

Approved 9-10-87  
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by Sen. Bill Morris at  
Chairperson

9:00 a.m./~~p.m.~~ on August 21, 1987 in room 313 of the Capitol.

All members were present ~~except~~.

Committee staff present:

Ben Barrett, Legislative Research Department  
Hank Avila, Legislative Research Department  
Robin Hunn, Legislative Research Department  
Bruce Kinzie, Revisor of Statutes Office  
Louise Cunningham, Committee Secretary  
Conferees appearing before the committee:

Horace Edwards, Secretary, Department of Transportation  
Bob Haley, Director of Planning, Department of Transportation  
Ed DeSoignie, Policy Coordinator, Department of Transportation

The Chairman said there had been a question raised at a previous meeting regarding the Mississippi highway program and how it was funded.

Ben Barrett said it was a 1.6 billion highway program. There were several different types of programs involved. They had a 6% sales tax on fuel but it was repealed and replaced by a 6¢ increase in the tax on gasoline and a 5¢ increase in diesel fuel. They also increased tax on fuel by 2¢ beginning in 1988 and added another 1¢ in 1989. A portion of the contractor's construction tax was devoted to the highway fund. A portion came from federal funds from primary routes. They are also making funds available as a result of bond debt obligation which was expected to be finished shortly. The Governor had opposed the highway legislation but it was passed over his veto.

There was discussion on the various terms used for highway maintenance. Secretary Edwards said regular maintenance was just the day-to-day operations such as patching and grass cutting or routine operations. Substantial maintenance would include thin coatings, bridge repair, bridge painting, culvert repair. Major modifications would be designed to improve the usefulness of existing roads, widen bridges, spot improvements. New construction would be corridor upgrading. Bottlenecks are considered new construction. \$348 million is needed through FY 1996 just for continuing the existing highway program. It was made clear that this would not include any new construction projects. Figures being used are for FY 1988-FY 1996. \$3 million was for aid to the elderly and handicapped.

A motion was made by Sen. Frey and was seconded by Sen. Bond to include \$3 million aid to elderly and handicapped in our list of items that we would recommend. Motion carried.

A motion was made by Sen. Hoferer to increase the funding of city connecting links from \$1,250 per lane mile to \$1,750 per lane mile annually. Motion was seconded by Sen. Martin. Motion carried.

It was decided to delay the item on local funding for the present time.

The Committee discussed whether to increase funding to continue financing the program at current levels. Approximately \$350 million was necessary just to maintain the present program.

Mr. Bob Haley, KDOT, said if they did not get funding Kansas might not be able to make maximum use of available federal matching aid. He discussed a preliminary cash flow analysis and copies of this analysis

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,  
room 313, Statehouse, at 9:00 a.m./~~p.m.~~ on August 21, 1987.

were distributed. A copy is attached. (Att. 1).

Some members questioned where the \$348 million would go. Would it be used for administration?

Mr. Haley said most of it was for routine maintenance and their regular people. They would continue to match federal aid to the extent possible. He said all projects do not qualify for federal funds, the federal government has requirements that are excessive. Without the additional funding projects that need to be done under major modifications will be dropped. Bridges and pavement will end up as major problems.

Their first priority is to provide routine maintenance. Then they have to preserve the surface. The third is major work and this is where federal funds should be used but it is always the first one cut back.

He was asked if the 5-year plan would be reinstated under this funding and Mr. Haley said it would be.

A motion was made by Sen. Bond to recommend the current level of maintenance be extended \$348 million for the period. Motion was seconded by Sen. Frey. Motion carried.

A motion was made by Sen. Martin to increase the substantial maintenance annual program by \$12.5 and \$133 million for the period. Motion was seconded by Sen. Vidricksen. Motion carried.

A motion was made by Sen. Vidricksen to increase gas tax by 2¢, increase the sales tax by 1/4 cent, which along with \$350 million increase in registration fees would raise \$962 million.

Motion was seconded by Sen. Doyen.

There was more discussion on other methods of financing and Sen. Vidricksen withdrew his motion.

Meeting was recessed until 1:20 p.m.

AFTERNOON MEETING

The meeting was reconvened by Chairman Morris at 1:20 p.m.

Some members wanted to reconsider the exemption of sales tax on fuel as a source of funding. Also, reinstating taxes that were once on and had been exempted could be considered. This would include the tax on utilities, sales taxes on used farm machinery and the grocery rebate tax could be considered.

It was suggested that a fuel tax would be harder on rural residents because they do substantially more driving and an increase in taxes would place a heavier burden on them.

Some members felt the projects as outlined in S.B. 137 had support and this Committee should continue using those five projects which were: NW Passage, \$198 million; K-96 Wichita to Missouri, including K-96 by-pass, \$292 million; U.S. 54, Oklahoma state line to Wichita, \$112 million and Mullinville to Colorado, \$70 million; for a total of \$673 million. This does not include the Topeka or Manhattan projects.

Sen. Vidricksen said if U.S. 81 were included it would not be considered as an interstate project in the future and all money spent building a super-two would be wasted. He felt it should not be considered.

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KDOT said they were frequently asked why a two-lane highway could not be made into a four-lane highway. They said it was cheaper to buy new land rather than to buy out homes and businesses along an established two-lane road. Federal regulations require medians and have shoulder requirements making it very expensive to acquire land next to an existing road.

Sen. Frey and Sen. Martin proposed a package to increase fuel tax by 3¢, vehicle registration fees \$350 million, 1/2¢ sales tax increase, \$741 million. Coupled with this package was the provision that projects would be named in the statutes. The Committee had already decided that projects should not be designated.

KDOT went through the projects and estimated the costs for them as super-two's with passing lanes. This added approximately 10% to each project.

Sen. Norvell said the project called the Northwest Passage was almost identical to the proposal in 1969 which was written into statute and this has been around for almost 20 years.

A conceptual motion was made by Sen. Frey and was seconded by Sen. Martin to fund the projects as outlined: Wichita to Oklahoma with enhanced super-two's, \$129; NW Passage - Hays Diagonal, \$322 million; K-96, \$226 million; K-96 by-pass, \$95 million; Mullinville to Colorado, \$79 million; U.S. 81, Nebraska from Minneapolis, \$33 million; HW 75, Topeka to Nebraska, \$42 million; Kechi to El Dorado, \$61 million, and debottlenecking, \$150 million. These projects along with the ones already voted on including maintenance, aid to elderly and handicapped, connecting links and increased substantial maintenance would add to \$1.625 billion. These projects would have to be listed, except the bottleneck projects which would not be enumerated. There would be no priorities, just listed. This would be funded by 1/2¢ sales increase, 3¢ fuel tax, and the \$350 million vehicle registration fee increase. They would limit the bonding to \$100 million and sunset the sales tax increase when the bonds were paid off.

The motion failed.

The Chairman asked if members would state reasons for not voting for the measure.

One reason was that it was too high and nothing in it for local units of government. Another said he could not support the sales tax. This method was necessary for cities and counties and money raised for highways should be user fees.

The Committee discussed doing away with the fuel sales tax exemption. Some felt that this was the same as a fuel gas tax. It would raise the price of fuel.

Sen. Morris made a conceptual motion for his highway plan which would increase fuel tax on October 1, 1987 by 4¢ per gallon, with 1¢ for local units of government to be distributed same as presently, registration fee increase as recommended by the Governor, without indexing, and lowering heavy truck registration increase to 35% instead of 50%. Motion was seconded by Sen. Bond. Motion failed.

Sen. Hoferer made a conceptual motion for her highway plan which would be the same as Sen. Frey's projects except it would not include U.S. 81, not include Kechi to El Dorado and the Northwest Passage would be to Russell instead of Hays. This would be funded by a 4¢ gas tax with 1¢ to local units of government, 1/2¢ sales tax, vehicle registration fee as Governor's proposal except heavy trucks would increase by 35% instead of 50% and there would be no indexing. The corridors would be designated by resolution. This would raise \$1.454 billion.

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Motion was seconded by Sen. Thiessen. Motion failed.

A conceptual motion was made by Sen. Vidricksen to raise the gas tax by 2¢ with 1¢ going to local units of government, increase registration fees as suggested by the Governor, except for indexing and lowering heavy truck registration from 50% to 35%, raise sales tax by 1/4¢, which would sunset at the end of the construction period. This would raise \$962 million.

Motion was seconded by Sen. Francisco. Motion failed 6-5.

The Committee decided to move on to other matters.

A memorandum was submitted from Charles H. Nicolay, Kansas Oil Market-ers Association dated August 20, 1987. This was in regard to information requested by Sen. Doyen on income comparison in counties where I-70 is located and in counties where new construction is proposed. A copy is attached. (Att. 2).

Ed DeSoignie, KDOT, continued his explanation of sections 39 through 49 of the Governor's proposed highway plan. He said section 39 was needed in case the Secretary had to secure services of a bond counsel or other professional immediately. Some members felt that the bonding should be done in Kansas and the revisor should be given information regarding employment of bond counsel.

Secretary Edwards said it was necessary for the person to be competent and secured at the lowest cost available.

New section 40 was necessary because only a few individuals could delay construction projects. As it is now litigation has to clear before you can go on with the projects. There are other ways to secure debt setoffs without the delay in time. Secretary Edwards was asked how much of a problem this was and he said there have been impediments to building in the past.

New section 41 would authorize the Secretary to directly acquire some supplies. He has to make detailed reports available to several people and it was recommended that he also make a copy available to the Chairman of the Joint Building Committee. This new section was put in to avoid delays because of lack of material or supplies. One member expressed concern and wondered if the legislature wanted to go in this direction. He asked Secretary Edwards how important this provision was to him on a scale of 1 to 10. Secretary Edwards said it was a 10.

As Mr. DeSoignie went through these different sections it was suggested that the Department of Administration come in and express their feelings on these changes since this is under their jurisdiction.

On new section 46 regarding movement of utilities to avoid delays the Committee thought they might end up moving about all the utilities since utility companies might just wait for the state to move them and save the cost of moving them themselves. This provision might be necessary for some of the small companies but the larger ones should be able to move them in a timely manner.

On section 47 concerning out-of-state recruitment which increases moving poundage to 19,999 pounds some felt this would be discriminatory to other state employees. They wanted Department of Administration comment on this. Also wanted their comment on section 48.

On section 49 authorizing the Secretary to compensate individuals serving on advisory boards. They already receive subsistence and this sounds like consulting fees, which the Secretary is already authorized to hire. This would be a provision different from consultants and the Committee wanted Department of Administration comment on this.

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There was concern expressed about abolishing the State Highway Advisory Commission. This is giving up some of the checks and balances.

Currently all new construction projects have to be approved by the Advisory Commission. They do not set policy but they can disapprove new construction. It is probably good for citizens to have them. The members were unsure of this proposal.

Next meeting was to consider bonds, the scope of the projects and how they are to be funded. Also the Department of Administration to come in on questions the Committee has regarding the proposals concerning sections 39 through 49.

Meeting was adjourned at 5:15 p.m.

Next meeting to be held in Room 519 at 10:00 a.m. on August 26, 1987.

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GOVERNOR'S COMPREHENSIVE HIGHWAY PROGRAM		PRELIMINARY CASH FLOW ANALYSIS									DRAFT 20-Aug-87 12:32 PM
(3000)	1988	1989	1990	1991	1992	1993	1994	1995	1996	TOTAL	
BEGINNING BALANCE	72,473	71,794	128,076	121,409	18,825	38,797	61,183	77,117	80,882	72,473	
REVENUES:											
State Highway Fund:											
Motor Fuel	78,580	77,300	77,200	78,000	77,600	77,300	77,000	76,400	76,700	898,000	
Registration Fees	70,800	70,500	70,500	70,500	71,000	71,800	71,800	71,500	71,500	837,500	
SGF (Sales Tax) Transfer	20,000	31,800	43,000	47,600	49,300	51,100	52,600	54,200	55,800	405,400	
Miscellaneous Revenue	9,243	10,526	11,736	7,620	5,700	5,700	5,700	10,787	12,585	79,577	
Transfers	12,103	13,973	12,550	6,252	3,861	3,861	3,861	3,861	3,861	64,183	
Subtotal	189,846	204,099	214,986	209,972	207,461	208,961	210,161	216,748	220,426	1,882,660	
Federal Aid Reimbursements	128,183	107,582	117,054	101,911	102,422	102,422	102,422	102,422	102,422	966,740	
Total before New Revenue	318,029	311,681	332,040	311,883	309,883	311,383	312,583	319,170	322,848	2,849,400	
Revenue Enhancements											
Index Motor Fuel Taxes	0	2,687	9,139	15,165	21,325	28,119	34,315	39,988	45,591	196,329	
INC - Motor Fuel Tax	45,511	67,314	67,375	68,959	66,616	66,294	65,849	65,324	65,588	578,989	
Index Increase in MFT	0	1,683	5,725	10,296	14,473	17,613	21,494	25,825	30,426	127,536	
Index Registration Fees	0	0	3,318	8,641	12,482	16,408	20,735	25,420	30,351	117,353	
INC - Registration Fees	0	22,297	44,595	44,595	44,911	44,911	44,911	45,227	45,227	336,675	
Index Increase in Reg Fees	0	0	2,099	5,466	7,895	10,379	13,116	16,079	19,198	74,232	
ADD - Retail Sales Tax	0	0	0	0	0	0	0	0	0	0	
ADD - Other	0	0	0	0	0	0	0	0	0	0	
Total Revenue Enhancement	45,511	93,981	132,250	151,121	187,703	183,724	200,520	217,863	236,361	1,429,033	
Total before Bonding	363,540	405,662	464,290	463,004	477,586	495,107	513,103	537,033	559,209	4,278,433	
Bond Sales	98.5%	0	0	63,840	361,495	467,875	287,470	76,845	13,790	1,279,615	
Interest	5.00%	0	0	1,576	9,037	11,697	7,437	1,898	345	31,988	
Net from Bond Sales:		0	0	64,616	370,532	479,572	304,907	77,741	14,135	1,311,503	
TOTAL REVENUES	363,540	405,662	464,290	527,620	848,116	874,679	818,009	614,774	573,344	5,589,936	

ATT. 1  
Senate Trans  
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	1988	1989	1990	1991	1992	1993	1994	1995	1996	TOTAL
(\$000)										
EXPENDITURES:										
State Ops. & Misc.	(168,746)	(177,519)	(178,659)	(185,551)	(189,324)	(196,475)	(203,952)	(211,721)	(219,809)	(1,731,756)
Substantial Maintenance	(33,343)	(43,689)	(63,691)	(68,470)	(73,743)	(79,421)	(85,536)	(92,122)	(99,216)	(639,231)
Major Modification	(162,109)	(108,634)	(113,305)	(107,000)	(107,078)	(106,884)	(106,797)	(106,757)	(106,737)	(1,025,301)
	(364,198)	(329,842)	(355,655)	(361,021)	(370,145)	(382,780)	(396,285)	(410,600)	(425,762)	(3,396,288)
New Construction	0	(21,459)	(113,302)	(266,889)	(434,325)	(498,701)	(296,989)	(72,101)	(13,734)	(1,716,700)
Additional State Ops.	0	0	0	0	0	0	0	0	0	0
New Debt Service @ 8.25% Term = 20	0	0	0	(3,294)	(25,476)	(68,812)	(108,802)	(128,388)	(132,801)	(467,682)
	0	(21,459)	(113,302)	(269,382)	(459,801)	(567,513)	(405,791)	(200,489)	(146,725)	(2,184,382)
TOTAL EXPENDITURES	(364,198)	(351,301)	(468,957)	(630,404)	(829,946)	(950,293)	(802,076)	(611,089)	(572,487)	(5,580,670)
ANNUAL SURPLUS (DEFICIT)	(679)	54,281	(4,667)	(182,784)	18,172	24,386	15,934	3,765	858	9,268
ENDING FUND BALANCE:	71,794	126,076	121,409	18,625	36,797	61,183	77,117	80,882	81,739	81,739
BOND SALES (GROSS):	\$0	\$0	\$0	\$64,000	\$367,000	\$475,000	\$382,000	\$77,000	\$14,000	1,299,000
DEBT SERVICE COVERAGE (HIGHWAY):	NA	NA	NA	6.65	2.44	1.89	1.71	1.63	1.61	
GROSS COVERAGE (HIGHWAY):	NA	NA	NA	109.62	14.73	5.71	3.77	3.30	3.43	



# KANSAS OIL MARKETERS ASSOCIATION



Convenience  
Store Association  
of Kansas

August 20, 1987

TO: All Members of the Senate  
Committee on Transportation  
and Utilities

FROM: Charles H. Nicolay, Executive Director

RE: Proposed Highway Program

The attached is furnished at the request of Senator Doyen on research regarding the Net Effective Buying Income Comparison in counties where I-70 is located and in counties where new construction is proposed.

ATT. 2  
Senate Trans.  
8/21/87



## NET EFFECTIVE BUYING INCOME COMPARISON 1969 - 1984

<u>I-70 Counties</u>	<u>1969</u>	<u>1984</u>	<u>% Increase</u>
Dickinson	8,112	22,166	173%
Douglas	9,919	24,617	148%
Ellis	10,054	27,129	170%
Ellsworth	7,874	19,534	148%
Geary	8,816	20,323	131%
Gove	8,338	18,238	119%
Leavenworth	9,291	29,483	217%
Logan	10,739	20,286	89%
Russell	8,925	23,646	165%
Saline	9,848	24,352	147%
Shawnee	9,896	28,177	185%
Sherman	9,217	20,897	127%
Thomas	10,367	23,053	122%
Trego	8,455	20,622	144%
Waubaussee	6,613	21,138	220%
Wyandotte	9,543	26,241	175%

Average Increase 155%

New Construction Counties

Barton	9,917	26,291	165%
Bourbon	6,323	18,296	189%
Brown	6,339	19,431	207%
Butler	8,389	27,034	222%
Chase	6,604	20,296	207%
Cherokee	6,769	18,164	168%
Cloud	7,768	18,577	139%
Coffey	6,461	27,838	331%
Crawford	7,817	18,109	132%
Doniphan	6,693	19,149	186%
Finney	9,936	26,301	165%
Ford	9,494	26,433	178%
Gray	8,573	27,477	221%
Greenwood	7,816	18,260	134%
Hamilton	10,181	22,435	120%
Harvey	8,880	26,233	195%
Jackson	6,782	23,095	241%
Kearney	10,571	25,387	140%
Kingman	8,509	21,053	147%
Kiowa	9,115	22,212	144%
Labette	6,901	23,202	236%
Linn	6,663	17,670	165%
Lyon	9,563	25,134	163%
Marion	8,959	20,853	133%
Meade	8,397	21,231	153%
Miami	8,503	25,923	205%
Montgomery	7,741	23,072	198%
Nemaha	6,838	18,304	168%
Ottawa	6,890	20,458	197%
Osage	6,838	24,646	260%
Pratt	8,666	25,172	190%
Reno	9,087	25,128	177%
Republic	6,322	17,104	171%

NET EFFECTIVE BUYING INCOME COMPARISON 1969 - 1984  
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New Construction Counties

Rice	8,320	24,322	192%
Sedgwick	9,667	33,067	242%
Seward	10,921	27,437	151%
Wilson	7,161	20,031	180%
Woodson	6,132	16,842	175%

Average Increase: 179%

Sources: 1970 Kansas Statistical Abstract  
Sales & Marketing Management, 7/22/85