

Approved March 15, 1989  
Date

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Rex Crowell at  
Chairperson

1:30 ~~am~~/p.m. on January 11, 1989 in room 519-S of the Capitol.

All members were present except: Representatives Gross, Shore and Justice

Committee staff present:

Bruce Kinzie, Revisor of Statutes  
Hank Avila, Legislative Research  
Donna Mulligan, Committee Secretary

Conferees appearing before the committee:

Mr. Robert Haley, Kansas Department of Transportation

The meeting was called to order by Chairman Crowell and he asked if Committee members wished to discuss any matters from the previous Transportation Committee meeting on January 10, 1989 since there was not time at the end of the meeting.

Committee discussion ensued regarding the existence and desirability of a 5-year plan.

Mr. Robert Haley, Kansas Department of Transportation, briefed the Committee and he wished to 1) review the state's financial condition and why there are problems, 2) discuss HB-2014 and what revenue measures are proposed, and 3) talk about analyzing some of the revenue measures. (See Attachment 1)

Mr. Haley showed slides and said the projected revenue shortfall of \$817 million requires a 5 cent per gallon increase in motor fuel tax or its equivalent.

He pointed out that all the projections used during the Special Legislative Session and which are continuing to be used, all produce the same result, being twofold, 1) within the next year KDOT will be having financial difficulty and 2) in the long run the situation will continue to deteriorate.

Mr. Haley reviewed the chart showing the State Highway Fund revenues and expenditures.

At Chairman Crowell's request, Mr. Haley explained obligation ceilings.

Mr. Haley said the Secretary of Revenue is statutorily required to annually certify the legislature and the Governor, an estimate of the sales tax receipts from sales of new and used vehicles.

Committee discussion ensued regarding the sales tax transfer to the highway fund.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Transportation,  
room 519-S Statehouse, at 1:30 ~~xx~~/p.m. on January 11, 1989.

Mr. Haley pointed out that another important item in HB-2014 is the use of bonds. He said that if bonds are sold, the construction program can begin immediately, but if "pay as you go" is used then construction can begin at the time collections are made.

The meeting was adjourned at 2:45 p.m.

  
Rex Crowell, Chairman

PLE PRINT

NAME	ADDRESS	COMPANY/ORGANIZATION
Chet Vanatta	Lawrence, KS	Dillon Road & Co.
Benny Vanatta	Tulsa, OK	Dillon Road & Co.
Shelley Sutton	TOPEKA	KS Engineering Soc.
Rich DAME	Hoisington	B. I. E.
Bernie Koch	Wichita	Wichita Chamber
Catherine Holdeman	Wichita	City of Wichita
Jim M. B. ...	Topeka	ob server
Tom Whitaker	Topeka	KS Motor Carriers Assn
ED DE SOIGNIE	TOPEKA	KS CONTRACTORS ASSOC.
Deb Miller	"	KDOT
Mary Shivers	Topeka	KDOT
Kevin Allen	Topeka	KS Motor Car Dealers Assn.
Charles Nicolay	Topeka	KOMA
Mike Hogan	Topeka	KDOT
Bill Watts	Topeka	KDOT
Lynden Drew	Topeka	KDOT
<i>[Signature]</i>		KDOT

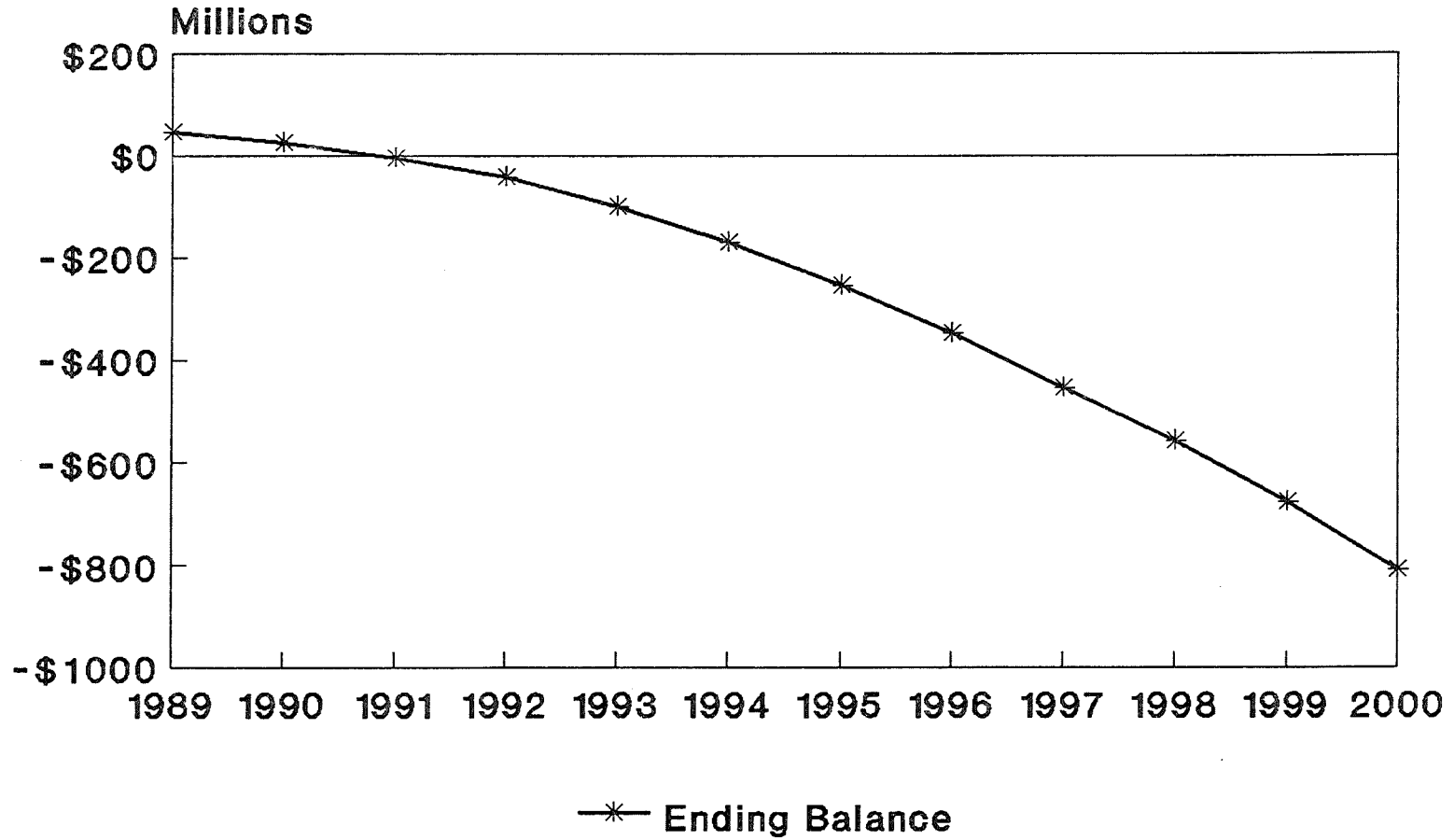
**Kansas Department of Transportation**

**Briefing  
House Transportation Committee**

**January 11, 1989**

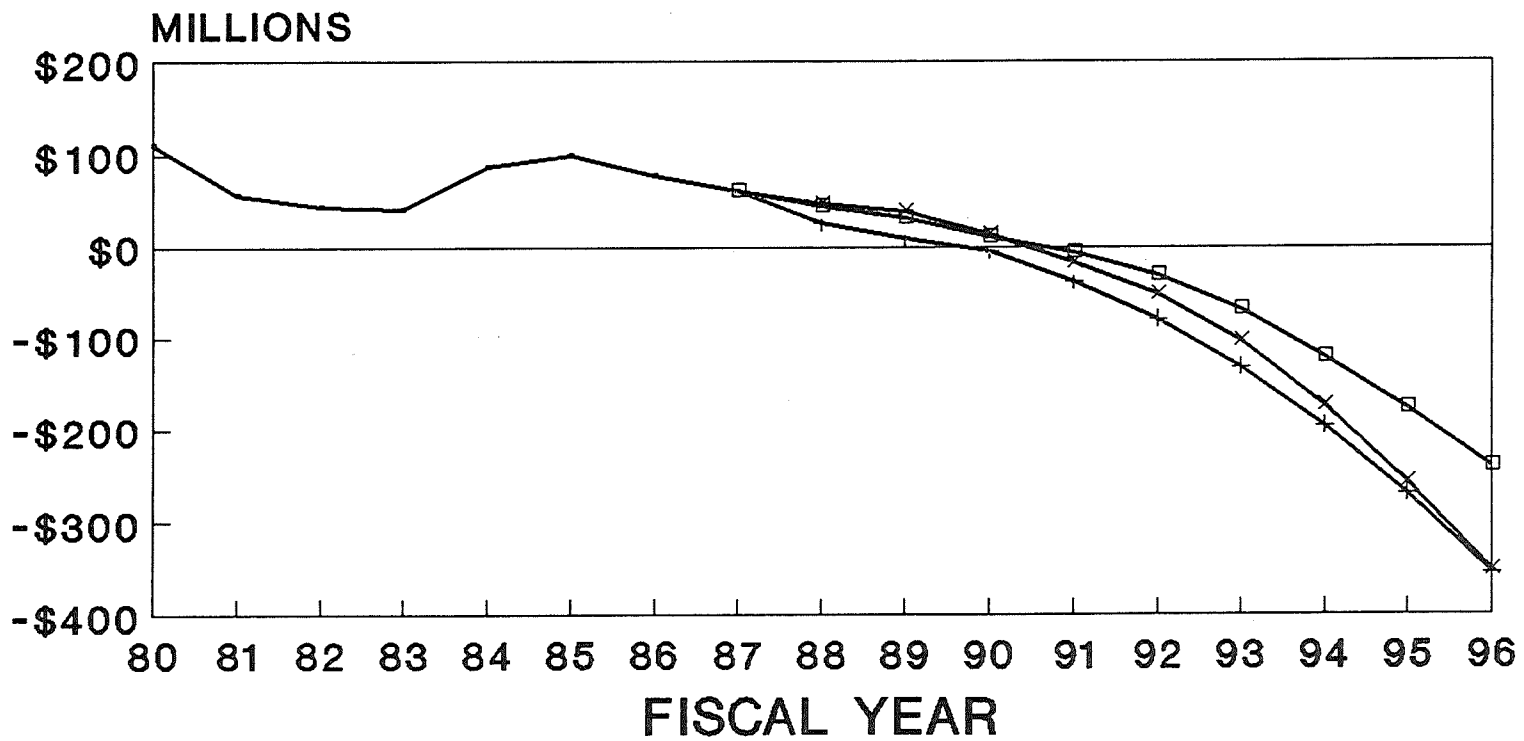
*Attach 1*

# State Highway Fund Ending Balances



January 11, 1989

# STATE HIGHWAY FUND ENDING FUND BALANCE



— ACTUAL

+ SPEC. SESS.

88 LEGIS.

—□ PROJ. MAY 31, 1988

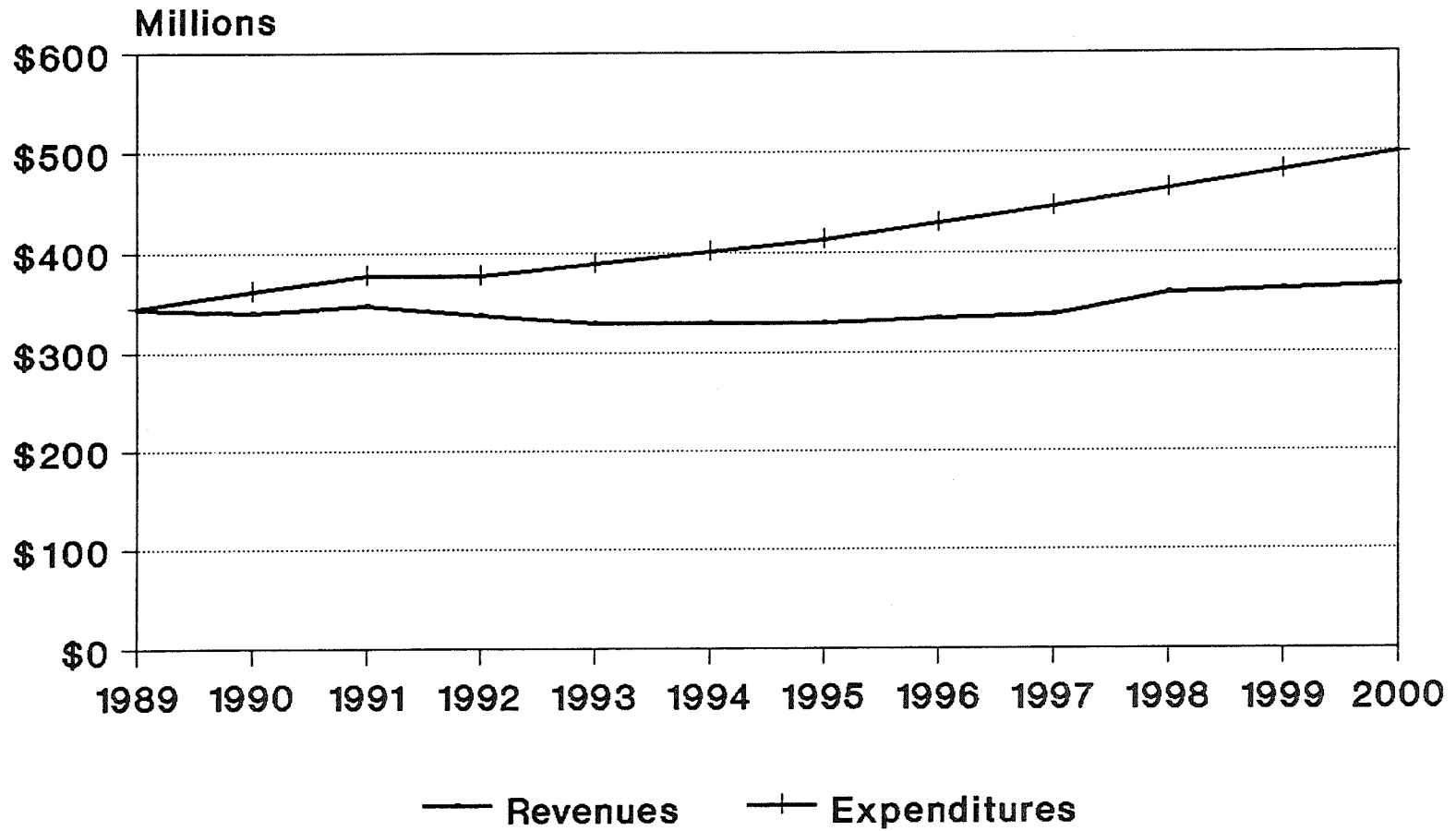
—x PROJ. DEC 1988

January 11, 1989

1-3

The projected revenue shortfall  
of \$817 million requires  
a 5 cent per gallon increase  
in Motor Fuel Tax  
or its equivalent.

# State Highway Fund Revenues and Expenditures

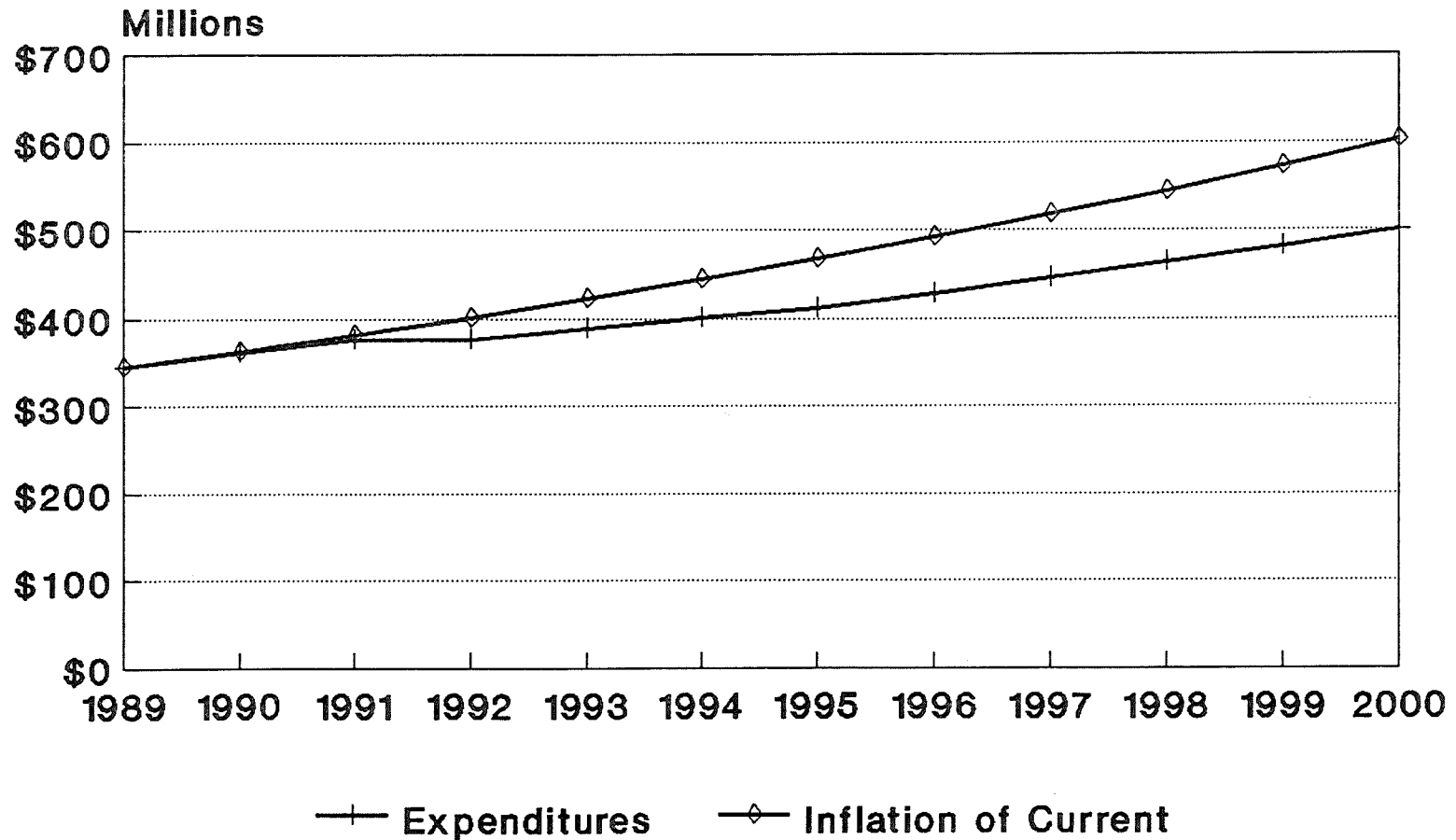


January 11, 1989

5-1



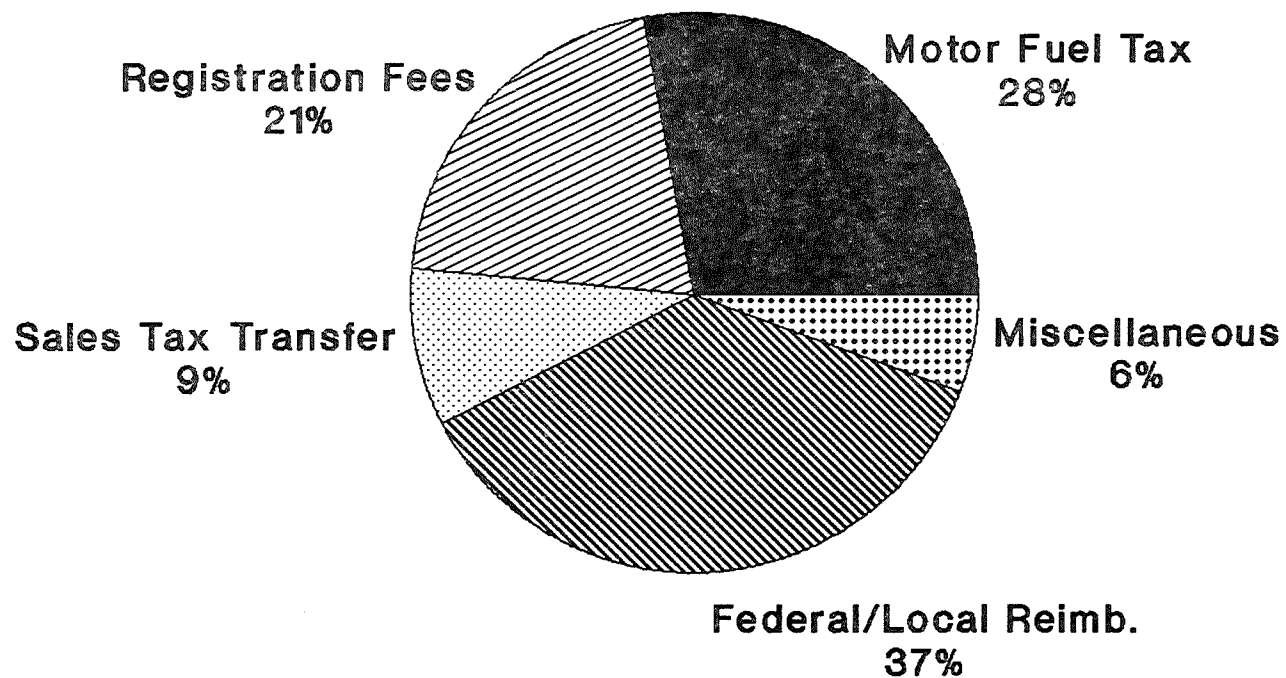
# Highway Fund Expenditures Compared to Inflation



January 11, 1989

9-1

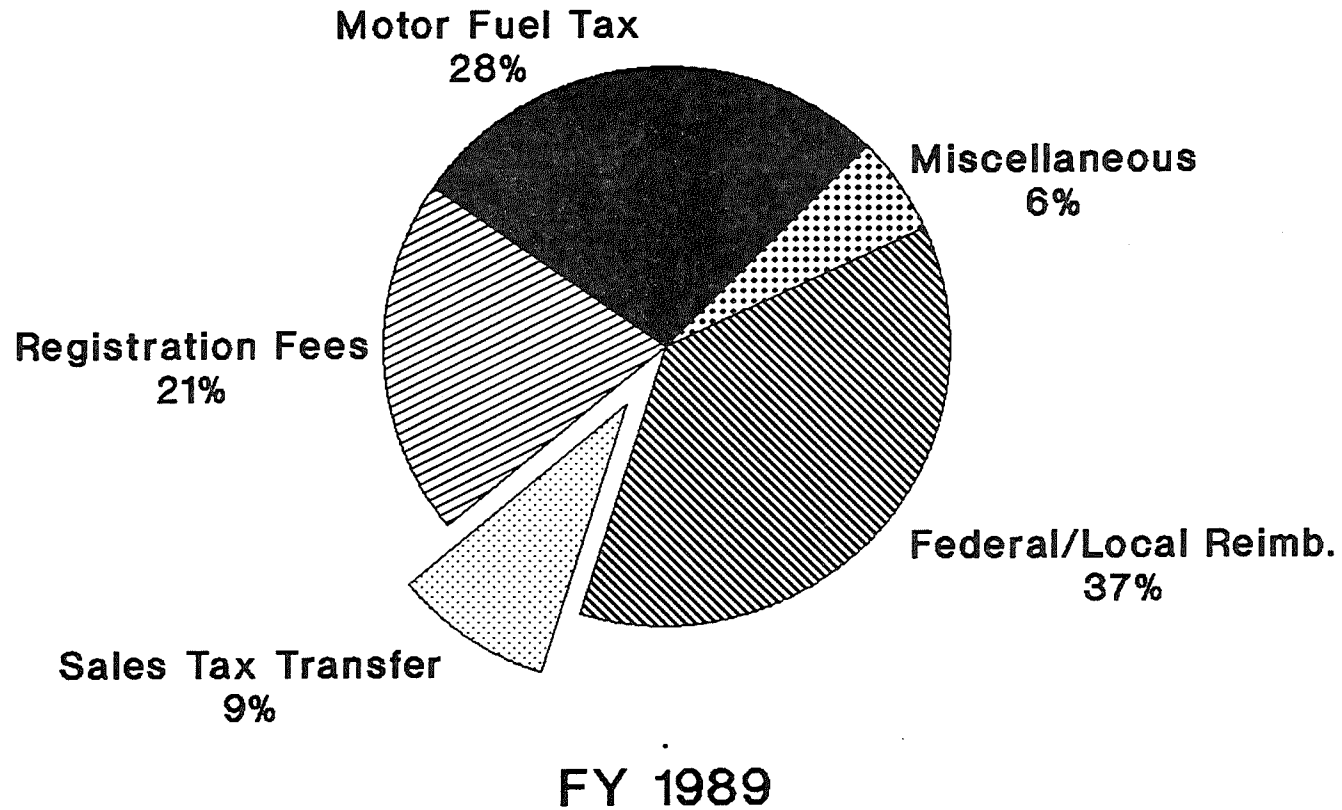
# Highway and Freeway Funds Current Revenues



FY 1989

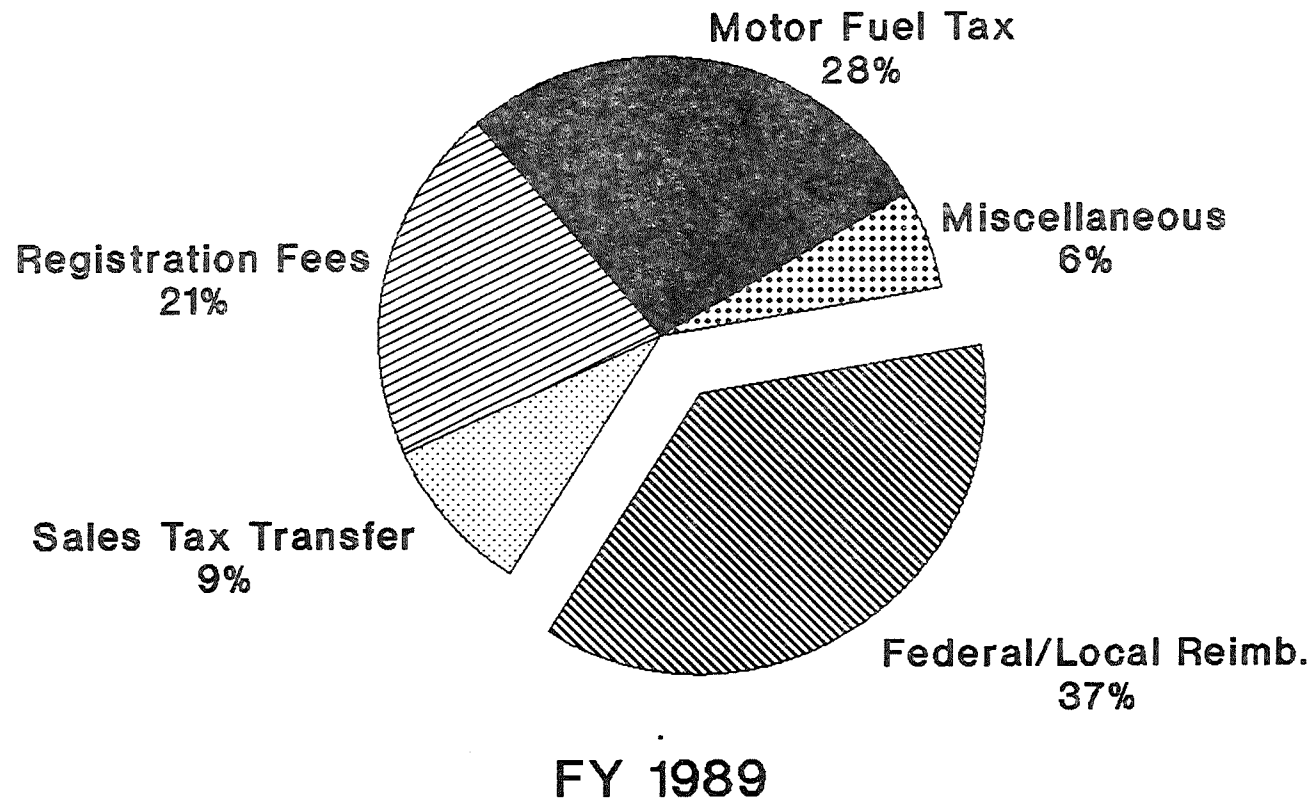
January 11, 1989

# Highway and Freeway Funds Current Revenues



January 11, 1989

# Highway and Freeway Funds Current Revenues



January 11, 1989

### SUMMARY OF STATE HIGHWAY SYSTEM NEEDS

<u>NEED</u>	<u>MILES/NUMBER</u>
Lane Width	
Less than 11 feet	140
Equal to 11 feet	870
Shoulder Width	2,075
Shoulder Type	
Need Full Width Paving	160
Need 3 ft. Asphalt Strip	5,100
Vertical Alignment	410
Service/Congestion	
Volume over 75% of Capacity	22
Volume, 50% to 75% of Capacity	175
Pavement	
Requires Resurfacing	7,300
Requires Major Pavement Rehabilitation or Replacement	2,300
Bridges	
Replace	386
Widen	452
Existing Interchanges	18

# FINANCIAL SUMMARY

## H.B. 2014

### Motor Fuel Tax

Initial Increase	-FY 90	4 Cents
Subsequent Increase	-FY 92	2 Cents
	-FY 94	1 Cent

### Registration Fees Increase

Passenger	52%
Freight	30%

### Sales Tax Transfer

Increase to 10%

### Sales & Compensating Tax

Increase by 1/2%  
(63% Highway Fund)  
(37% Local Units)

### Bonds

\$651 Million

# Governor's Comments

- Strong preference for traditional user fee concept
- Sales tax transfer at 100% of sales tax collection on new and used vehicles
- More sophisticated financing plan
- Mitigate or eliminate the sales tax increases

## PROGRAM SUMMARY HB 2014

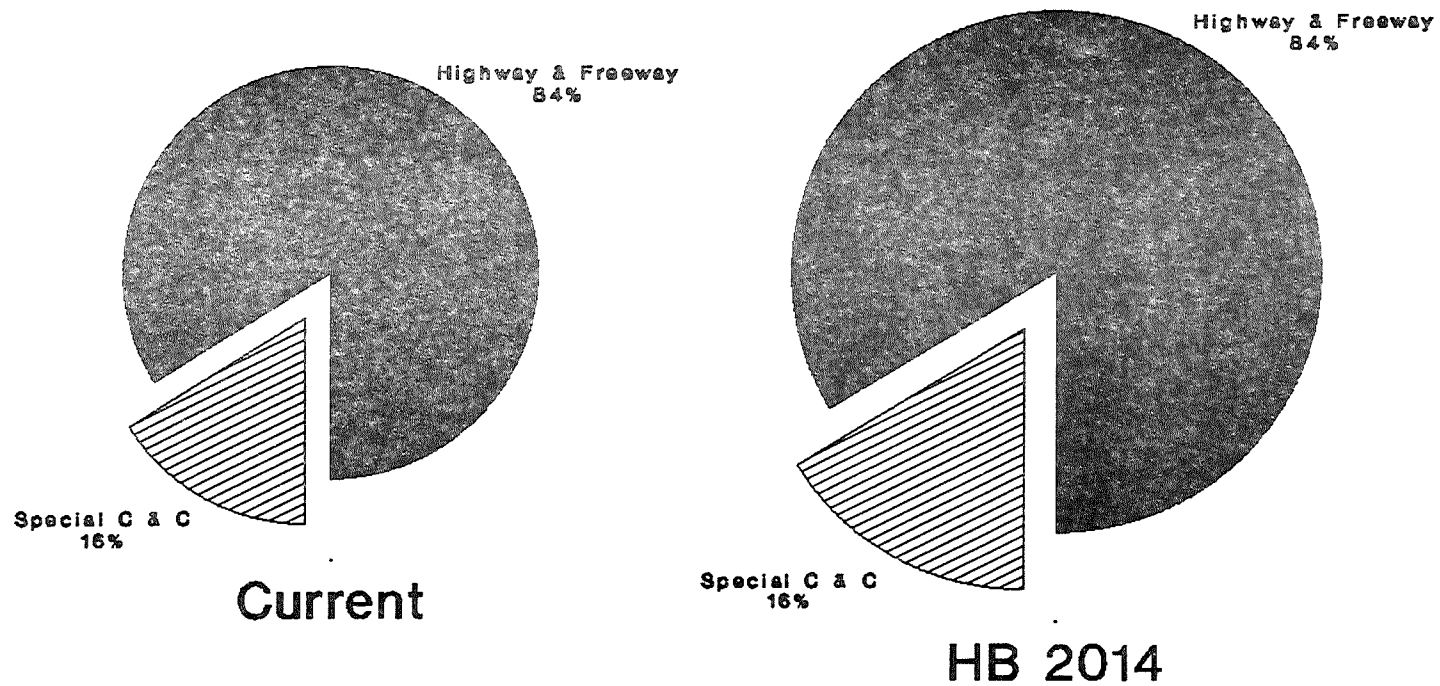
		<u>ANNUALIZED</u>
Federal Aid	Sufficient funds to match through FY2000	\$ 20 Million
Substantial Maint.	Adequate to FY 2000	\$ 84 Million
New Initiative		
Major Modifications	\$ 1.2 Billion	\$109 Million
Bridges	\$ 120 Million	\$ 11 Million
System Enhancement	\$ 700 Million	\$ 64 Million
<b>TOTAL NEW INITIATIVE</b>	<b>\$ 2.0 Billion</b>	<b>\$184 Million</b>
<b>AID TO LOCAL UNITS</b>	<b>\$ 528 Million</b>	<b>\$ 48 Million</b>
Elderly & Handicapped	\$ 3 Million	\$300 Thousand



## Governor's Comments

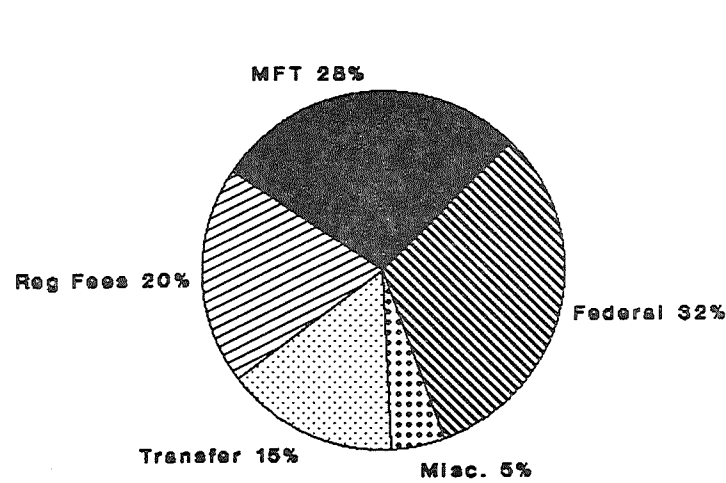
- I have long supported a comprehensive highway program program and with my recommendations [on financing], I endorse the interim committee's proposal.

# Kansas Department of Transportation Total Revenues - FY 1989-2000 Allocation between KDOT and Spec C&C

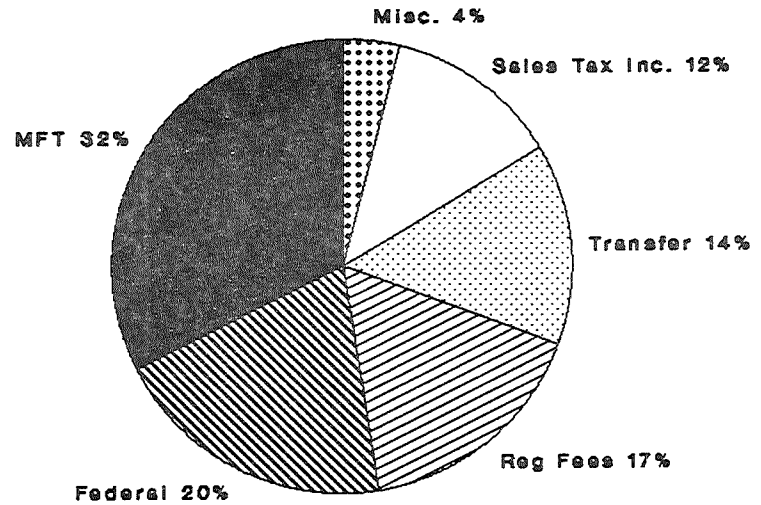


January 11, 1989

# State Highway and Freeway Funds Total Revenues FY 1989-2000



Current

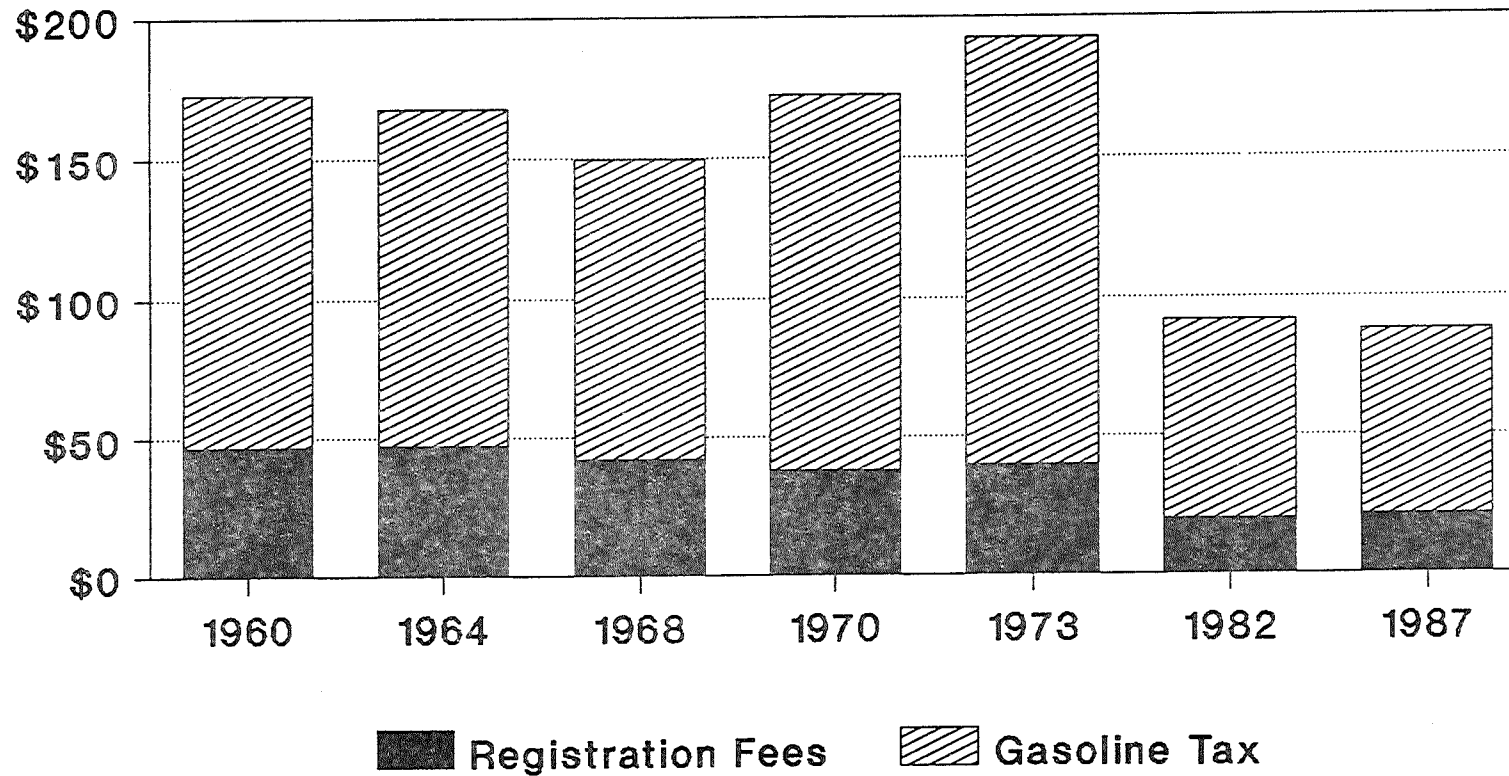


HB 2014

January 11, 1989

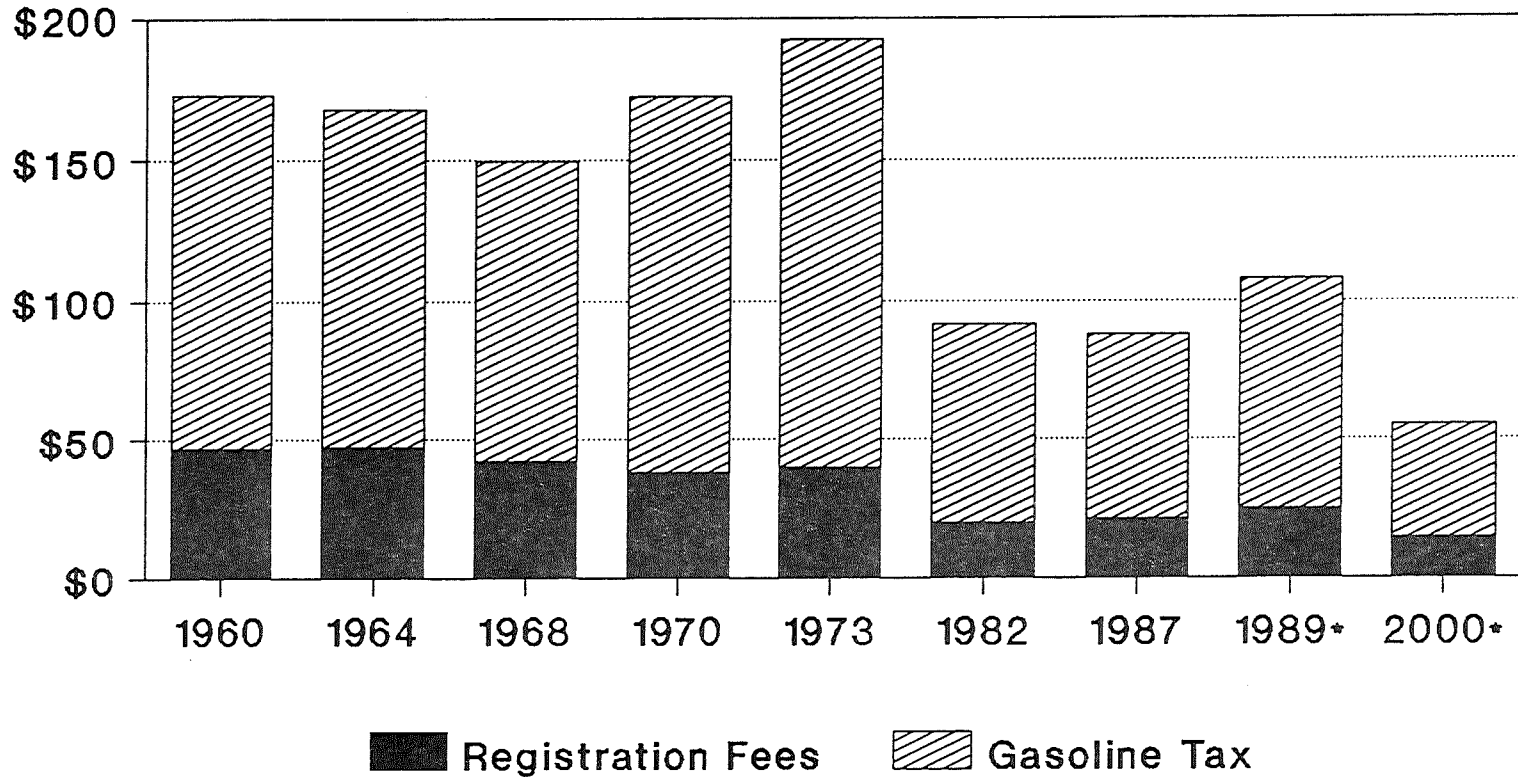
91-1

# MEDIUM SIZE PASSENGER CAR COSTS PER CAR Constant 1988 Dollars



Source: Road User and Property Taxes on Selected Vehicles, FHWA, Various Dates

# MEDIUM SIZE PASSENGER CAR COSTS PER CAR Constant 1988 Dollars

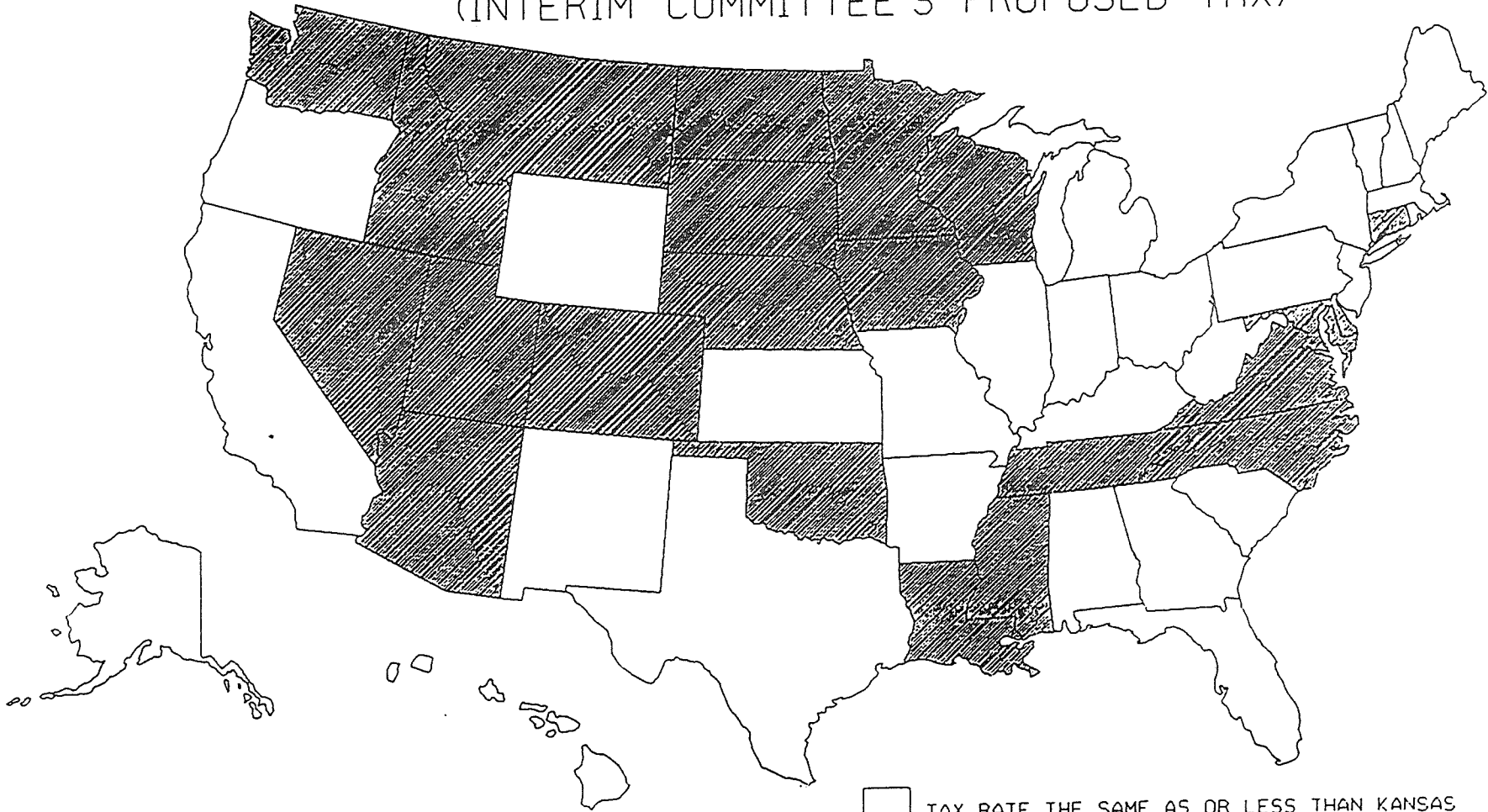


\*HB 2014



Source: Road User and Property Taxes on Selected Vehicles, FHWA, Various Dates



# STATE GASOLINE TAX RATE COMPARISON (INTERIM COMMITTEE'S PROPOSED TAX)



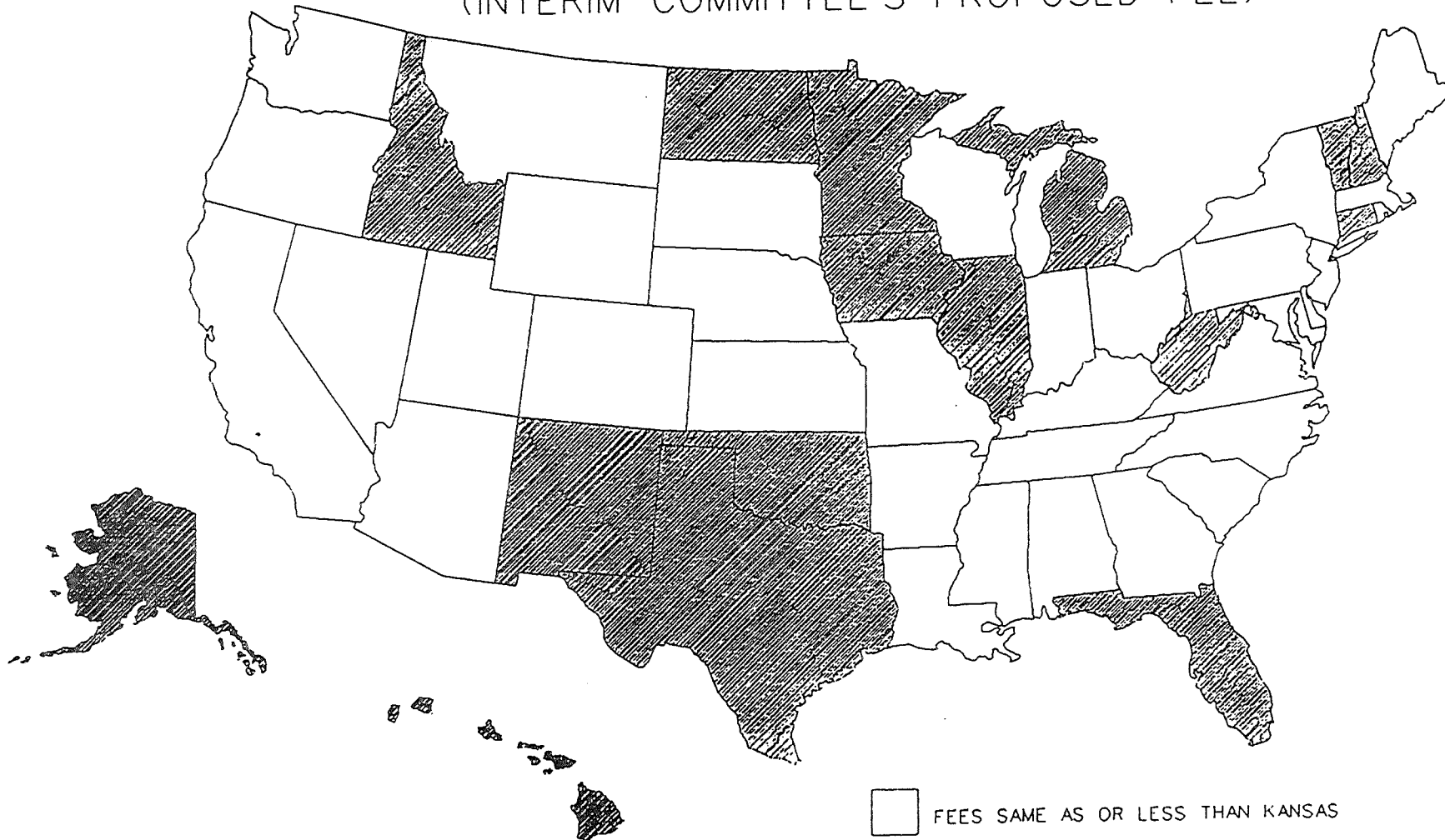
SOURCE:  
FEDERAL HIGHWAY ADMINISTRATION

-  TAX RATE THE SAME AS OR LESS THAN KANSAS
-  TAX RATE MORE THAN KANSAS





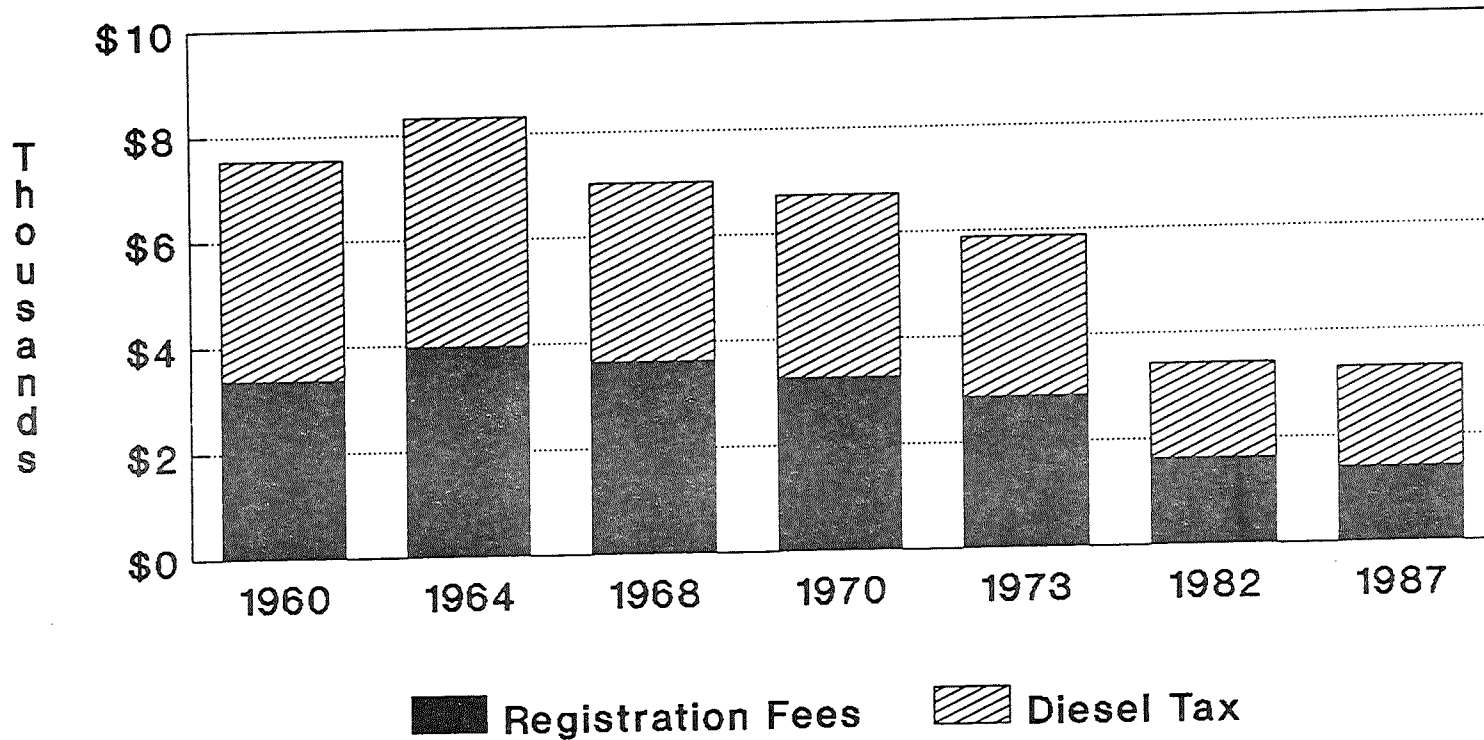
# STATE AUTOMOBILE \*REGISTRATION FEE COMPARISON (INTERIM COMMITTEE'S PROPOSED FEE)



□ FEES SAME AS OR LESS THAN KANSAS  
▨ FEES MORE THAN KANSAS

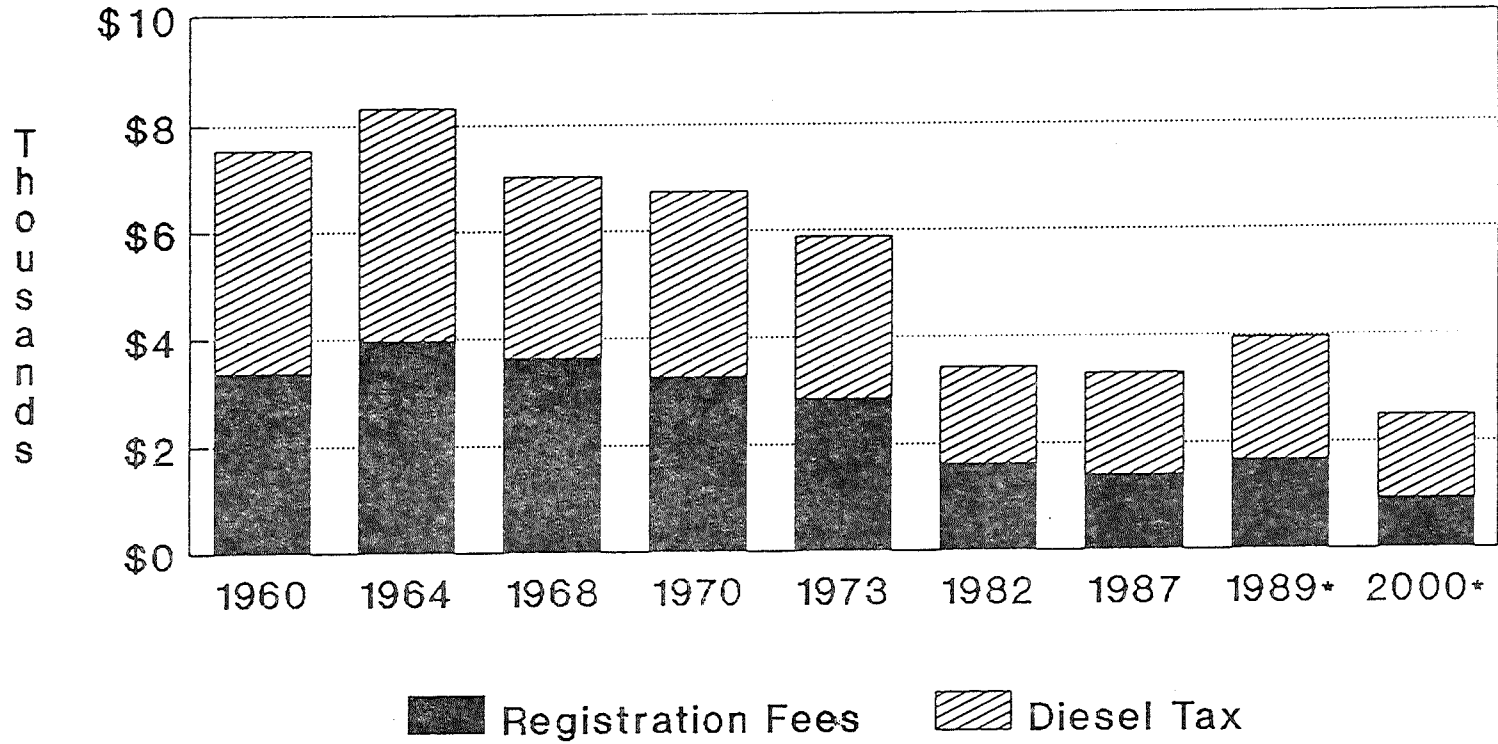
FEES AS OF JANUARY 1, 1988  
SOURCE:  
HIGHWAY TAXES AND FEES-1988, FHWA  
\* A 1983 4-DOOR SEDAN OF 3,248 LBS EMPTY WEIGHT WAS USED AS "TYPICAL" PASSENGER CAR FOR COMPARISON PURPOSES.

# SEMITRAILER TRUCK COSTS PER VEHICLE Constant 1988 Dollars



Source: Road User and Property Taxes on Selected Vehicles, FHWA, Various Dates

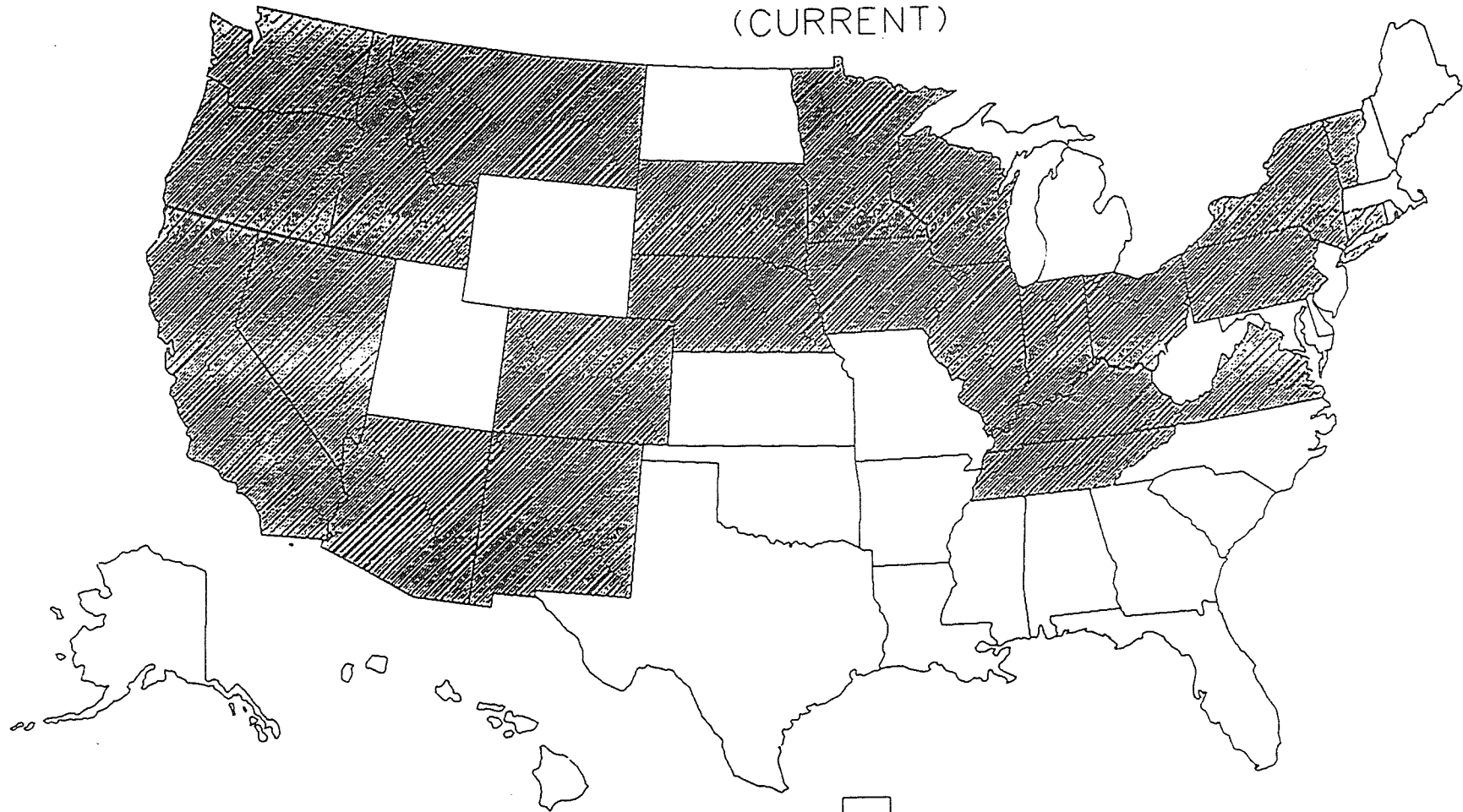
# SEMITRAILER TRUCK COSTS PER VEHICLE Constant 1988 Dollars





\*HB 2014

Source: Road User and Property Taxes on Selected Vehicles, FHWA, Various Dates

# SEMITRAILER OPERATING COSTS (CURRENT)

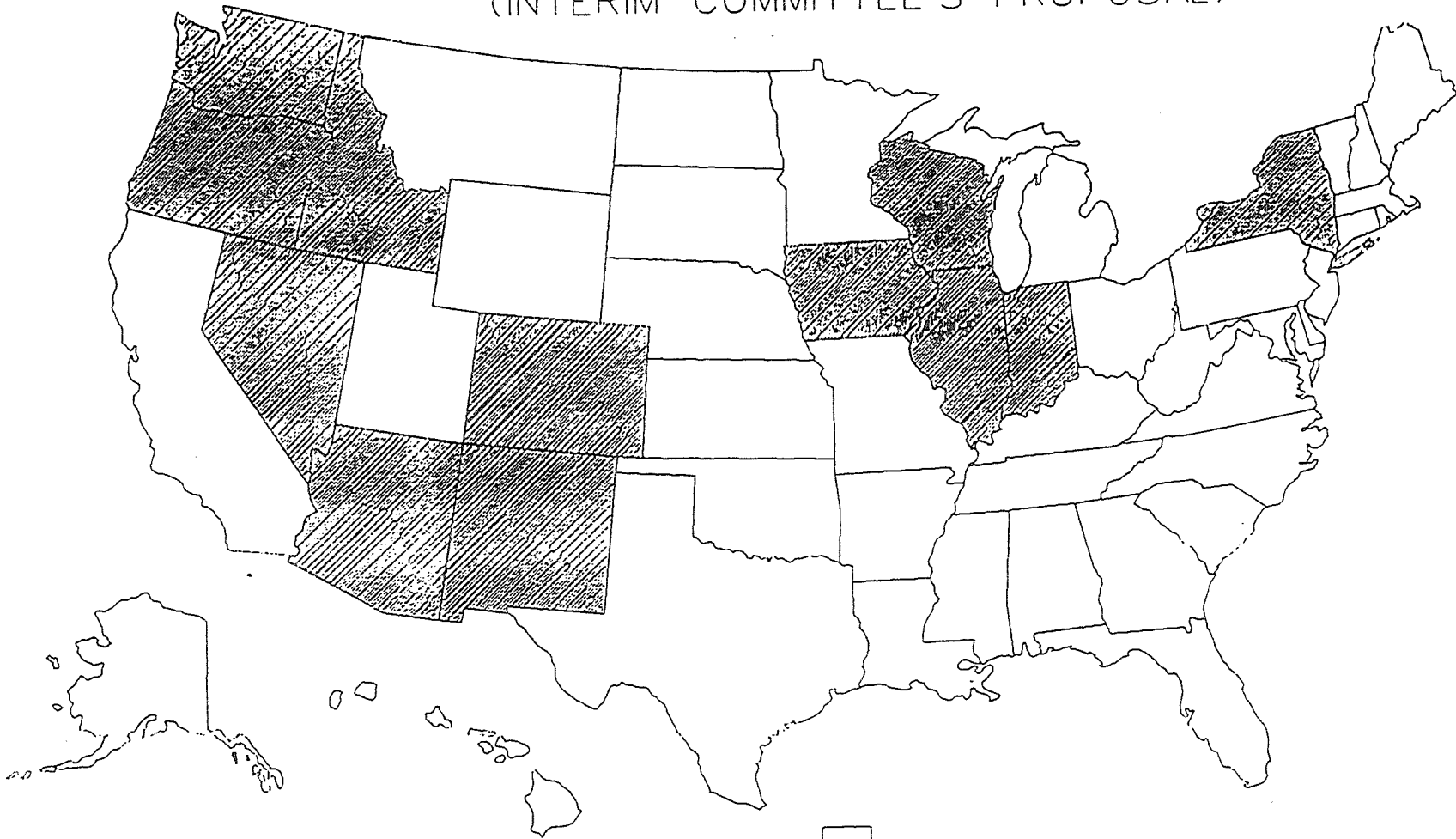


 TAX RATE THE SAME AS OR LESS THAN KANSAS  
 TAX RATE MORE THAN KANSAS

SOURCE:  
ROAD USER AND PROPERTY TAXES, 1987 FHWA  
DIESEL-POWERED FIVE-AXLE COMBINATION REGISTERED FOR 80,000  
LBS. GROSS VEHICLE WEIGHT IN PRIVATE OPERATION.

FOOTNOTE:  
INCLUDES REGISTRATION, DIESEL FUEL TAX, MILEAGE OR TON-MILE TAX,  
AND ANY OTHER TAXES AND FEES COLLECTED.

# SEMITRAILER OPERATING COSTS (INTERIM COMMITTEE'S PROPOSAL)



□ TAX RATE SAME AS OR LESS THAN KANSAS  
▨ TAX RATE MORE THAN KANSAS

SOURCE:  
ROAD USER AND PROPERTY TAXES, 1987 FHWA  
• A DIESEL-POWERED, FIVE-AXLE COMBINATION REGISTERED FOR 80,000  
LBS. GROSS VEHICLE WEIGHT IN PRIVATE OPERATION.

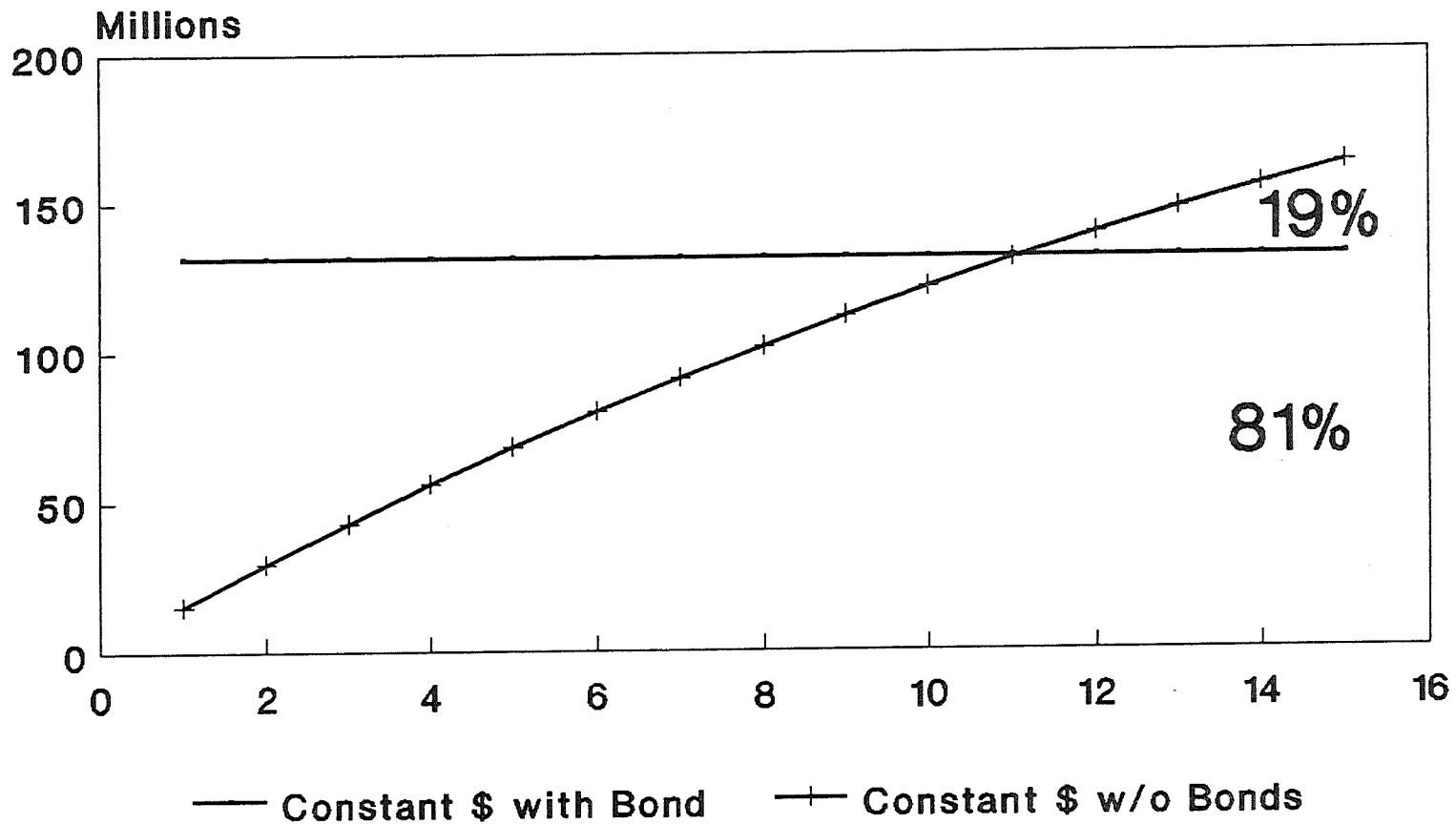
FOOTNOTE:  
INCLUDES REGISTRATION, DIESEL FUEL TAX, MILAGE OR TON-MILE TAX,  
AND ANY OTHER TAXES AND FEES COLLECTED.

1987-1

“Pay as we go conflicts with a leading principle of capital finance, which is, pay as we use.”

**“Those who benefit from a  
public facility should pay for its  
development and operation.”**

# Bond Financed Construction Compared to Deferred Construction



Interest Rate 7.875% Inflation Rate 5.2%

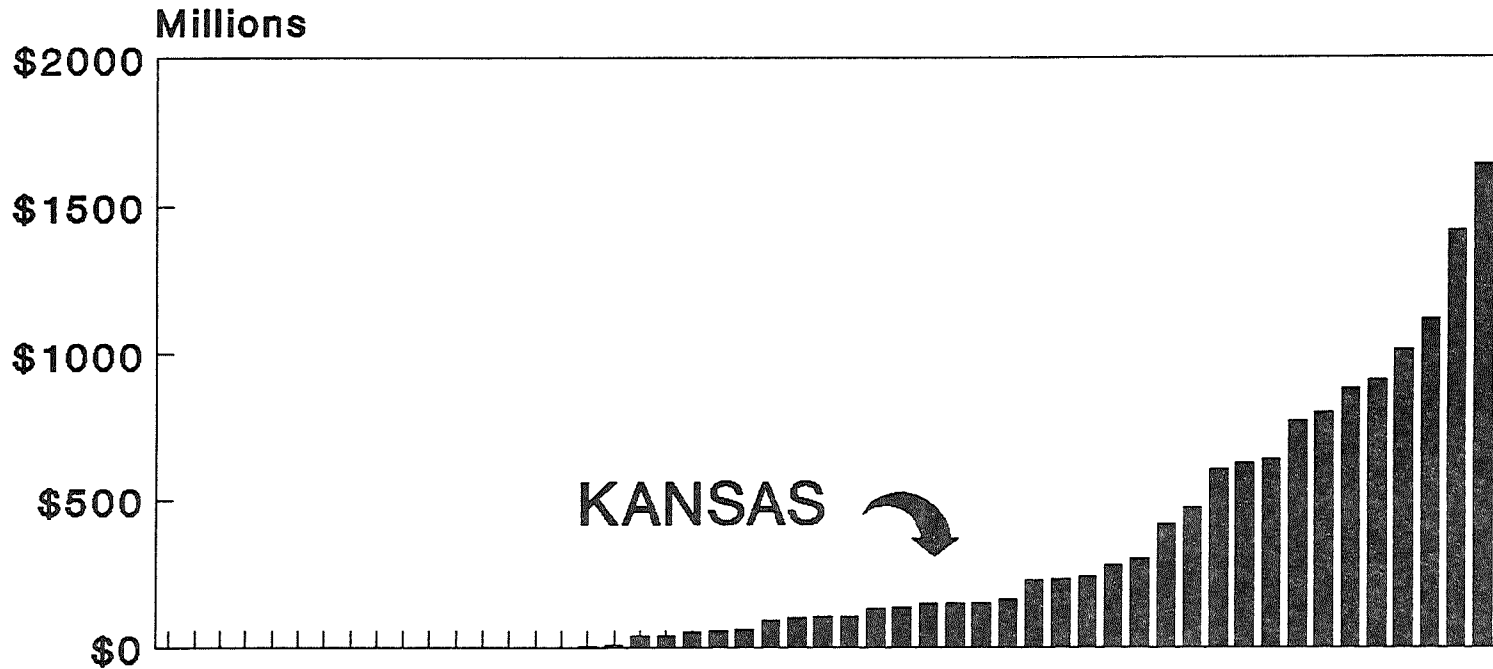


## BOND COMPARISON

(Millions)

	<u>Early Bonds</u>	<u>Freeway Bonds</u>	<u>HB 2014 Bonds</u>
Face Value	30	320	651
Current 88 Dollars	212	725	411
Cents per Annual Vehicle Mile	13.4	11.4	4.1

# HIGHWAY BONDS OUTSTANDING CLOSE OF 1987



ALL STATES AND DISTRICT OF COLUMBIA

■ OUTSTANDING BONDS

SOURCE: HIGHWAY STATISTICS 1987