

Approved: 2/2/96  
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES.

The meeting was called to order by Chairman Ben Vidricksen at 9:00 a.m. on February 1, 1996 in Room 254-E of the Capitol.

All members were present except:  
Senator Brady - Excused

Committee staff present: Hank Avila, Legislative Research Department  
Ben Barrett, Legislative Research Department  
Bruce Kinzie, Revisor of Statutes  
Martha Ozias, Committee Secretary

Conferees appearing before the committee:  
Dean Carlson - Secretary of Transportation  
Michael L. Johnston - Kansas Turnpike Authority

Others attending: See attached list

**SB 401 - CONCERNING THE SECRETARY OF TRANSPORTATION; RELATING TO CERTAIN POWERS AND DUTIES; RELATING TO THE FEASIBILITY OF CERTAIN TOLL OR TURNPIKE PROJECTS.**

Secretary Carlson addressed the Committee on this bill which proposes to give the Kansas Secretary of Transportation the authority to study the feasibility of constructing a new toll facility or designating existing highways as toll facilities. It was thought, however, that the Secretary already has the authority to perform such studies under current statutes. (Attachment 1)

An article on the Minnesota Department of Transportation privatization projects was also distributed to the Committee. (Attachment 2)

Michael Johnston gave additional comments on this legislation. He felt it was extremely important to have detailed information when considering any project that might incorporate tolls into its financial framework. (Attachment 3)

Additional information on "Continuation of the Comprehensive Highway Program" (Attachment 4) and data from a turnpike questionnaire (Attachment 5) were distributed by Staff.

A motion to approve the minutes of the January 31st meeting was made by Senator Papay. It was seconded by Senator Rock. Motion carried.

The meeting was adjourned by the Chairman at 10:00 a.m.

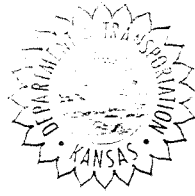
The next meeting will be February 6, 1996.

**SENATE TRANSPORTATION AND UTILITIES  
COMMITTEE GUEST LIST**

DATE: FEBRUARY 1, 1996

NAME	REPRESENTING
Bill Watts	KDOT
Nancy Bogina	KDOT
Dean Carlson	KDOT
Mike Johnson	KTA
Lisa Callahan	KTA
Tom Whitaker	KS Motor Carriers Assn
Bob Corant	KCCI
Ginger Roberts	Kansas Farm Bureau
Cheryl Korte	Allen County Farm Bureau
Marjorie Zimminger	Allen County Farm Bureau
Nakleen Flentje	Menasha Co. Farm Bureau
Bob Corkins	KCCI
Ken Behr	Economic Lifelines
Patrick Weasley	Econ. Lifelines
Bob Totten	KS Contractors Association

STATE OF KANSAS



KANSAS DEPARTMENT OF TRANSPORTATION

E. Dean Carlson  
Secretary of Transportation

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Bill Graves  
Governor of Kansas

TESTIMONY BEFORE THE  
SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES  
REGARDING SENATE BILL 401

February 1, 1996

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you today to testify regarding Senate Bill 401. This Bill proposes to give the Kansas Secretary of Transportation the authority to study the feasibility of constructing a new toll facility or designating existing highways as toll facilities. The Bill also prescribes some, but not all, of the items a study should include under this proposed statute.

We are very pleased that the Special Committee on Transportation, along with KDOT, sees the wisdom of such studies and is willing to lend it's support in that regard. During KDOT's public outreach meetings this past year, we frequently heard that people are willing to look at tolls as a source of funding for new highways or for building additional capacity on existing highways. The time has come to look at alternative sources of transportation funding such as tolls in a somewhat non-traditional manner. By that, I mean previous toll road studies have shown that outside of urban areas Kansas roads just don't have enough traffic to pay the full cost of construction and operation of a toll road. However, if we look at tolls as simply an additional source of revenue to assist in funding a project, it may be possible that tolls could generate a significant enough portion of either the construction or operational costs of a road to make it worthwhile.

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However, we believe the Secretary already has the authority to perform such studies under current statutes. In fact, we are about to begin such a study. KDOT has received a grant from the Federal Highway Administration to explore the feasibility of adding capacity to a highway corridor and funding the added capacity through alternative funding sources, such as toll revenue. The Kansas Turnpike Authority (KTA) has agreed to be a partner in the study and will provide half of the matching funds.

The Federal funds are specifically for further study of a specific segment of the Transamerica Transportation Corridor (TTC) which was studied by the Federal Highway Administration in 1993 and 1994. The TTC was a major east-west transportation corridor from Virginia to California, through the nation's midsection.

Although the Federal funds are available for study of a particular corridor, we applied for them in the hope that we would gain ideas and information that can be used statewide in assessing the feasibility of funding new highways or additional capacity on existing highways with nontraditional types of funding, such as toll revenues. The study will also explore statewide public and motor carrier acceptance of toll roads, as well as possible Intelligent Transportation System (ITS) applications.

Again, we are pleased that the committee supports such studies, but we believe the authority to do them already exists.

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# NEWS



MINNESOTA PUSHES AHEAD WITH ROAD PRIVITIZATION TO FUND ROAD BUILDING.

## MINNESOTA DOT PURSUES PRIVATIZATION PROJECTS

Efforts to tap private investment as a source of funding for transportation projects have had a rocky history in the U.S., with Washington state's ambitious program (CE April 1995) the latest casualty. But with budgets shrinking and needs growing, states keep trying.

In Minnesota, which has more than \$5 billion in unfunded transportation projects, five toll-road projects have been proposed by private developers for further consideration in the state's TRANSMART initiative. Technical aspects were presented to Minnesota DOT (MnDOT) last November, with community-support aspects due on Feb. 29.

Following review by a TRANSMART evaluation committee, project selections will be made in May, with development agreements to be finalized by October. After that, affected communities would have 30 days to veto the projects. If all goes according to schedule, selected projects would be completed by about 2000.

By building in a requirement for community support early on in the proposals, MnDOT hopes to avoid a backlash like the one that crippled Washington's program, which was essentially repealed following public opposition to tolls as hidden taxes. "I think we have a good chance of success in this area," says Shayla Tate, communications manager for the program.

In Minnesota, the state legislature has

supported the idea of tolls, passing bills that mandated consideration of alternative funding for projects costing more than \$10 million in 1994 and initiating the TRANSMART program in July 1995. Also, focus-group data have shown "some indication that people are willing" to pay tolls to preserve the quality of roads. "The next couple of months will really tell us," Tate says.

Calling the program "a true public/private partnership," Tate notes that the state has pledged at least \$10 million overall in support. Other funding sources cited in proposals include revenue bonds, equity shares, and federal and state loans. How many projects will eventually be approved "is difficult to gauge at this point," she says. However, MnDOT initially had said it could accept as many as 10 total.

The five proposed projects include:

- Trunk Highway (TH) 212 Corridor. A new alignment of TH 212 as a tollway from Cologne to Wallace Road in Eden Prairie and a freeway section from Wallace Road to Interstate 494 were proposed by Interwest/DLR Group Infrastructure Corp., Phoenix, and the 212 Community Highway Association, a local not-for-profit corporation. The cost is estimated at \$220 million. Tolls should be 25¢-\$1.
- Southwest Expressway. Reconstruction, expansion and addition of high-occupancy-vehicle lanes from TH 169 in Eden

Prairie to TH 100 in Bloomington and Edina was proposed by the Minnesota Transportation Group (MTG), Minneapolis, to cost \$266 million. Tolls would average 65¢.

- TH 610, North Cross-Town Parkway. This will complete the TH 610 corridor between I-35W and I-94 as a four-lane tollway, including a new bridge across the Mississippi River, for \$281 million. This project was also proposed by MTG. Toll charge would be \$1.65.

- Wakota Gateway. A toll facility on I-494 in South St. Paul and Newport, including a new I-494 bridge across the Mississippi River for \$181 million, also proposed by MTG. Tolls would average 90¢.

- Duluth-to-Winnipeg Truck Toll Highway. Construction of 322 mi of truck lanes along Highway 2 from Duluth to Crookston and a new route from Crookston north to Winnipeg, Manitoba would carry commodities in heavier and longer trucks to the Port of Duluth. This \$1.323 billion project was proposed by a team led by Transportation Industries International, Washington, D.C., with proposed tolls of 1.2¢ per ton-mile.

## FROM WASTELAND TO PARADISE

As a central part of the country's largest Superfund site, the Warm Springs Ponds near Butte, Mont. could have easily become a waste site closed to the public. But an innovative engineering design turned the ponds into a valuable asset without removing any contaminated soil.

First built around 1918 as a disposal area for copper-ore tailings, the three ponds cover 4.6 sq mi and contain about 19 million cu yd of sediments contaminated with heavy metals. The migration of heavy metals into the surface flows of Silver Bow Creek created an environmental hazard for downstream residents and wildlife. In recent years, EPA found the ponds' flood protection and structural stability seriously deficient under current dam-safety standards.

As owner of the property, Atlantic Richfield Co. hired ESA Consultants Inc., Bozeman, Mont., to design and carry out a solution. ESA devised a solution that surpassed Superfund requirements, cost \$36 million (less than half as much as anticipated in the feasibility study) and kept all contaminants on-site. Work began on the site in 1989, and all remedial design and remedia-

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problems lie in wait for backers of the innovative technology projects and public-private financings that the administration and others in transportation are looking to as the source of significant new funding for facilities that public budgets will no longer be able to cover. For lack of a track record from other projects, Wall Street is still hesitant to dive into the innovative financings now permitted under the 1991 ISTEA and the 1995 NHS Designation Act. If the SEC puts new requirements on issuers, it will make those projects tougher and more expensive to launch.

Tollway Update. The owners of the 14-mile, \$330 million Dulles Greenway, the first new privately-owned toll highway to open for business in a long time, are still publicly confident of getting traffic up to the projections that will pay off for them over the long run. But in the short run, the lag in traffic and revenues has triggered some emergency steps, including a decision to put off a scheduled increase in the tolls and a request for help from the State of Virginia. If the long-range hopes are overtaken by short-term cash-flow problems, missed debt payments could trigger foreclosure and cost the main investors \$82 million, according to the Washington Post.

One way the state might help is to allow speeds of up to 65 or perhaps even 70 miles per hour, now that the national speed limit has been repealed. A bill to bump the Greenway speed limit to 65 has passed one house of the Virginia legislature. Another bill, introduced only a week ago, would allow several kinds of state assistance short of direct funding. The measure would allow Virginia's DOT to make loans using its federal highway dollars, or to provide free engineering and other services. It would also forgive repayment for environmental studies and transfer oversight from a state corporation commission to the state DOT. But the head of the DOT, Robert Martinez, recalling pledges that the project would not cost the public anything, opposes any plan that moves toward increasing "by one penny, the exposure of the state," adding that he speaks for the governor.

January 29, 1996

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Even before its problems, the Greenway project, financed in large part by a major landowner along the route, was discounted by industry observers as a special case, useless as a bellwether for future projects. More to the point is the second such project, the \$126 million ten-mile stretch of new toll lanes added to the median of an Orange County, CA freeway. The toll segment opened for business December 27, with the capability of high-tech automatic toll collection and variable peak-hour pricing that the Dulles Greenway planned to have but has yet to install. Engineering News Record reported earlier this month that officials were unwilling to give early traffic figures for the new California toll lanes.

Silver Lining. The January snows in the Northeast may have put a crimp in most merchants' sales for the month, but once the snows lifted, and in some cases even before, it seemed that the Blizzard of 1996, or at least the first blizzard of 1996, would be on balance a sales booster for some parts of the auto business. First, is the four-wheel drive market, the "sport-utility" vehicles that have been taking over more market share for several years. With four-wheelers the only thing moving for several days at a time, dealers noted a boost in interest, with USA Today reporting that one Land-Rover dealer in Virginia has sold nine models in the week after the storm, compared with his usual monthly average of 12 to 15. Another Virginia dealer got an offer to buy a Ford Explorer "only if I see you drive it up and down my driveway twice." The dealer did and made the sale.

The Wall Street Journal reports that auto parts suppliers can expect an even greater bonanza selling replacements for everything from windshield wipers to new axles, based on the experience of past bad winters. The Journal notes that while replacement "crash parts" are not as expensive as they used to be, thanks to pressure from the auto insurance industry, a replacement part, not counting installation, still runs about three times the cost of the original part.

Hot Cars. The Journal also reported last week that cars are also worth up to three times their value if they are stolen and resold abroad in developing nations with high tariffs on legal imports of U.S.-made vehicles. The National Highway Traffic Safety Administration published a Federal Register notice January 18 listing the most popular targets for theft based on statistics for 1993 thefts of 1993 model year vehicles. And the winner is, based on thefts as a percentage of production, the Mitsubishi Montero, with a rate of 26.4 stolen per thousand produced. Next are the Chrysler LeBaron (23.6) Ford Mustang (17.5) and Volkswagen Cabriolet (16.0). Tied at the bottom of the same NHTSA list are the super-pricey Ferrari, Jaguar, Lotus, Lamborghini and Rolls-

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# **SENATE TRANSPORTATION COMMITTEE**

**February 1, 1996**

**Michael L. Johnston  
President/CEO  
Kansas Turnpike Authority**

**Mr. Chairman and Distinguished Committee Members:**

**I am pleased to be with you today and offer a few comments on SB401. As you know, this measure would allow the Secretary of Transportation to conduct studies concerning "the feasibility of constructing a new toll project or turnpike project or designating existing highways or any portion of such highways as a toll project or turnpike project." The Kansas Turnpike Authority supports this bill.**

**The whole area of transportation finance policy is being re-evaluated today all across America. The Federal Government has made several policy changes that encourage states to consider tolls as an additional alternative on all but the interstate portion of the National Highway System. Here in Kansas, as this bill clearly shows, new interest is being directed at whether or not tolls might play more of a role in our transportation future as an additional component to help pay for transportation improvements virtually all of us want.**

**Under current law, any turnpike or toll project must be shown to be feasible, without state subsidy, in order to proceed. The underlying policy change suggested by this bill would make it possible for the Secretary to consider**

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tolls as one element of a funding package on projects he or she may wish to consider. We think that makes sense as a matter of policy and indeed was possible under certain provisions of Kansas law from 1957 to 1978 when the legislature made changes in the law that effectively nullified the authority of the Secretary to subsidize toll projects without further specific legislative authority.

Finally, as a partner with KDOT and FHWA in a project to gather data for the Kansas segment of the Transamerica Transportation Corridor, I think it is extremely important to have detailed information when considering any project that might incorporate tolls into its financial framework.

Unfortunately, no such detailed information exists today for any corridor in our state. This study, for example, will include a toll sensitivity analysis under various tollway strategies, as well as development of future-year traffic and toll revenue estimates at recommended optimum toll levels. Various funding alternatives, in addition to tolls, would also be examined, along with research to evaluate the overall statewide public acceptance of toll roads.

The policy change suggested by this bill is a departure from current policy that offers an interesting new topic for consideration in your ongoing challenge to meet our transportation needs. That consideration, however, must be done fully in context with both the possibilities and limitations of tolls.

I would be pleased to try to answer any questions you may have.



**Kansas Turnpike Authority**  
K-TAG Statistics

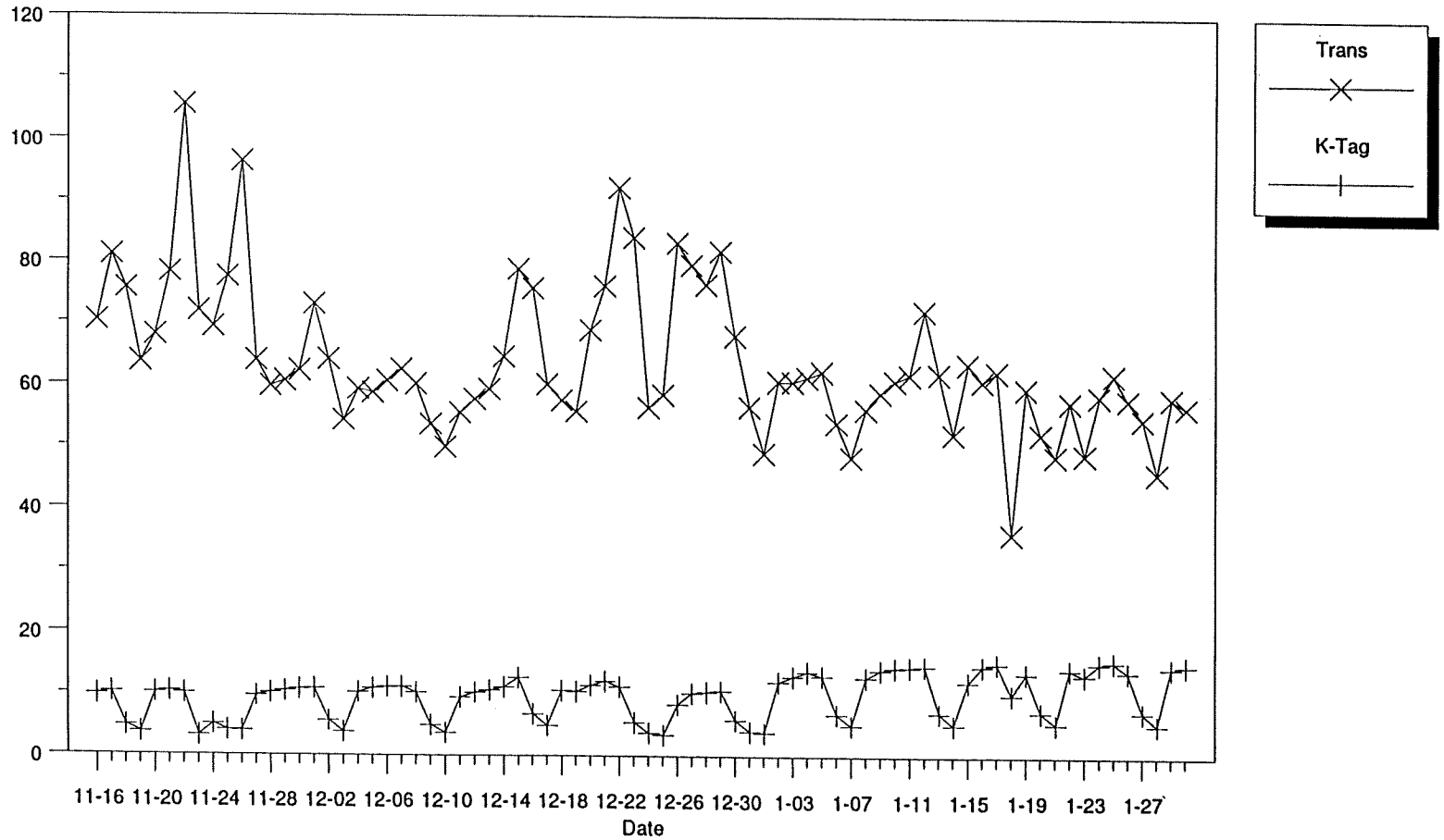


1/31/96

	Number of Accounts	Number of K-TAGs
<b>K-TAG I</b>		
Prepaid/Discount	12,169	33,992
K-TAG I Commercial	2,552	20,086
K-TAG I Individual	9,617	13,906
<b>K-TAG II</b>		
Credit/Non-Discount	3,189	8,034
K-TAG II Commercial	674	3,713
K-TAG II Individual	2,515	4,321
<b>Overall Totals</b>	<b>15,358</b>	<b>42,026</b>

# Traffic Comparison

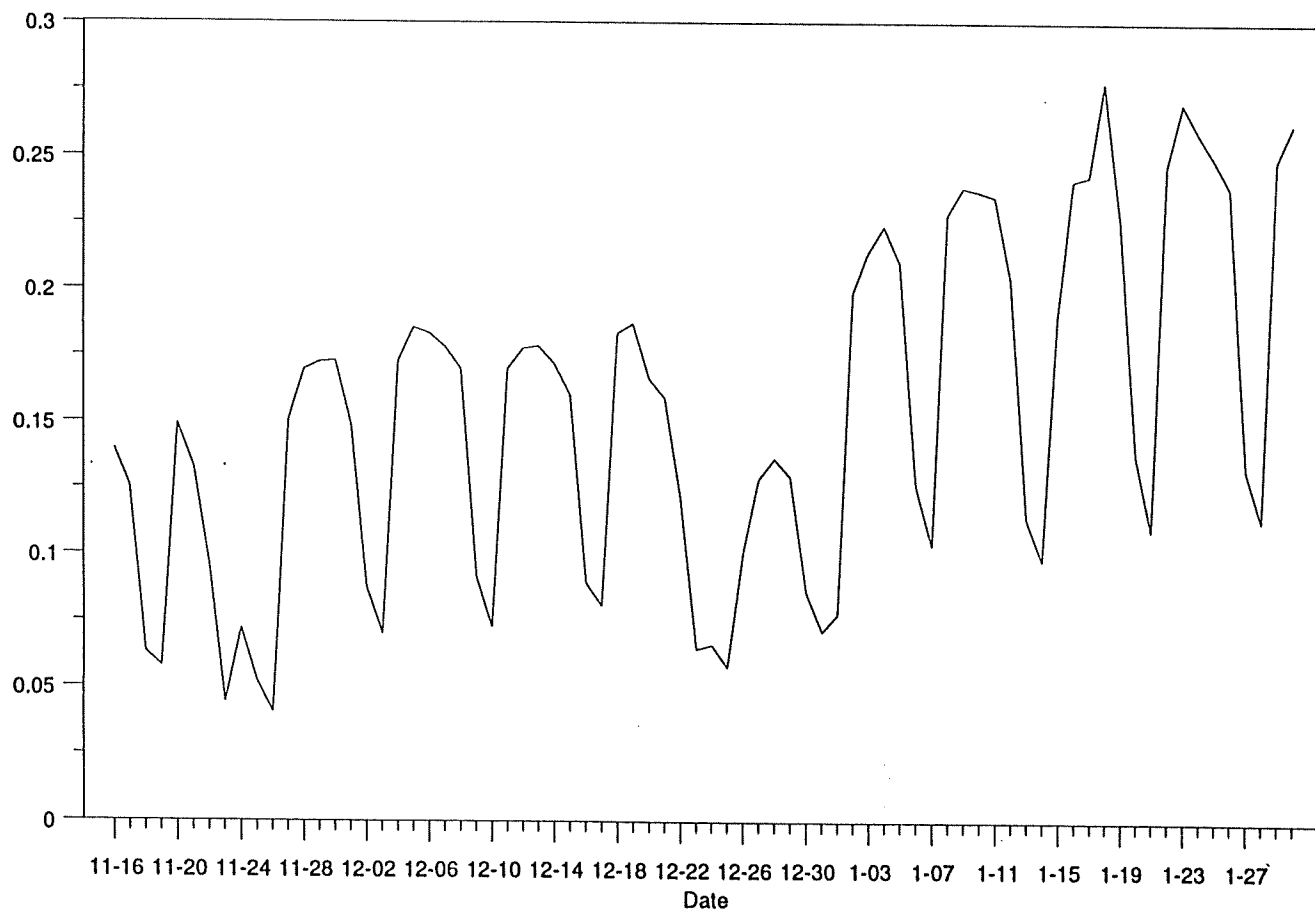
Vehicles (in Thousands)



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# K-Tag Percent of Total Traffic

Percentage



K-Tag %

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January 22, 1996

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Some of the most interesting data was collected with the questions regarding demographic information (gender, level of education, vehicle type, purpose of Turnpike trip, etc.). The responses indicate the following about customers of the Kansas Turnpike:

- 72.8% are Kansans
- the 27.2% out-of-state travelers are estimated to generate almost 50% of the Turnpike toll revenues
- 36.3% are female, 63.7% are male
- 76.7% have education beyond high school
- 82.3% have at least one major credit card
- most people say they use the Turnpike because it is the most direct and fastest route (90.9%)

The questions that dealt with levels of satisfaction among Turnpike customers also revealed that more than 90 percent of those customers are generally satisfied with the Turnpike's features or conditions (e.g., median barrier protection, snow and ice removal, general safety, etc.).

Turnpike officials also used the survey to gauge public knowledge of the K-TAG electronic toll collection program. Responses to the K-TAG questions indicated:

- 39.1 percent were unaware of K-TAG, many of whom were out-of-state or infrequent travelers.
- an estimated 36.7% of all travelers may enroll in K-TAG
- when out-of-state, infrequent travelers are deleted from the sample, an estimated 43.7% of Kansas Turnpike travelers may enroll in K-TAG.
- infrequent use is the primary reason individuals are less likely to enroll in K-TAG; this group makes up 55.9% of the customer base.
- commuters are more likely to enroll in K-TAG (62.1%) than are business users (43.5%). Those using the Turnpike solely for leisure purposes are the least inclined to enroll (26.0%).

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“The survey revealed some very useful information,” said Michael Johnston, President and Chief Executive Officer of the Kansas Turnpike Authority. “Not only do we now have reliable information about many of our customers, but more importantly, it will provide a sound basis to improve our management and to better serve our customers.”

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EDITOR'S NOTE: If you would like a complete copy of the Executive Summary from the survey, contact the Public Relations Department of the Kansas Turnpike Authority, 9401 E. Kellogg Dr., Wichita, KS. 67207-1804 or call (316) 682-4537 ext. 2272.

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## Proposal No. 59

**STUDY TOPIC: Continuation of the Comprehensive Highway Program.\***

### BACKGROUND

In conducting this study, the main activity of the Committee was to hold a series of five meetings across the state for the purpose of informing the public on the status of the Comprehensive Highway Program (enacted in 1989) and due to be completed in FY 2000, all contracts having been let by the end of FY 1997. In addition, public input was solicited regarding highway and transportation issues of concern. These meetings were held in: Liberal (October 23), Oakley (October 24), Kansas City (November 8), Iola (November 9), and Topeka, (November 27-28).

### COMMITTEE ACTIVITIES

#### Kansas Department of Transportation

At each of the meetings, a Kansas Department of Transportation (KDOT) staff person provided a briefing on the Kansas Comprehensive Highway Program (CHP). A central theme of the KDOT presentation was that as CHP is being completed, the agency will be facing a negative cash flow situation early after the turn of the century. This is expected to occur even under a reduced activity scenario which envisions KDOT focusing in FYs 1998 through 2000 on substantial maintenance projects, matching federal aid funds, and paying agency operating costs (including bond principal and interest).

KDOT contends that enhanced funding will be required if any type of aggressive highway program is to be continued beyond FY 2000. Based on projections published by the Legislative Divi-

sion of Post Audit in its November 1995 K-GOAL performance audit report, "Reviewing Highway Construction in Kansas," KDOT faces a negative cash balance in FY 2003.

The following table shows the projected relationship between revenues and expenditures after the conclusion of the CHP and the final payout of bond money derived from that initiative.

**Projected Year-End State Highway Fund Cash Balances  
Fiscal Years 1996 to 2003  
(in Millions)**

Fiscal Year	Beginning Cash Balance	Add Revenues	Subtract Expenses	Ending Cash Balance
1996	\$ 1,069.3	\$ 749.9	\$ 896.1	\$ 923.1
1997	923.1	794.4	1,193.5	524.0
1998	524.0	738.3	963.5	298.8
1999	298.8	719.5	807.0	211.3
2000	211.3	726.4	784.4	153.3
2001	153.3	709.2	773.8	88.7
2002	88.7	712.3	786.3	14.7
2003	14.7	731.3	814.1	(68.1)

The next table presents a comparison of expenses from two different KDOT reports. At the Committee meetings, KDOT reported on the \$3.3 billion figure associated with the CHP. However, when changes in the program's costs and local or other participation are factored into the expenses, \$209.6 million is added to total expenditures and when design and rights of way costs, inspections, and utility relocations are included, \$516.3 million more is added. Total expenses with these additions exceed \$4.0 billion.

\* S.B. 400, S.B. 401, H.B. 2602 and H.B. 2603 accompany this report.

**Projected Comprehensive Highway Program Expenditures  
Fiscal Years 1990 to 2000  
(in Millions)**

Construction Program	KDOT <sup>a</sup>	All	Difference
		Sources <sup>b</sup>	
Substantial Maintenance	\$ 717.1	\$ 779.8	\$ 62.7
Major Modification/ Priority Bridges	1,969.8	2,388.5	418.7
System Enhancements	644.6	889.1	244.5
Grand Total	<u>\$ 3,331.5</u>	<u>\$ 4,057.4</u>	<u>\$ 726.0</u>

- a) Kansas Comprehensive Highway Program FY 1996-97 Plan (KDOT: July 1995).
- b) Expenditure and Other Information about the Status of the Comprehensive Highway Program (KDOT: September 22, 1995).

**Note:** Bond principal and interest payments are not reflected in these figures because debt service is included for reporting purposes in agency operations and administration.

The next table indicates how much KDOT plans to spend for highway improvements during FYs 1988 through 2000 by category of expenditure. Slightly less than \$1.0 billion would be spent in this three-year period after the CHP, if no new revenue sources are provided.

**Estimated Interim Highway Project Listing Expenditures  
Fiscal Years 1998 to 2000  
(in Millions)**

Construction Program	KDOT <sup>a</sup>
Substantial Maintenance	\$ 491.7
Major Modification/ Priority Bridges	459.9
System Enhancements	0
Grand Total	<u>\$ 951.6</u>

- a) Interim Highway Project Listing FY 1998-2000 (KDOT: July 1995).

KDOT points out that more than one-half of its state revenue stream (motor fuels taxes and registration fees) is not sensitive to inflation and remains relatively flat over time. Only the sales tax transfer and the quarter cent sales tax provide increased revenues as a result of inflation.

The following table shows the major revenue streams and relative decline in constant dollars of different revenue sources: Quarter cent sales tax (0.25%), sales tax demand transfer (T/F), motor fuels tax, and motor vehicle registrations (MV Reg.).

**Selected State Highway Fund Revenues: FY 1990 to 2000  
(In Millions)**

Fiscal Year	Sales Tax			Fuels Tax		MV Reg.	
	0.25%	90\$ <sup>b</sup>	T/F	90\$ <sup>b</sup>	Est.	90\$ <sup>b</sup>	Est.
1990	\$47.3	\$47.3	\$63.5	\$63.5	\$114.0	\$114.0	\$ 90.4
1991	54.0	51.2	74.4	70.5	121.0	114.0	101.2
1992	56.4	51.8	78.0	71.7	129.0	119.0	104.1
1993	60.8	54.2	75.5	67.3	158.0	141.0	107.8
1994	66.5	57.7	79.1	68.7	167.0	145.0	105.0
1995	70.4	59.4	81.5	68.8	168.0	142.0	114.2
1996 <sup>a</sup>	71.9	58.9	84.5	69.2	169.0	139.0	112.0
1997 <sup>a</sup>	74.8	59.4	93.7	74.4	171.0	136.0	113.0
1998 <sup>a</sup>	77.8	59.9	97.0	74.7	172.0	133.0	114.0
1999 <sup>a</sup>	80.9	60.4	100.8	75.3	172.0	129.0	115.0
2000 <sup>a</sup>	84.2	61.0	104.9	76.0	172.0	125.0	116.0

- a) Projected revenues as of November 20, 1995, from KLRD/KDOT for FY 1996-2000.
- b) Constant dollars (90\$) are revenues adjusted for inflation at the CPI-U with 1990 = 100.

**Division of Legislative Post Audit Report.**

Staff of the Division of Legislative Post Audit presented to the Committee the November 1995 K-GOAL audit of the KDOT. The major purpose of the report was to ascertain whether KDOT had met the goals established by the CHP. The overall finding was:

- If KDOT accomplishes the work it has planned for FYs 1996 and 1997, it will have achieved almost all of the major goals of the program. One major goal of the CHP was to improve the top 16 percent of the existing state highway system needs through major modification projects. According to the report, KDOT would need to complete major modification projects on about 1,456 miles of state highways in order to meet this goal. If KDOT contracts for the 311 miles planned for FYs 1996 and 1997, it will have improved a total of 1,527 miles or 71 more miles than necessary to meet the statutory goal.

- KDOT has exceeded the CHP goal of spending \$600 million for System Enhancement projects by committing nearly \$650 million for these projects.
- KDOT has reversed the decline in the surface condition of the highway system's roads and bridges as required through the substantial maintenance program.
- KDOT has exceeded the requirement of the CHP to spend \$2.5 million for highway, bridge, and substantial maintenance projects in each county. Each county will receive at least \$2.5 million. Only eight counties will receive less than \$5 million.
- It is not clear whether KDOT has fulfilled the expectation to increase priority bridge projects by the statutory requirement of 20 percent. The priority bridge program is intended to replace or rehabilitate substandard bridges on the state highway system. Although the CHP established the goal of increasing priority bridge projects by 20 percent, it failed to specify a base period from which that 20 percent increase should be measured. KDOT will complete 188 of these projects as part of the CHP.
- KDOT has not spent the required amount for transportation programs to assist the elderly and disabled. KDOT was required to spend \$390,000 for each fiscal year through FY 1994. In 1995, this amount was increased to \$1 million per fiscal year. In none of those years did KDOT meet the statutory requirement.

**Testimony from the Public.** During its series of meetings, the Committee received input from a variety of persons from the general public. Uniformly, persons who appeared before the Committee were complimentary of the Legislature for its foresight that resulted in the CHP. Not a single complaint was registered about the tax increases upon which the program was based. Furthermore, these persons were unanimous in their support for continuation of some form of an aggressive highway program which includes both

enhancements and new projects. A program which focuses only on maintenance as the current system was regarded as unacceptable. Following is a summary of various issues brought to the Committee's attention:

- Certain sections of highways should be upgraded to enhance local economies.
- Increased traffic due to economic and population growth on certain portions of highways have created safety concerns.
- Consideration should be given to the potential of toll roads as one way of financing the construction or reconstruction of highways.
- The Legislature should begin exploring the need for a new highway program in order to avoid deterioration of the present system.
- In response to federal legislation which repealed federally imposed speed limits, consideration should be given to state imposed speed limits that are higher than was the case under federal law.
- Consideration should be given to increased funding for public transit systems.
- The needs of local roads should be considered as part of a highway program.

## **CONCLUSIONS AND RECOMMENDATIONS**

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### **Highway Financing**

**New Highway Program.** Information presented by KDOT shows that substantial deficiencies in the highway system will remain after the completion of the CHP. According to KDOT, these deficiencies include 1,750 miles of shoulder width, 3,650 miles of shoulder type, 7,615 miles of pavement more than 20 years old, 395 bridges with significantly deficient conditions, and 410 bridges with critically deficient width. These pressing needs along with a projected shortfall in



revenues just for minimal maintenance of the highway system suggest the need for the Legislature to again address highway needs through development of successor highway program. Accordingly, the Committee recommends that the 1997 Legislature study highway needs and develop a proposed financing plan designed to address those needs so that the momentum created by the 1989 CHP can be continued. All potential sources of new or enhanced revenue should be considered, including, but not limited to, fuel taxes, registration fees, sales and use taxes, State General Fund transfers, toll road fees, and Economic Development Initiatives Fund proceeds. The relative merits of accelerating highway improvements by adopting another bonding program also should be evaluated. On a related issue, the Committee recognizes the potential effects of increased reliance on motor vehicle alternative fuels and the implications thereof on revenues to the State Highway Fund. The Legislature will need to stay abreast of this matter.

**Transfer of Sales Tax Funds.** During its hearings, the Committee received testimony which indicated that in the past the State Highway Fund has not received the amount of the sales tax transfer from the State General Fund as is prescribed by the general law. It was noted by the Legislative Division of Post Audit that, since the 1989 CHP legislation increased the transfer of sales tax receipts, the Legislature in every year beginning with FY 1991 has reduced that demand transfer either by making a percentage cut or by limiting the increase of the amount transferred. The cumulative reduction in the amount of the transfers totaled almost \$17.8 million through FY 1995. Consequently, KDOT has not received the full benefit from the increased transfer of sales tax revenues as authorized by the 1989 legislation. The Committee recommends that the Legislature refrain from capping or reducing the transfer of moneys generated by sales tax receipts.

**Changes in State Gaming Revenue Distributions.** The Committee views highway construction and reconstruction as one form of economic development. Therefore, the Committee recommends legislation designed to modify the distribution of state gaming revenues in order to provide additional funds for transportation projects. The Committee proposes that 15 percent of the funds from the State Gaming Revenues Fund be allo-

cated for highway financing. (The proportion of funds allocated for the Economic Development Initiatives Fund (EDIF) should be decreased from the current 85 percent to 70 percent of gaming moneys.) In addition, the Committee recommends that the \$50 million cap on gaming moneys used for economic development purposes be removed so that all such revenues can be used for economic development purposes. (Currently, any funds accruing in excess of \$50 million in a fiscal year from gaming revenues are transferred to the State General Fund.)

**Transportation Systems for the Elderly and Disabled.** The Committee agrees with conferees representing the public transit systems that additional state funds are needed for continued operation of these systems. The Committee recommends an additional yearly increase of \$100,000 as part of any new highway program. The Committee supports the practice of using local matching funds to help support these systems.

**Toll Facilities.** The Committee recognizes the growing acceptance of toll roads as an integral part of a highway system. This change in thinking is reflected in the federal Intermodal Surface Transportation Efficiency Act of 1991. The Act now allows federal aid to be used in such areas as initial construction of toll facilities and other related toll road activities. Current state laws effectively prohibit the construction of toll roads unless the project is economically viable based on the toll revenue generated. The Committee is proposing legislation designed to change the state policy from a premise which suggests that toll facilities, if used, must be viable as related to toll revenues generated to one in which toll revenues are considered as but one component of what might be a multi-faceted financing plan for either a new or existing facility. Under this premise, project feasibility studies would need only to address the role that tolls would play as an element of the facility's total financing package. The Committee is proposing legislation which would allow KDOT to conduct feasibility studies or to contract with the Kansas Turnpike Authority for the conduct of such studies for proposed projects involving construction of toll roads or for conversion of existing facilities into toll facilities.

**Speed Limits.** On November 28, 1995, the President of the United States signed into law the

National Highway System Designation Act of 1995. Among other things, the Act repeals the federal mandate on speed limits. A provision in the Act, however, provides that the repeal will take effect on the 10th day following the date of enactment unless the governor signs a declaration within such period permitting the Legislature time to review the state's speed limit laws. If the Governor signs such declaration (which Governor Graves has done), the Legislature has 60 days following convening of the 1996 Legislative Session (March 8, 1996) to act on the matter. If no action is taken within the 60-day period, the speed limits which were in place in 1974 will take effect. These provisions:

- set the speed limits on any highways outside the corporate limits of any city for passenger vehicles and buses, other than school buses, and motor vehicles registered for a gross weight of 12,000 pounds or less, at 70 miles per hour during the daytime and 60 miles per hour during the nighttime;
- provide for maximum speed limits on the interstate of 75 miles per hour during the daytime and 70 miles per hour during the nighttime;
- set a speed limit of 60 miles per hour for any combination of vehicles and trucks registered for a gross weight of more than 12,000 pounds;
- provide that a school bus being driven to or from school, or interschool or intraschool functions or activities, shall not exceed a speed greater than 45 miles per hour on a road having a dirt, sand, or gravel surface; and
- provide that in no event shall a school bus be driven to and from school, or school functions or activities, at a speed in excess of 55 miles per hour.

The Committee recommends legislation that would establish the maximum speed limits as follows:

- 75 miles per hour on Interstate highways and other fully accessed controlled four-

lane highways except, for trucks with a gross weight over 20,000 pounds, the limit is 65 miles per hour; and

- 65 miles per hour on all other highways except, for trucks with a gross weight over 20,000 pounds, the limit is 55 miles per hour.

The legislation also:

- continues the policy which allows any motorist to exceed the speed limit by 5 miles per hour on roads under jurisdiction of the Secretary without having such violation considered as a moving violation for purposes of suspension of driving privileges and which prohibits such violations from being part of the public record and being considered by an insurance company in determining the rate charged for any automobile liability insurance policy or the need for canceling any such policy; and
- grants the Secretary of Transportation the alternative of altering speed limits on highways under the Secretary's jurisdiction without first conducting an engineering study.

The Committee also urges the Secretary to initiate studies on the potential implications of changes in the state's speed limit laws.

**Blood Alcohol Concentration.** The Committee received notice from KDOT that the National Highway System Designation Act of 1995 contains a new requirement that states enact legislation that considers drivers under age 21 with blood alcohol concentration of 0.02 or greater to be intoxicated or under the influence. Failure to comply will result in the withholding of 5 percent of construction funds effective federal FY 1999. This penalty increases to 10 percent in federal FY 2000. The Committee recommends legislation in order to bring Kansas into compliance with this federal requirement.