

Approved August 4, 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 31, 1989 in room 519-S of the Capitol.

All members were present except:

Representatives Dillon, Roenbaugh and Guldner

Committee staff present:

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

Conferees appearing before the committee:

Mr. Horace B. Edwards, Secretary, Kansas Department of Transportation

The meeting was called to order by Chairman Crowell, and he announced the main business for the day would be a presentation by Secretary Horace B. Edwards concerning funding alternatives to HB-2014.

Mr. Horace B. Edwards, Secretary, Kansas Department of Transportation, spoke concerning highway finance alternatives which are in addition to those in HB-2014. (See Attachment 1)

Secretary Edwards detailed each potential funding option and responded to committee questions.

The funding options had been prepared by a working group consisting of Secretary Edwards, Secretary of Administration, Shelby Smith and President of Kansas Development Finance Authority, Allen Bell.

The meeting was adjourned at 2:05 p.m.


Rex Crowell, Chairman

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NAME	ADDRESS	COMPANY/ORGANIZATION
Fish Burkholder	Burling, KS	AARP
Jan Davelin	Hutchinson	Highway Committee
JOHN DAVIS	Hutchinson	Highway Committee
John Neal	Hutchinson	Highway Committee
Jacqueline	Topeka	Observer
Howard Hunter	Hutchinson	Highway Committee
Gene Miller	Hutchinson	Highway Committee
Richard D Shank	Hutchinson	Highway Committee
DENNIS SANDERSON	Hutch	
Mike Brogan	Topeka	KDOT
Ed Blum	Wichita	Mr. R. B. Bunn Co.
Terry Denker	Topeka	KDOC
Catherine Holdeman	Wichita	City of Wichita
Brenda Mawstke	Univ Center	SEK TOURISM REGION
DARYL C. RICHARDSON	Lawrence	DCCRD
MARY E. TURKINGTON	Topeka	Kansas Motor Carriers Assn.
Tom Whitaker	Topeka	KANSAS Motor Carriers Association
Glen Coulter	Topeka	Ks. Contractors Assoc.
Judy Runnels	Topeka	Economic Lifelines
Donald Swelgum	Topeka	alliance of operators Holtzer Transport Inc.
FRANCES KASTNER	Topeka	Ks Food Dealers Assn
DAVID LANE	WICHITA	LANE/UNIFORM GROUP

*Horace
(601)*

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ALTERNATIVE FINANCE ALTERNATIVES (January 31, 1989)

(MILLIONS)

ALTERNATIVES	MOTOR FUEL TAX INCREASES	REGISTRATION FEE INCREASES	SALES TAX TRANSFER INCREASE	SALES AND COMPENSATING TAX INCREASE	INCREASE TO THE SPECIAL CITY & COUNTY FUND	BOND SALES
HB 2014	4 c 7/1/89 2 c 7/1/91 1 c 7/1/93 1,033	52% PASSENGER 30% FREIGHT 318	10% OF SALES TAX COLLECTIONS 329	1/2% 865	37.5% OF SALES & COMPENSATING TAX INCREASE 519	LATE SALE (AS NEEDED) 15-YEAR @ 7.875% 651
OPTION #1	4 c 7/1/89 2 c 7/1/91 1 c 7/1/93 1,033 0	52% PASSENGER 30% FREIGHT 318 0	10% OF SALES TAX COLLECTIONS 329 0	1/2% 865 0	37.5% OF SALES & COMPENSATING TAX INCREASE 519 0	EARLY SALE 15-YEAR @ 7% 937 286
OPTION #2	4 c 7/1/89 2 c 7/1/91 1 c 7/1/93 723 (310)	100% PASSENGER 35% FREIGHT 515 197	10% OF SALES TAX COLLECTIONS 329 0	1/4% 692 (173)	30% OF MFT INCREASE 310 (209)	EARLY SALE 25-YEAR @ 7.25% 1,025 374
OPTION #3	4 c 7/1/89 2 c 7/1/91 1 c 7/1/93 723 (310)	100% PASSENGER 35% FREIGHT 515 197	10% OF SALES TAX COLLECTIONS 329 0	NONE 0 (865)	30% OF MFT INCREASE 310 (209)	EARLY SALE 25-YEAR @ 7.25% 2,250 1,599
OPTION #4	4 c 7/1/89 1 c 7/1/90 1 c 7/1/91 1 c 7/1/92 744 (289)	100% PASSENGER 35% FREIGHT 515 197	10% OF SALES TAX COLLECTIONS 329 0	NONE 0 (865)	30% OF MFT INCREASE 319 (200)	EARLY SALE 25-YEAR @ 7.25% 2,202 1,551
OPTION #5	4 c 7/1/89 2 c 7/1/91 1 c 7/1/93 723 (310)	100% PASSENGER 35% FREIGHT 515 197	12% OF SALES TAX COLLECTIONS 521 192	NONE 0 (865)	30% OF MFT INCREASE 310 (209)	EARLY SALE 25-YEAR @ 7.25% 1,913 1,262

DIFFERENCES	HB2014	OPTION 1	OPTIONS 2-5
BOND TERM	15-YEAR	15-YEAR	25-YEAR
BOND FACE RATE	7.875%	7.%	7.25%
REINVESTMENT RATE ON BOND PROCEEDS	6.50%	7.%	7.25%
INVESTMENT RATE ON HIGHWAY FUND BALANCES	6.50%	(8.75%-6.75%)	(8.75%-6.75%)

Note 1: All five options assume the early issuance of bonds. Option 1 assumes the issuance of 15-year bonds at 7%. All other options assume 25-year bonds at 7.25%. All options assume the reinvestment of highway fund balances at 8.75%.

Note 2: Option 1 results in the issuance of approximately \$286 million more bonds than the interim committee bill contemplated. Because of earlier issuances, however, by FY 2000, when the construction program is completed, there would be approximately \$124 million fewer bonds outstanding.

Note 3: No bond proceeds are used for agency operations.