 1980.

I suggest to you these facts and figures indicate to me we are becoming a more mobile society by the day. This is due in part to increased numbers of young people; part to out-migration from agricultural related sources of income (farming) due to the current situation in farming, and due to a significant increase in travel on the part of retirees as we lower the age of our citizens who assume the position of leisure retirement and semi-retirement years with travel as a major activity of these years.

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Ottawa being a city of 10,000 plus, is located about 24 miles south of Lawrence on 59 Highway, also K 68 runs east/west through Ottawa. As I stated at the outset, my District is opposed to the plan as they understand it.

People's major concern is the excessive cost as they perceive it, and also that they need more money coming back to cities and counties to help maintain the over 100,000 plus miles of counties and cities roads and 14,500 plus bridges that are outdated.

In my district I'm surprised that Highway 59 between Ottawa and Lawrence is not being considered for being upgraded to a Super-Two or Four-Lane. The traffic on that highway is extremely excessive, also K-68 west to 268. Both these stretches are still on older, narrow-shouldered beds. Yet traffic has continually increased over the years due to population density in the area and the continued growth of Lawrence and industrialization in the area.

In the event we do pass a highway program; may I suggest in the final analysis strong consideration be given to:

1) upgrading 59 from Ottawa to Lawrence,

2) try to improve the formula for more monies back to counties and cities,

and last but not least,

3) Expeditious construction!

It has taken two years to redo K-68 east of Ottawa for eight miles. The inconvenience and expense burden placed on local users is unbearable when excessively long construction time is endured. The people become very unhappy--justifiably so in these situations.

STATEMENT

By The

KANSAS MOTOR CARRIERS ASSOCIATION

Concerning the Governor's proposed highway expansion program.

Presented to the Joint House and Senate Transportation Committees, Senator Bill Morris and Rep. Rex Crowell, co-chairmen; Statehouse, Topeka, Wednesday, August 19, 1987.

MR. CHAIRMEN AND MEMBERS OF THE COMMITTEE:

I am Mary E. Turkington, Executive Director of the Kansas Motor Carriers Association with offices in Topeka. I appear here today along with Tom Whitaker, our Governmental Relations Director; on behalf of the 1,550 member-firms of our Association representing the highway transportation industry.

We do not oppose an expanded highway program for Kansas nor do we object to paying increases in fuel taxes and registration fees to fund a reasonable approach to improving our state's streets and highways.

We have followed the progress of Gov. Mike Hayden's Blue Ribbon Highway Task Force and we commend the Task Force, Secretary of Transportation Horace Edwards and the Kansas Department of Transportation staff for the effective work which has been accomplished.

(MORE)

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The $1.7 billion program recommended to this Legislature by Governor Hayden is a massive program for this committee, for the Legislature and for the people of Kansas to absorb in the limited time available to do so. It is no secret that our industry strongly urged the Governor <u>not</u> to call the special session of the Legislature but to give this important issue more time to be explained to the folks at home -- therefore to be more fully understood -- and to be considered when the regular session of the Legislature convenes in January, 1988 -- just four months from now.

Based on our understanding of the components of the proposed program, the Board of Directors of the Kansas Motor Carriers Association adopted the following policy:

1. The Kansas Motor Carriers Association supports good highways and recognizes that Kansas needs to expand its highway program.

2. This Association further supports sound economic development for Kansas and wishes to work diligently to provide leadership for improving the state's economy. This industry alone provides 70,000 jobs directly in Kansas communities throughout the state.

3. KMCA can support increases in registration fees and fuel taxes when such increases are made across-the-board for <u>all</u> vehicle owners in a fair and just manner.

4. Indexing truck registration fees would result in Kansas having higher registration fees for most motor truck vehicles than comparable fees assessed by surrounding states. Such an inequity would detract from economic development opportunities and would impose a substantial burden on Kansas motor truck vehicle owners.

5. Fuel tax increases across-the-board offer pay-as-you go tax revenue sources. Currently, Kansas law imposes a one-cent per gallon tax per year "cap" on either tax increases or tax decreases.

6. Proposed indexing of the tax on motor fuels as recommended by the Governor's Blue Ribbon Highway Task Force should be reviewed to determine the feasibility of substituting a specific schedule of fuel tax increases as opposed to the unlimited indexing of motor fuel taxes.

(MORE)

7. Revenue projections should be developed utilizing smaller increases in registration fees and eliminating any indexing of registration fee schedules. Such registration fee revisions, if any, must apply to all classes of vehicle registrations across-the-board.

8. Judicious selection of routes and related highway improvements should be made to preserve the integrity of the present highway system and to maximize the opportunity for economic development for the state and its communities.

9. Fair and equitable treatment of the highway transportation industry and the 70,000 jobs the industry directly provides must be incorporated in any highway improvement program.

We have included in your folder of information, a comparison of the motor vehicle registration fee as proposed by the Governor for an 80,000-lb. vehicle effective January 1, 1989, and the fees currently applicable to this same vehicle in our surrounding states. We also have compared the proposed motor fuel tax rate which would be applicable as of January 1, 1989.

This $1,987.50 registration fee, under the Governor's proposal, would represent a 50% increase in the fee which currently costs $1,325. I'm certain the committee can understand that our industry was "stunned" when we learned that the Governor had recommended that such fees be increased 50% <u>and</u> <u>indexed</u>.

The table of proposed registration fees project this same vehicle registration category to be $2,889.75 for the registration year 1996. Indexing would take Kansas truck fees clear off the charts!

The Task Force had recommended that such fees be increased 25% and <u>not</u> indexed. This increase would have been $1,656.25 or $331.25 additional registration fee per vehicle. Such a 25% increase would be much more compatible with fees in surrounding states.

The highway transportation industry must oppose the Governor's recommendation for a 50% increase in truck registration fees and flatly opposes any indexing of such truck registration fee schedules.

Our industry also is concerned with the unlimited indexing proposed for motor fuels. We strongly believe that fuel tax increases should be reviewed to determine the feasibility of substituting a specific schedule of fuel tax increases. Currently, there is no "sunset" of any indexing of motor fuels or registration fees at any time. We would again call your attention to the comparison of motor fuel rates produced for you in the enclosure in your folder.

Our research indicates that only eight states currently utilize any indexing factors for motor fuel. Six states have bypassed or repealed their variable-rate provisions governing motor fuel rates in the past few years -- including Virginia -- and the state of Washington which was the first state to use a variable rate.

These hearings appropriately have addressed the impact of state funding for highways. We feel compelled to call to the Committee's attention the federal tax dollars which our industry also must pay as highway user fees into the Federal Highway Trust Fund.

<u>Diesel Tax</u> - now 15¢ per gallon including a 6-cent differential over the 9¢ federal motor fuel tax. (Trucks pay 92% of total).

<u>12% excise tax</u> on first retail sale of tractors, trucks over 33,000 lbs. and trailers over 26,000 gross weight.

<u>Heavy Vehicle Use Tax</u> - \$550 for vehicles with gross weight of 75,000 lbs or more.

<u>Tires</u> - under 40 lbs. exempt. schedule sets up maximum over 90 lbs. \$10.50 plus 50¢ a pound - averages \$36 per tire - \$648 per unit.

(MORE)

All of these taxes have to come from the same pocket. There just has to be a limit on one's ability to pay.

The projected cost of the $1.7 billion for proposed new construction in addition to the debt service requirements for this 9-year highway agenda make the program a substantial burden on an economy which has not recovered from the current recession in this state.

Prudent management of Kansas resources would suggest that a more moderate approach to highway expansion should be adopted at this time. Balanced utilization of the state's total resources is essential for economic development initiatives. Other major programs also must have affordable tax revenues.

We do recognize that Kansas needs to expand its highway program and to generate additional revenue to pay the bill. This Association and the highway transportation industry will support reasonable increases in registration fees and fuel taxes. We will be pleased to work with your committees and with the Governor to develop a workable solution to our highway problem. We thank you for the opportunity to present these comments to you today.

#######

ANTICIPATED MOTOR FUEL RATES
GOVERNOR'S HIGHWAY PROGRAM

YEAR	GASOLINE/GASOHOL RATES	DIESEL RATES	LP GAS RATES
1988	$0.16	$0.18	$0.15
1989	0.17	0.19	0.16
1990	0.18	0.20	0.17
1991	0.19	0.21	0.18
1992	0.20	0.22	0.19
1993	0.21	0.23	0.20
1994	0.22	0.24	0.21
1995	0.23	0.25	0.22
1996	0.24	0.26	0.23

COMPARISON OF MOTOR VEHICLE REGISTRATION FEES AND MOTOR FUEL TAXES OF SURROUNDING STATES

(AS OF JANUARY 1, 1989)

	Registration Fee 80,000 lb. Vehicle	Motor Fuel Tax Rate	Special Fuel Tax Rate
Kansas	$1,987.50	$ .17	$ .19
Missouri	1,719.00	.11	.11
Iowa	1,695.00	.16	.185
Nebraska	1,280.00	.176	.176
Colorado*		.18	.205
Oklahoma	731.00	.16	.13

* unladen weight

Kansas Motor Carriers Association
(Kansas Motor Fuel Tax Rates and Vehicle Registration Fees from Governor's Comprehensive Highway Program Proposal)

ANTICIPATED VEHICLE REGISTRATION FEES
GOVERNOR'S HIGHWAY PROGRAM

	Net Rates 1987	Net Rates 1988	Estimated 1989 Rate	Estimated 1990 Rate	Estimated 1991 Rate	Estimated 1992 Rate	Estimated 1993 Rate	Estimated 1994 Rate	Estimated 1995 Rate	Estimated 1996 Rate
Passenger Cars										
3,000 lbs. or under	$ 13.00	$ 13.00	$ 26.00	$ 28.50	$ 29.75	$ 31.25	$ 32.75	$ 34.50	$ 36.25	$ 37.75
3,000 lbs. to 3,999 lbs.	16.25	16.25	30.75	33.75	35.50	36.75	38.75	40.75	42.75	44.75
4,000 lbs. to 4,500 lbs.	19.50	19.50	35.00	38.25	40.25	42.00	44.25	46.25	48.75	51.00
4,501 lbs. and over	26.00	26.00	39.00	42.75	44.75	46.75	49.25	51.75	54.25	56.75
12,000 lbs. or less	25.00	25.00	37.50	41.00	43.25	45.00	47.25	49.75	52.25	54.75
Trucks - Regular										
12,001 lbs. to 16,000 lbs.	75.00	75.00	112.50	123.00	129.50	135.25	141.75	148.75	156.50	164.25
16,001 lbs. to 20,000 lbs.	100.00	100.00	150.00	164.00	172.75	180.25	189.25	198.50	208.50	218.75
20,001 lbs. to 24,000 lbs.	150.00	150.00	225.00	246.25	258.75	270.50	283.75	297.75	312.75	328.25
24,001 lbs. to 30,000 lbs.	235.00	235.00	352.50	385.75	405.75	423.75	444.50	466.75	489.75	514.25
30,001 lbs. to 36,000 lbs.	285.00	285.00	427.50	467.75	492.00	513.75	539.00	566.00	594.25	623.75
36,001 lbs. to 42,000 lbs.	360.00	360.00	540.00	590.75	621.50	649.00	680.75	714.75	750.50	787.75
42,001 lbs. to 48,000 lbs.	460.00	460.00	690.00	754.75	794.25	829.50	870.00	913.50	959.00	1,006.75
48,001 lbs. to 54,000 lbs.	615.00	615.00	922.50	1,009.25	1,061.75	1,108.75	1,163.25	1,221.50	1,282.25	1,345.75
54,001 lbs. to 60,000 lbs.	765.00	765.00	1,147.50	1,255.25	1,320.75	1,379.25	1,447.00	1,519.25	1,595.00	1,674.25
60,001 lbs. to 66,000 lbs.	915.00	915.00	1,372.50	1,501.50	1,579.75	1,649.75	1,730.75	1,817.25	1,907.75	2,002.50
66,001 lbs. to 74,000 lbs.	1,175.00	1,175.00	1,762.50	1,928.25	2,028.75	2,118.50	2,222.50	2,333.50	2,449.75	2,571.50
74,001 lbs. to 80,000 lbs.	1,325.00	1,325.00	1,987.50	2,174.25	2,287.50	2,388.75	2,506.25	2,631.50	2,763.00	2,899.75
80,001 lbs. to 85,500 lbs.	1,475.00	1,475.00	2,212.50	2,420.50	2,546.50	2,659.50	2,789.75	2,929.25	3,075.50	3,228.00
Trucks - Local & 6000 mile										
12,000 lbs. or less										
12,001 lbs. to 16,000 lbs.	47.00	47.00	70.50	77.25	81.25	84.75	88.75	93.25	98.00	102.75
16,001 lbs. to 20,000 lbs.	75.00	75.00	112.50	123.00	129.50	135.25	141.75	148.75	156.50	164.25
20,001 lbs. to 24,000 lbs.	100.00	100.00	150.00	164.00	172.75	180.25	189.25	198.50	208.50	218.75
24,001 lbs. to 30,000 lbs.	135.00	135.00	202.50	221.50	233.00	243.50	255.25	268.00	281.50	295.50
30,001 lbs. to 36,000 lbs.	160.00	160.00	240.00	262.50	276.25	288.50	302.75	317.75	333.50	350.25
36,001 lbs. to 42,000 lbs.	185.00	185.00	277.50	303.50	319.50	333.50	349.75	367.50	385.75	404.75
42,001 lbs. to 48,000 lbs.	235.00	235.00	352.50	385.75	405.75	423.75	444.50	466.75	489.75	514.25
48,001 lbs. to 54,000 lbs.	315.00	315.00	472.50	516.75	543.75	567.75	595.75	625.50	656.75	689.50
54,001 lbs. to 60,000 lbs.	360.00	360.00	540.00	590.75	621.50	649.00	680.75	714.75	750.50	787.75
60,001 lbs. to 66,000 lbs.	440.00	440.00	660.00	722.00	759.75	793.25	832.25	873.75	917.50	962.75
66,001 lbs. to 74,000 lbs.	575.00	575.00	862.50	943.50	992.75	1,036.75	1,087.50	1,141.75	1,198.75	1,258.50
74,001 lbs. to 80,000 lbs.	675.00	675.00	1,012.50	1,107.75	1,165.50	1,217.00	1,276.75	1,340.50	1,407.50	1,477.25
80,001 lbs. to 85,500 lbs.	775.00	775.00	1,162.50	1,271.75	1,338.00	1,397.25	1,465.75	1,539.25	1,615.75	1,696.00
Trucks - Farm										
12,001 lbs. to 16,000 lbs.	25.00	25.00	37.50	41.00	43.25	45.00	47.25	49.75	52.25	54.75
16,001 lbs. to 20,000 lbs.	30.00	30.00	45.00	49.25	51.75	54.00	56.75	59.50	62.50	65.75
20,001 lbs. to 24,000 lbs.	42.00	42.00	63.00	68.75	72.50	75.75	79.50	83.50	87.50	91.75
24,001 lbs. to 54,000 lbs.	62.00	62.00	93.00	101.75	107.00	111.75	117.25	123.25	129.25	135.75
54,001 lbs. to 60,000 lbs.	150.00	150.00	225.00	246.25	258.75	270.50	283.75	297.75	312.75	328.25
60,001 lbs. to 66,000 lbs.	300.00	300.00	450.00	492.25	517.75	540.75	567.50	595.75	625.50	656.50
66,001 lbs. to 85,500 lbs.	500.00	500.00	750.00	820.50	863.25	901.50	945.75	993.00	1,042.50	1,094.25

CheckPoint™
Budget Fuel Stops

August 13, 1987

The Honorable Bill Morris
State Capitol Building
Room 143-N
Topeka, KS 66612

Dear Senator Morris:

It is important to the business economy of any state to have a good highway system. My employees and I are in favor of a good highway system in Kansas. Governor Hayden's program will benefit every sector of the economy in Kansas except the truckstop industry. Governor Hayden's program will destroy the truckstop industry.

We are also in favor of our business future and jobs. If you pay for our new highways by raising diesel fuel taxes, you will make us uncompetitive with the states of Missouri and Oklahoma. If this happens, our business will drop abruptly; many people in the truckstop industry will lose their jobs; and my company along with dozens of others will go out of business.

Please do not do this to us. Please find another way to fund whatever highway program you select. If you care to discuss our problem in further detail, please call me at 1-800-362-3244.

Very respectfully,

The Employees of
CheckPoint Budget Fuel Stops

R H Becker

R. H. Becker
President

RHB:glw

ATT. 12
Joint Trans.
8/19/87

A Division of Great Plains Corporation
P.O. Box 780387 • Wichita, Ks. 67278-0387 • (316) 684-5285

STATE OF KANSAS

KANSAS DEPARTMENT OF TRANSPORTATION
Docking State Office Building
Topeka 66612-1568
(913) 296-3566

Horace Edwards
Secretary of Transportation

August 18, 1987

Mike Hayden
Governor of Kansas

MEMORANDUM TO: The Honorable Bill Morris, Chairman
Senate Transportation and Utilities Committee

The Honorable Rex Crowell, Chairman
House Transportation Committee

FROM: Mr. Horace B. Edwards
Secretary of Transportation Horace

SUBJECT: Requests for Information from the Joint House and Senate Transportation Committees

The following information is supplied pursuant to requests the Department received for further information from your Committee members at the August 17, 1987 meeting.

1) Representative Spaniol requested daily traffic counts for the highway corridors being recommended by the Governor. Attachment 2, which is a printout of the formula for prioritizing corridors, shows weighted traffic in the fourth column for the corridors recommended by the Governor. Also provided are copies of our latest traffic flow map which provides traffic counts at locations all across the state.

2) Representative Mead requested a copy of the formula used to prioritize corridors and for an example of its affect. Attachment 1 is an explanation of the factors used in the formula, and Attachment 2 is a printout which shows the workings of the formula and the rankings which result.

I think that I should also take this opportunity to clarify the priority rankings and the meaning of the priority rank which was included in the project justifications which began on page A-26 of the handout. This ranking is simply a reflection of the priority of these routes according to the quantitative factors taken into consideration. Both the Task Force and the Governor took into consideration other issues in making their decisions about highway corridors. These rankings are not included to imply that this is the priority of the Task Force or the Governor.

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3) Representative Moomaw requested the difference in cost between stabilized rock and paved shoulders.

Type of Shoulder	Cost Per Shoulder, Per Mile
10' Bituminous	$ 95,000
10' Composite (3' Bit. 7' Stab. Rock)	$ 62,000
10' Composite (3' Bit. 7' Turf)	$ 34,000
10' Concrete	$109,000
10' Turf	$ 3,000
10' As-1 and Calcium Chloride (rock)	$ 44,000

4) Representative Sutter requested the cost of the right-of-way acquisition necessary for the new construction initiatives. We estimate that the cost for right-of-way acquisition will be $54.1.

5) Senator Bond asked if the cost shown for the I-435/Nall and I-435/Antioch interchanges were accurate.

We believe that the cost estimates are accurate. The difference may be because we applied an inflation factor as can be seen from the chart below.

	1987 Cost	Inflated Cost* per KDOT Estimate	75% State Share of Cost
I-435/Nall	$5.5 mil.	$47.5 mil.	$5.6 mil.
I-435/Antioch	$6.0 mil.	$48.2 mil.	$46.1 mil.

*We used an average inflation rate of 36.2 for the FY 1989 to 1993 estimated letting period for the new construction initiatives.

6) Representative Spaniol requested an explanation of the expenditure and revenue changes resulting from the Governor's Highway Program recommendation.

1. The effect of changes in vehicle registrations and motor fuel tax is:

a. Increase to 50% heavy trucks	$35 million
b. Index all trucks	$25 million
c. Change in implementation	($64 million)
Net	($ 4 million)

2. The cost of adding US-81 would be an increase of $131 million over Task Force recommendations.

3. The difference is made up by issuing approximately $1.3 billion in bonds rather than $1.1 billion. The interest increases from $1.2 billion to $1.4 billion.

Explanation of Quantitative Formula Used to Rank the New Construction Highway Corridors

The selection of the corridors for improvement was based upon a quantitative selection process which relied on such things as current use of the facility, need for improvement and potential for economic benefit.

The formula which was used was designed specifically for the purpose of assisting the Governor's Task Force in selecting highway corridors. It is based on four factors: annual Average Daily Traffic, commercial traffic, per capita income in counties (where per capita income is low, the need was considered high), and the KDOT need number.

The KDOT need number is taken from the current KDOT priority formula (used to select the major modification projects), which has ranked every control section in the state based on known deficiencies. Where the need number is high, the need for improvement is considered high.

The formula used is the following:

Priority = .30 AADT + .20 heavy commercial + .30 per capita income + .20 need

Average values for each factor were determined by weighting values within subsections of the corridor by the length of each subsection as a percentage of the corridor length. These values are, therefore, a measure of each attribute over the length of the corridor. They do not represent the values at any one point within a corridor.

Annual Average Daily Traffic is a measure of the traffic on a road and therefore represents the use of the facility. The formula has been designed to give increasingly more emphasis to roads which have higher levels of traffic.

Heavy commercial traffic is used in the formula to measure both the use of the facility and its potential for economic development. As was done with the Annual Average Daily Traffic, the factor for heavy commercial traffic was designed to give increasingly more emphasis to roads which carry larger numbers of commercial vehicles.

Per capita income is another factor in the formula which is designed to measure economic development. The formula gives more weight to roads which are in areas with lower per capita incomes. Building roads in these areas of lower per capita income will help the local economy during the time of construction. It is also hoped the improved transportation system will spur economic activity within the corridor.

Finally, the need number from KDOT's priority formula is used to give more weight to those roads that have the most serious geometric deficiencies.

Attachment 2

GOVERNOR'S CORRIDOR SECTIONS 18-Aug-87
(sorted by rank)

LOCATION	DISTANCE (Miles)	WEIGHTED PER CAPITA INCOME	WEIGHTED TRAFFIC	WEIGHTED HEAVY COMMERCIAL TRAFFIC	WEIGHTED NEED NUMBER	(W=30%) PER CAPITA NEED	PER CAPITA %	(W=30%) TRAFFIC NEED	TRAFFIC %	(W=20%) COMMERCIAL TRAFFIC NEED	COMMERCIAL TRAFFIC %	(W=20%) NEED NUMBER	NEED NUMBER %	TOTAL NEED	RANK
US-54: Mullinvilie to Pratt	35.6	$11,565	4466	1004	0.0880	0.1209	17.0%	0.2428	34.2%	0.1994	28.1%	0.1466	20.7%	0.7098	1
K-254: Wichita to El Dorado	24.4	$10,398	5756	720	0.0865	0.1530	21.8%	0.3000	42.7%	0.1050	15.0%	0.1442	20.5%	0.7022	2
US-75: Topeka to Fairview	52.2	$9,109	4616	597	0.0915	0.1941	28.5%	0.2560	37.9%	0.0766	11.2%	0.1525	22.4%	0.6812	3
US-50: Hutchinson to Newton	29.6	$10,594	3915	945	0.0762	0.1473	22.9%	0.1926	30.0%	0.1758	27.4%	0.1270	19.8%	0.6426	4
US-75: I-35 to Topeka	38.5	$8,556	5093	379	0.0487	0.2138	33.7%	0.3000	47.3%	0.0390	6.2%	0.0811	12.8%	0.6340	5
US-50: Newton to Emporia	65.8	$9,639	3384	934	0.0590	0.1745	29.3%	0.1512	25.4%	0.1719	28.8%	0.0983	16.5%	0.5959	6
US-81: Salina to US-36	64.0	$11,105	3519	816	0.0817	0.1330	23.7%	0.1611	28.7%	0.1318	23.4%	0.1362	24.2%	0.5621	7
US-69: Oklahoma to US-160	25.5	$7,923	3416	371	0.0758	0.2381	42.8%	0.1535	27.6%	0.0379	6.8%	0.1263	22.7%	0.5559	8
K-96: Wichita to Neodesha	87.0	$8,705	3387	403	0.0878	0.2084	38.0%	0.1514	27.6%	0.0424	7.7%	0.1463	26.7%	0.5485	9
US-81: US-36 to Nebraska	13.1	$10,851	2538	787	0.1120	0.1400	25.6%	0.0974	17.8%	0.1233	22.5%	0.1867	34.1%	0.5473	10
US-69: US-160 to I-435 (K.C.)	102.1	$10,715	4649	459	0.0454	0.1438	27.0%	0.2614	49.1%	0.0512	9.6%	0.0757	14.2%	0.5321	11
K-96: Wichita to Hutchinson	38.6	$12,341	4928	580	0.0297	0.1020	19.7%	0.2918	56.5%	0.0731	14.2%	0.0495	9.6%	0.5163	12
US-54: Pratt to Wichita	63.7	$11,253	3592	506	0.0658	0.1290	27.8%	0.1667	35.9%	0.0592	12.7%	0.1096	23.6%	0.4645	13
US-169: Coffeyville north 21 miles	21.3	$10,907	3438	500	0.0619	0.1384	30.4%	0.1551	34.1%	0.0581	12.8%	0.1032	22.7%	0.4548	14
US-166: I-35 to US-75	79.0	$9,031	1451	264	0.1044	0.1968	44.7%	0.0453	10.3%	0.0242	5.5%	0.1740	39.5%	0.4403	15
US-54: Oklahoma to Mullinville	92.5	$13,229	2750	704	0.0876	0.0624	18.8%	0.1097	25.0%	0.1009	23.0%	0.1459	33.2%	0.4389	16
US-36: West Jct. US-75 to Missouri	50.0	$9,284	2604	367	0.0526	0.1881	45.4%	0.1011	24.4%	0.0373	9.0%	0.0876	21.2%	0.4141	17
US-160/K-57: Neodesha to Missouri	59.8	$9,078	2158	241	0.0643	0.1952	48.6%	0.0773	19.3%	0.0216	5.4%	0.1072	26.7%	0.4012	18
K-177: I-70 to Manhattan	7.8	$10,207	3101	244	0.0436	0.1587	41.2%	0.1317	34.2%	0.0219	5.7%	0.0727	18.9%	0.3850	19
US-75: Oklahoma to K-96 (Neodesha)	41.2	$10,403	2670	373	0.0503	0.1528	40.2%	0.1049	27.6%	0.0382	10.0%	0.0838	22.1%	0.3797	20
US-50: Garden City to Mullinvilie	85.9	$13,366	3063	484	0.0693	0.0795	21.0%	0.1292	34.1%	0.0552	14.6%	0.1155	30.4%	0.3795	21
US-75: West Jct. US-36 to Nebraska	10.1	$10,022	1805	447	0.0496	0.1643	46.1%	0.0605	17.0%	0.0491	13.8%	0.0827	23.2%	0.3566	22
K-96: Hutchinson to Great Bend	50.9	$11,864	2865	164	0.0508	0.1134	34.5%	0.1166	35.5%	0.0135	4.1%	0.0847	25.8%	0.3282	23
US-75: Neodesha to I-35	52.3	$13,029	2570	389	0.0529	0.0866	27.1%	0.1049	32.8%	0.0403	12.6%	0.0881	27.5%	0.3200	24
US-50: Colorado to Garden City	62.7	$14,203	2385	423	0.0506	0.0632	22.4%	0.0890	31.6%	0.0455	16.1%	0.0844	29.9%	0.2820	25
US-281: Great Bend to Russell	35.9	$14,869	2360	292	0.0365	0.0513	22.6%	0.0877	38.6%	0.0275	12.1%	0.0608	26.8%	0.2274	26