

Approved: 2-15-99
Date

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Chairperson Rep. Gary Hayzlett at 2:10 p.m. on February 11, 1999 in Room 519-S of the Capitol.

All members were present except:
Representative Flora, excused

Committee staff present:
Bruce Kinzie, Revisor
Hank Avila, Research
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:
Lonie Addis/Vice President, Kansas County Commissioners Association
Larry Tucker, Reno County Treasurer/President, Kansas County Treasurers' Association
Judy Mohler, Kansas Association of Counties

Others attending:
See attached sheet

HB 2142 - vehicle registration service fees, increasing

The Chair opened hearings on **HB 2142**. Lonie Addis was the first presenter. He told the committee asking any county to increase its levy on property taxes to support the motor vehicle operations of the Treasurer's Office is not fair to the constituents. By passage of **HB 2142** the county treasurers can continue their service to the state and local units of government without the added burden of additional property taxes. (Statement 1)

Larry Tucker presented testimony in support of **HB 2142**. He stated this bill had been drafted and submitted by the Kansas County Treasurers' Association as a result of a study which was done which shows how much it is costing local county governments to provide, what amounts to a state function, a fact which has created an additional burden at the local level to fund and provide in an efficient and timely manner. He included the results of that survey in his testimony. He concluded it had been almost ten years since the state raised the fees to help local counties fund the costs to process vehicle transactions across Kansas and he asked support of this bill. (Attachment 2)

Judy Mohler stated counties of Kansas are willing to serve as partners in the task of vehicle registration, however, this partnership needs to continue in a way that allows counties to recover expenses for the task and not require a subsidy from the local county budget. (Attachment 3)

Following questions from the committee, the Chair closed hearings on **HB 2142**.

A response to questions to the Secretary of Transportation at the January 27th meeting was distributed to the committee. (Attachment 4)

The Chair adjourned the meeting at 2:55 p.m. The next meeting of the House Transportation Committee will be held on Monday, February 15, 2:00 p.m. in Room 519-S.

HOUSE TRANSPORTATION COMMITTEE GUEST LIST

DATE: February 11, 1999

NAME	REPRESENTING
Lonie R. ADDIS	LeBette County ^{Kansas County} Commissioner
Rita Gipe	KCTA - GRANT Co Treas
Diane Bentley	KCTA - Steeple Co. Treasurer
Joyce WALKER	KCTA - Lincoln Co Treas
DARA Linton	KCTA - Osborne Co. Treas
Nancy Weeks	KCTA - Haskell Co. Treasurer
Christer Little	KCTA - Rush Co. Treasurer
Kathy Nemast	KCTA - Murray Co. Treasurer
Kathy Johnson	KCTA - Pawnee Co Treasurer
Christa Splida	KCTA - Clark Co. Treasurer
Patty Jones	KCTA - CM Co. Treasurer
Eddie Davey	Leira County Treas - KCTA
Pam Woods	deputy Treas - Riley Co.
Donna Sholite	KCTA - PRATT Co TREAS.
Jean Kennedy	Sedgwick Co - KCTA
Jeff Heiman	Rep. Larkin & Rep. Reardon
Jo Ann Raaf	Coffey Co Treas - KCTA
Cileen King	Riley Co. Treasurer

HOUSE BILL No. 2142
POSITION STATEMENT
KANSAS COUNTY COMMISSIONERS ASSOCIATION

The Kansas County Treasurer's Association approached our association about the concerns of some counties not having sufficient motor vehicle funds to operate that phase of their offices. Furthermore, it was projected that in the coming years that more and more counties would likewise not have sufficient funds.

At our Executive Board Meeting of the Kansas County Commissioners Association on September 9, 1998, we unanimously endorsed the Treasurer's initiative to amend K.S.A. 1998 Supp. 8-145d concerning vehicle service registration fees.

Since the outset of registering and licensing vehicles, the Kansas legislature has seen fit to insure the process would be self-sufficient. I can't imagine any of the 105 counties in Kansas wanting to spend general fund monies to carry out the vehicle duties of the County Treasurer. It is essential that service fees be adequate enough to allow county treasurers to carry out their duties. No elected official wants increased property taxes if they can avoid it. To ask any county to increase its levy on property taxes to support the motor vehicle operations of the Treasurer's Office is not fair to our constituents.

By the passage of HB 2142, the county treasurers of this state can continue their excellent service to the state and local units of government, without the added burden of additional property taxes.



Lonie R. Addis/Vice-President
Kansas County Commissioners Association

House Transportation Committee
February 11, 1999
Attachment 1

TO : House Transportation Committee

FROM : Larry Tucker, President, Kansas County Treasurers' Association

DATE : February 11, 1999

RE : HB 2142

Thank you Mr. Chairman and members of the committee. My name is Larry Tucker. I am currently the Reno County Treasurer and the president of the Kansas County Treasurers' Association. I come before you today to speak in favor of House Bill 2142, which will raise the fees charged for the processing and handling of the 2.3 million vehicle registrations across Kansas. This legislation has been drafted and submitted by our association as a result of a study which was done last year which shows how much it is costing local county governments to provide, what amounts to a state function, a fact which has created an additional burden on us at the local level to fund and provide in an efficient and timely manner.

Let me first turn your attention to the attached FACT sheet which summarizes the history and concerns, we at the county level are having to address.

1. Our survey of 100 counties revealed that the present average loss across the state is \$ 1.15 per transaction. The total revenue received in 1997 for these counties to process vehicle transactions was approximately \$ 11.5 million. It cost them over \$ 14 million to actually handle 2.3 million registrations or an overall loss of \$ 2.5 million. This computes out to an average loss of \$ 1.15 per transaction.

House Transportation Committee
February 11, 1999
Attachment 2

2. The vehicle fee to cover these costs is currently 75 cents for each tag sold, plus a service fee of \$ 2.25 per transaction. The history of the fees are shown on the FACT sheet enclosed. The last fee increase was in 1990, almost ten years ago. At that the time the service fee was raised from \$ 1.00 to \$ 2.25. The 75 cent processing fee has not been raised since 1978.
3. During recent years, counties have been asked to handle another state function, the issuance of driver's licenses. Currently, 62 counties across Kansas are processing driver's license applications for the state and are receiving no fee for providing this service.
4. The state does allow counties to charge 50 cents for the mailing of registration decals and tags. However, this fee has been the same for many years and as a result the counties have again been asked to make up the deficit when mailing tags. Postage to mail a decal costs about 33 cents, however that costs goes up to over \$ 1.50, when tags are mailed to owners.
5. Many counties, including my own are up against the state imposed tax lid to fund their budgets. Whenever, there is not enough revenue to support the total costs to process vehicle transactions, the county must subsidize the state of Kansas motor vehicle offices. For those who can, this means increases in local taxes. When counties, such as mine are up against the tax lid, they cannot fund the treasurer's budget to make up these costs. Because county commissions set personnel policies for other county elected officials such as myself, last year the my commission refused to hire a tag clerk position, which had a direct impact on the timelines of service for vehicle owners. Last November, the lines at the my courthouse went out the front door, because I did not have the necessary staff to handle all the end of the month customers. This was a reflection on me, because I am the official that must provide the service.

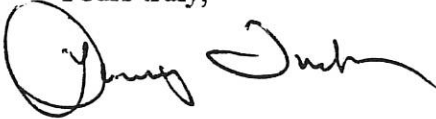
What we are talking about today, is the necessary funding needed to operate the motor vehicle offices across the state of Kansas. This bill would increase the service fee \$ 1.25, from \$ 2.25 to \$ 3.50 during the calendar years 2000 and 2001. This increase would make up for the current average loss across Kansas. In addition, this bill would then increase the service fee another 50 cents in calendar year 2002 and 2003 to \$ 4.00 and another 50 cent increase in calendar years 2004 and thereafter to \$ 4.50. Instead of our association and counties having to come back to you again in three or four years for another increase, this legislation would allow for future increases to cover the operating costs from inflation associated with the handling of vehicle transactions.

One of the things we county officials notice the most, is the appreciation of vehicle owners having the ability to have someone at the local level to service them and be available to answer the many questions related to the issuance of titles, tags and special plates and registrations. It is especially appreciated by the handicapped and elderly patrons, who rely on someone they know locally to take care of their special needs. The state touches the lives of every Kansan when it can reach out through the courthouse and provide a necessary service. However, for local governments to continue this, it has become necessary for the state to provide them with the opportunity to properly fund this service.

It has been almost ten years, since the state raised the fees to help local counties fund the costs to process vehicle transactions across Kansas. We are not asking you to give county governments a windfall. We are simply asking you to eliminate the current average loss to handle these transactions and to allow counties the ability to continue with the kind of service that is important to the vehicle owners of Kansas. Remember, this is a state function being provided by county governments.

I would be happy to answer any questions you might have. Thank you.

Yours truly,

A handwritten signature in black ink, appearing to read "Larry Tucker". The signature is written in a cursive style with a large initial "L" and a long, sweeping tail.

Larry Tucker, President
Kansas County Treasurer's Association
206 West 1st Avenue
Hutchinson, Kansas 67502
316-694-2938

FACTS SUPPORTING H. B. 2142 TO INCREASE SERVICE FEE TO FUND COUNTY MOTOR VEHICLE DEPARTMENTS OF THE STATE OF KANSAS

- Present average loss across the state per transaction **\$1.15.**
- 1978 - Legislation passed increasing the amount retained by treasurers for operational expenses for the Motor Vehicle Department from **\$.50 to \$.75** for each tag sold. Has not been increased since then.
- 1982 – A service fee was passed by the legislature to start at **\$.75** to help pay the costs of operating the Motor Vehicle Department.
- 1985 – Legislation was passed increasing the service fee from **\$.75 to \$1.00.**
- 1990 – Legislation was passed increasing the service fee from **\$1.00 to \$2.25.** Has not been increased since then.
- **62 counties** are processing driver's license for the State of Kansas and receiving no fee from the state for providing this Service.
- Postage to mail tags and renewals has been at **\$.50 for years.** Presently counties are required to make up the deficit when mailing tags.
- **MOST COUNTIES ARE SUBSIDIZING THE STATE OF KANSAS MOTOR VEHICLE OFFICES.**



KANSAS
ASSOCIATION OF
COUNTIES

TESTIMONY
Concerning HB 2142

Presented by Judy A. Moler, Legislative Services Director/General Counsel
Kansas Association of Counties
House Committee on Transportation
February 11, 1999

Chairman Hayzlett and members of the committee, the Kansas Association of Counties is in support of HB 2142. The KAC voted at their annual meeting in November to include this legislation in the 1999 platform.

The counties of Kansas are willing to serve as partners in the task of vehicle registration. However, this partnership needs to continue in a way that allows counties to recover expenses for the task and not require a subsidy from the local county budget.

We respectfully request your passage of HB 2142 which would allow counties to pay for the expenses incurred in carrying out this task at the local level.

The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to the KAC by calling (785) 233-2271.

700 SW Jackson
Suite 805
Topeka KS 66603
785•233•2271
Fax 785•233•4830
email kac@ink.org

House Transportation Committee
February 11, 1999
Attachment 3



**KANSAS DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY OF TRANSPORTATION**

E. Dean Carlson
SECRETARY OF TRANSPORTATION

**Docking State Office Building
915 SW Harrison Street, Rm. 730
Topeka, Kansas 66612-1568
Ph. (785) 296-3461 FAX (785) 296-1095
TTY (785) 296-3585**

Bill Graves
GOVERNOR

February 9, 1999

The Honorable Gary Hayzlett
Chairman of House Transportation
Room 115-S, State Capitol Building
Topeka, Kansas 66612

Dear Chairman Hayzlett:

As a result of our presentation to the House Transportation Committee on January 27, 1999, a number of questions required further KDOT response. This transmittal has been prepared to address the following questions:

Representative Larkin

Asked for the ending balance table on page 3 of the handout to be redone with the sales tax transfer uncapped.

See Attachment A.

Representation Loyd

Asked for a copy of information from the Babcock Report on Economic Impacts of the 1989 CHP and also information outlining the criteria and procedures of our original, system enhancement selection process.

See Attachment B and C

Representative McClure

Asked for additional information on the major sources of revenues including a clarification of the distribution of the state motor fuel taxes. Also asked for what each major revenue source provided annually.

See Attachment D

I hope the attached information responds to the Committee's questions. If any additional information is needed, please let me know.

Sincerely,

A handwritten signature in blue ink that reads "E. Dean Carlson".

E. Dean Carlson
Secretary of Transportation

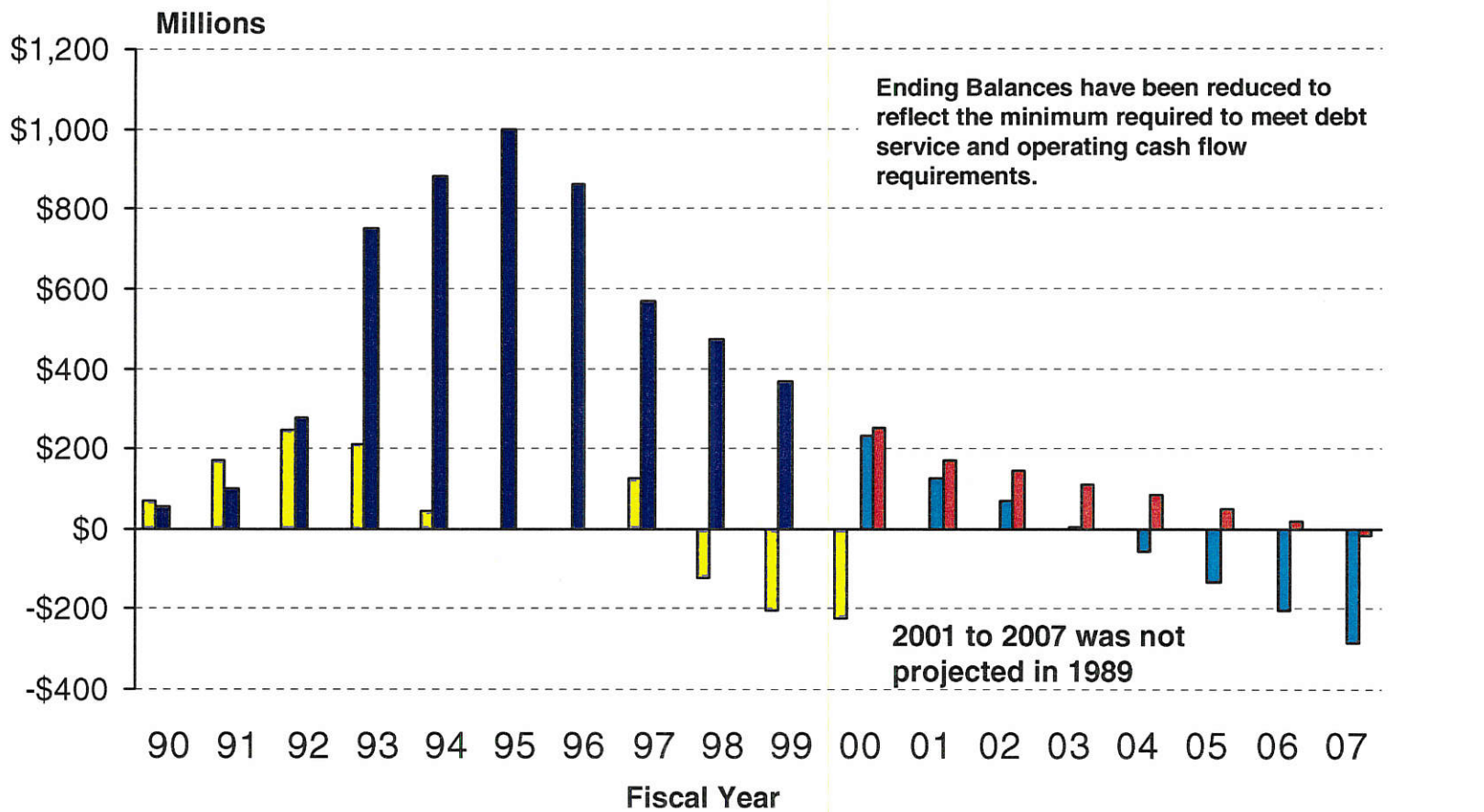
Attachments

cc: Committee Members

House Transportation Committee
February 11, 1999
Attachment 4

State Highway Fund Ending Cash Balances Extended Interim Program

A-2



- At time of 89 HB2014
- Actual CHP and Interim through 1999
- Extended Interim* Assuming Continuation of Sales Tax Transfer Cap
- Extended Interim* Assuming Statutory 7.628% Sales Tax Transfer

* Assumes continued matching of Federal Aid, Substantial Maintenance, & Agency Operations beyond FY 1999.

A-2

ECONOMIC IMPACTS OF THE KANSAS COMPREHENSIVE HIGHWAY PROGRAM

Final Report

Prepared for

Kansas Department of Transportation

by

Michael W. Babcock, Department of Economics
Bernt Bratsberg, Department of Economics

Kansas State University
Manhattan, Kansas

June 1997

NOTICE

The authors and the State of Kansas do not endorse products or manufacturers. Trade and manufacturers names appear herein solely because they are considered essential to the object of this report.

This information is available in alternative accessible formats. To obtain an alternative format, contact the Kansas Department of Transportation, Office of Public Information, 7th Floor, Docking Office State Building, Topeka, Kansas, 66612-1568 or phone (913) 296-3585 (Voice) (TDD).

DISCLAIMER

The contents of this report reflect the views of the authors who are responsible for the facts and accuracy of the data presented herein. The contents do not necessarily reflect the views or the policies of the State of Kansas. This report does not constitute a standard, specification or regulation.

ACKNOWLEDGMENTS

This research project could not have been completed without the assistance and cooperation of many people. Terry Heidner, Richard McReynolds, and Mike Lackey of the Kansas Department of Transportation (KDOT) were helpful in obtaining funding for the research project. The KDOT project monitor, Richard McReynolds, was very helpful in obtaining internal KDOT data that was vital to the success of the project and managed the project in a professional manner. Janis Rowland, Stacia Zeller, and Julie Tooley from KDOT provided computer support to yield the data used for the study. Trudy Racine, Dennis Slimmer, and Rosemary Ingram of KDOT were also vital to the success of the project by providing guidance and support.

John Morrill and Mary Hancock (KSU Department of Economics) and John Leatherman (KSU Department of Agricultural Economics) provided valuable data gathering and computer expertise to the project.

Marcy Kanak, Joelle Wolters, and Susan Koch of the Department of Economics typed the draft of the final report. Velda Deutsch and Julie Whited also provided valuable clerical support.

Special thanks goes to the owners and support staff of the contracting firms that build Kansas highways and bridges. Without their assistance and cooperation, this study would not have been possible.

EXECUTIVE SUMMARY

The final contracts for construction of the Kansas Comprehensive Highway Program (CHP) will be awarded by June 30, 1997. As the executive and legislative branches of the Kansas government consider the next state highway program, it is appropriate to measure the construction economic impacts of the CHP to facilitate an evaluation of the state's investment in highways.

The CHP was established by passage of 1989 House Bill 2014 and the first contracts for construction were awarded in fiscal year 1990. After the final CHP contracts for construction are awarded, approximately \$4 billion will have been spent on CHP projects. After deducting from the \$4 billion the costs for preliminary engineering, utility adjustments, right-of-way acquisition and construction engineering, the remaining \$3.18 billion was devoted to as let construction expenditures. After deducting from the \$3.18 billion the as let costs for construction projects of jurisdictions off the state highway system, the remaining \$2.86 billion was spent on K jurisdiction projects. These are typically those projects on the state highway system outside of cities except for interstate roads, which are classified as K jurisdiction projects regardless of location. This study measures the economic impact of the \$2.86 billion devoted to K jurisdiction construction projects. This is achieved through analysis of a sample of these construction contracts which have a total contract value of \$2 billion.

Given the need for measuring the economic impacts of the Kansas Comprehensive Highway Program, the objectives of the study are as follows:

Objective 1. Measure *direct* output, income, and employment impacts by highway improvement type of the Kansas Comprehensive Highway Program.

Objective 2. Measure *indirect* and *induced* output, income, and employment impacts by highway improvement type of the Kansas Comprehensive Highway Program.

The output impact is the increase in Kansas production as a result of the CHP. The income impact is the increase in Kansas wages and salaries in response to an increase in income of the workers employed on CHP construction projects. The direct impact is CHP induced output, income, and employment within the highway construction industry itself while the indirect impact is the CHP induced output, income, and employment of the industries that supply the construction industry with goods, services, and materials. The induced impact is the additional output, income, and employment in various consumer markets produced by the increased consumer spending of people employed on CHP projects.

In cooperation with personnel from the KDOT Office of Management and Budget and the Division of Planning and Development, the research team selected the following highway improvement types for analysis.

<u>Category</u>	<u>Highway Improvement Type</u>
1	Resurfacing
2	Restoration and Rehabilitation; Reconstruction and Minor Widening
3	New Bridges and Bridge Replacement
4	Major and Minor Bridge Rehabilitation
5	New Construction; Relocation; Major Widening
6	Safety/Traffic Operations/Traffic Systems Management; Environmentally Related; Physical Maintenance; Traffic Services

The objectives of the study are accomplished through the use of a 68 sector, survey-based input-output model (Emerson, 1989) for the state of Kansas developed by the Economics Department at Kansas State University. The objectives are achieved by adapting the model to include six additional sectors corresponding to the six highway improvement types listed above. The input-output data for these six sectors is obtained by surveying highway contractors who obtained CHP (K jurisdiction) highway construction contracts during the period July 1, 1991 to September 30, 1996. We did not attempt to survey all contractors since the larger contracts were obtained by a relatively small number of firms. Thus we surveyed the firms that account for a large percentage of the value of CHP (K jurisdiction) highway construction contracts awarded during the sample period. The surveys include both a personal interview of the owner of the contracting firm and questionnaires containing the firm's purchase and employment data.

The major findings of the study include the following.

1. The economic impact of the Kansas CHP (K jurisdiction) highway construction contracts as measured by output is \$7.4 billion distributed by highway improvement type as follows:

<u>Highway Improvement Type</u>	<u>Value of Highway Contracts (Millions of Dollars)</u>	<u>Output Multiplier</u>	<u>Output Impact (Millions of Dollars)</u>
Category 1	\$647.0	2.671768	\$1728.6
Category 2	1621.6	2.587211	4195.4
Category 3	156.0	2.374471	370.4
Category 4	80.6	2.518010	203.0
Category 5	309.8	2.468194	764.6
Category 6	49.6	2.159928	107.1
Total	\$2864.6		\$7369.1

The output impact for each highway improvement type is obtained by multiplying the value of highway contracts by the output multiplier.

2. The economic impact of the Kansas CHP (K jurisdiction) highway construction contracts as measured by income is \$1.4 billion distributed by highway improvement type as follows:

<u>Highway Improvement Type</u>	<u>Direct Wages and Salaries (Millions of Dollars)</u>	<u>Income Multiplier</u>	<u>Income Impact (Millions of Dollars)</u>
Category 1	\$91.1	2.990495	\$272.4
Category 2	358.9	2.346804	842.3
Category 3	39.1	2.087858	81.6
Category 4	31.2	1.725710	53.8
Category 5	68.2	2.240519	152.8
Category 6	9.3	2.123587	19.7
Total	\$597.8		\$1422.6

The direct wages and salaries are the payments to workers in the construction industry attributable to the CHP. The income impact for each highway improvement type is obtained by multiplying the direct wages and salaries by the income multiplier.

3. The economic impact of the Kansas CHP (K jurisdiction) highway construction contracts as measured by employment is 117,820 full time equivalent (FTE) jobs distributed by highway improvement type as follows:

<u>Highway Improvement Type</u>	<u>Value of Highway Contracts (Millions of Dollars)</u>	<u>Employment Multiplier</u>	<u>Employment Impact (FTE Jobs)</u>
Category 1	\$647.0	37.68	24,379.0
Category 2	1621.6	42.26	68,528.8
Category 3	156.0	41.74	6511.4
Category 4	80.6	54.44	4387.9
Category 5	309.8	39.77	12,320.7
Category 6	49.6	34.12	1692.4
Total	\$2864.6		117,820.2

The employment impact of 117,820 FTE jobs is obtained by multiplying the employment multiplier (employment per million dollars of output) by the value of highway contracts in each highway improvement type and then summing all six categories.

4. The output, income, and employment impacts measured in this study under-estimate the economic impact of the Kansas CHP (K jurisdiction) highway construction contracts since we were unable to obtain input purchase data for highway work that was subcontracted. The effect of this is to omit the economic impact of the inputs that the highway contractors purchased from each other. Thus the economic impacts measured in this study are conservative estimates.

5. An output multiplier measures the increase in Kansas total output (production) in response to an increase in the output of one of the various Kansas highway improvement types. An income multiplier measures the increase in Kansas total income in response to an increase in income of the workers employed in one of the various Kansas highway improvement types. The employment multiplier measures the overall employment impact per million dollars of CHP highway contract

value. The output, income, and employment multipliers for the six highway improvement types are as follows:

<u>Highway Improvement Type</u>	<u>Output Multiplier</u>	<u>Income Multiplier</u>	<u>Employment Multiplier</u>
Category 1	2.671768	2.990495	37.68
Category 2	2.587211	2.346804	42.26
Category 3	2.374471	2.087858	41.74
Category 4	2.518010	1.725710	54.44
Category 5	2.468194	2.240519	39.77
Category 6	2.159928	2.123587	34.12

6. The major supplying industries that are common to most of the six highway improvement types are Nonmetallic Mining, Petroleum and Coal Products, Cement and Concrete, Motor Freight, and Fabricated Metals.

Nonmetallic Mining consists mostly of crushed stone, sand, gravel, and aggregate while Petroleum and Coal Products includes asphalt, paving material, oil and greases, and diesel fuel. Fabricated Metals consists of fabricated structural steel, reinforcing steel, rebar, guard rail, bridge rail, sheet metal, and metal pipe.

7. The significance of imports (purchases from out-of-state suppliers) in the input structure varies by highway improvement type. For Categories 3 and 6, imports account for 30 and 36.7 percent of purchases from supplying industries (total inputs minus final payments except imports). The corresponding percentage for Category 1 is only 6.3 percent. Thus Category 1 has the largest output multiplier since most of the economic impact is internalized within Kansas. Conversely, Category 6 has the smallest output multiplier since it has the largest propensity to import.

Although the economic impacts measured in this study are considerable, it should be noted that highway investment yields many other benefits to highway users that are beyond the scope of this project. For example highway improvements that reduce congestion can result in reductions in vehicle operating costs such as maintenance, fuel, tires, and depreciation. These improvements can also reduce average travel times and result in lower highway accident costs. Further research is needed to quantify these highway user benefits.

From June 1990 CHP Program Book

SYSTEM ENHANCEMENT PROGRAM

The System Enhancement Program, the fourth major component of the Comprehensive Highway Program, was established in K.S.A. 68-2314(b)(5), which states that the Secretary of Transportation shall include in the highway program...**“system enhancements, which include additions and special projects that substantially improve safety, relieve congestion, improve accesses or enhance economic development.”**

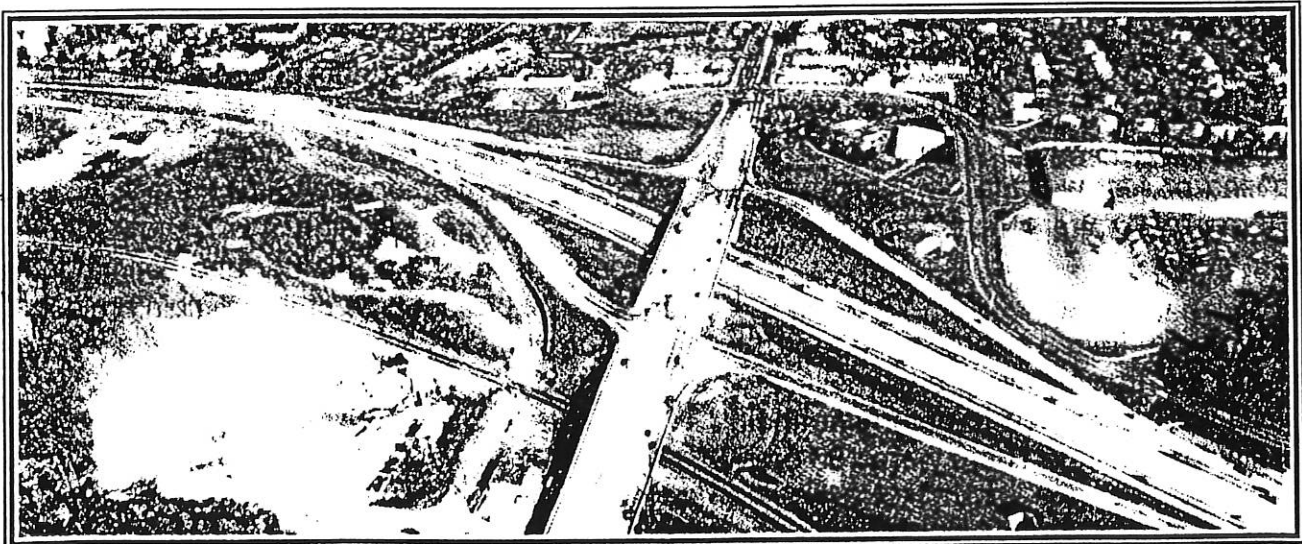
Of the \$2.65 billion in new revenue provided by the act, \$600 million was allocated to finance the System Enhancement Program and increase funding for two of the Department's Local Partnership Programs. Over the eight-year Program, approximately \$28 million will be used for the Geometric Improvements on City Connecting Links and the Economic Development Set-aside Programs leaving \$572 million for financing the new Program.

The remainder of K.S.A. 68-2314(b)(5) requires the Department of Transportation

to develop and utilize criteria to select the system enhancement projects. During development of the bill, the Interim Transportation Committee recommended that the Secretary of Transportation develop criteria for the selection of system enhancement projects and present the criteria to the 1989 Legislature. The Department did so and presented the proposed criteria to the House Transportation Committee on February 21, 1989, and to the Senate Transportation Committee on March 23, 1989.

It was determined that there were three distinct types of projects that would fit the description for system enhancement projects. These project types included Corridors, Interchanges/Separations, and Bypasses.

In comparing the characteristics of the three types of projects, it was apparent that no single set of criteria would be sufficient to compare the three types against each other. During testimony on the criteria, it was noted that the funding would be divided into the



three separate categories. The Department advised the committees that additional credit would be given to a project for local match as well as for lane-miles removed from the Highway System. Local match was viewed as a way to measure a local community's support for a project based upon their willingness to invest money in it and lane-miles removed from the System was a way to gain local cooperation in removing redundant miles from the State Highway System.

The Department also noted during testimony that this would be a program under which KDOT would solicit applications. In order for a project to be considered, a city, county or combination thereof would submit an application to KDOT. The Committees took no action to either accept or reject the evaluation criteria nor the concept of such an approach.

Soliciting Applications

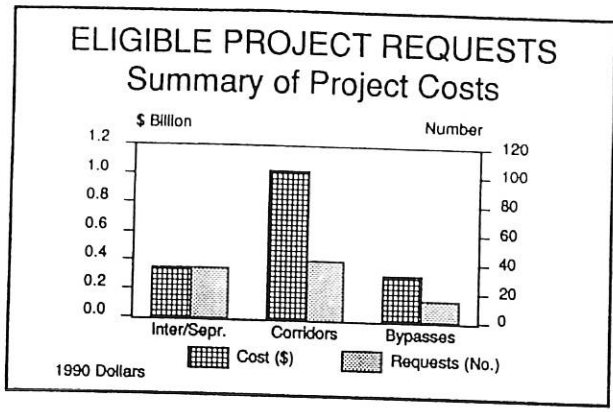
Implementation was initiated immediately after passage of the bill. An information and application packet was prepared and sent on June 21, 1989, to all mayors, city engineers, street superintendents, county commissioners, county engineers and road supervisors. The accompanying schedule indicated that a letter-of-intent, a map and a one page description of the proposed project were to be submitted to the Bureau of Program Management by August 1, 1989.

Letters-of-intent were received for 153 projects. In the following six weeks the projects were screened to determine their eligibility for funding. There were 106 proj-

ects determined eligible and 47 judged ineligible. Many of these projects could not be defined as enhancing the State Highway System, but could instead be classified as major modification work or geometric improvements. About half of the requests for improvements included roads which were not part of the State Highway System, instead being county or city routes. On September 15, 1989, cities and counties were notified of their proposed project's eligibility to further compete for funds.

Although a cost estimate was requested with the letter-of-intent, the official cost estimates, based on appropriate design standards, were prepared by KDOT staff. These estimates were in 1990 dollars and were furnished to the applicants for use in preparing the final applications.

The 106 eligible projects for which KDOT had received a letter-of-intent were estimated to cost approximately \$2 billion. The final application deadline was initially set for November 1, 1989, but was later moved to December 1, 1989, to give the applicants additional time. By the December 1, 1989, deadline, 90 projects were submitted as final applications. The estimated total construction cost in 1990 dollars was \$1.7 billion for the 90 candidate projects. Forty-one (41) of the projects were for corridor improvements, 35 were for interchange/separation improvements and 14 were for bypasses. The following chart shows the comparison of the number and estimated costs by project type of the eligible project requests.



Due to the lead time necessary to prepare plans, acquire right-of-way and relocate utilities, the total cost of the candidate projects, adjusted for inflation, was estimated to be \$2.186 billion. This resulted in available funds being sufficient to fund only 26 percent of those requested.

Listed below are the criteria which were presented to the House and Senate Transportation Committees and adopted by the Department for project selection purposes:

Corridor Improvements

These are projects which substantially improve the capacity and serviceability of significant segments of a route. Corridor improvement projects must either be on the current State Highway System or must be a logical addition to the System, as determined by the Department of Transportation. The criteria for evaluating candidate projects for Corridor improvements are as follows:

Corridors

Evaluation Attributes	Relative Weights
Econ. Dev. Enhancement	20
Present Vol/Cap Ratio	25
Est. Fut. Vol/Cap Ratio	20
Average Trip Length	5
Accident Rate	5
Fatality Rate	5
Priority Formula Rating	10
Truck Traffic	10
Subtotal	100
Lane-miles removed from City Connecting Links and/or Rural Highway System	Unlimited
Percent Local Match	0 to 100

Interchanges/Separations

These are projects to add or improve Interchanges/Separation structures. Projects in this category must be on the State Highway System. The criteria used to evaluate candidate applications are as follows:

Interchanges/Separations

Evaluation Attributes	Relative Weights
Econ. Dev. Enhancement	20
Safety Enhancement	20
Operational Enhancement	15
Cost Effectiveness	15
Traffic Served	30
Subtotal	100
Lane-miles removed from City Connecting Links and/or Rural Highway System	Unlimited
Percent Local Match	0 to 100

Bypasses

These are projects to build bypasses around cities. All bypass projects must either be on the currently approved State Highway System or must be a logical addition, as determined by the Department of Transportation. The criteria used for evaluating candidates for bypass projects are as follows:

Bypasses	
Evaluation Attributes	Relative Weights
Econ. Dev. Enhancement	20
Est. Future Traffic Volume	15
Percent Through Traffic Truck Traffic	20
Current Vol/Cap Ratio	15
Accident Rate	20
Subtotal	100
Lane-miles removed from City Connecting Links and/or Rural Highway System	Unlimited
Percent Local Match	0 to 100

Evaluation

During testimony to the Transportation Committees, the Secretary indicated his desire to have an independent group of experts review the economic development potential of the candidate projects. At the Secretary's request, the Governor appointed five persons to an Economic Development Review Panel on June 6, 1989. The Panel was chaired by Harland E. Priddle, Secretary of Commerce. Other members included: Charles Warren, President, Kansas Inc.; William W. Martin and Emerson Lynn, Jr., members of the Kansas Highway Advisory Commission; and Lillian Papay, Great Bend, a private citizen. The Panel met for the first time on June 16, 1989.

The panel traveled throughout the State and personally viewed each project and held discussions with local proponents of the project. Based on their own knowledge and experiences, their observations, and the information provided by the applicant, the panel assigned an Economic Development Enhancement Rating to each project. This rating made up 20 percent of the total rating for each of the three categories of projects.

A second panel, comprised of KDOT professional staff, was also appointed to

evaluate the traffic characteristics of Interchanges/Separations. Members of this committee had expertise in design, transportation planning, and traffic engineering. The four attributes evaluated by this panel were added to the Economic Development Enhancement Rating to provide a total rating for Interchanges/Separations.

Data for use in evaluating the remaining attributes for corridors and bypasses were extracted from the State Highway System database, which is maintained by the Bureau of Transportation Planning. Additional analysis was done by KDOT staff as necessary.

The information derived from the database and by the panels, combined with the points for percent of local match and the lane-miles to be removed from the State Highway System were used to develop an index number for each project.

Evaluation Process

One of the primary goals of the agency is that of preservation of the system. Kansas has already invested large sums of money in constructing and upgrading its highways and it is important that these roads continue to serve the movement of traffic. House Bill 2014 provided increases in the Substantial Maintenance Program, Major Modification Program and the Priority Bridge Program to address preservation needs.

However, it was understood that the intent of the Legislature was to go beyond preservation with the System Enhancement Program and that growth issues should be considered. More specifically, the four goals referenced in state statutes; improve safety,

relieve congestion, improve access and enhance economic development were viewed as the key elements to consider in developing a program of projects.

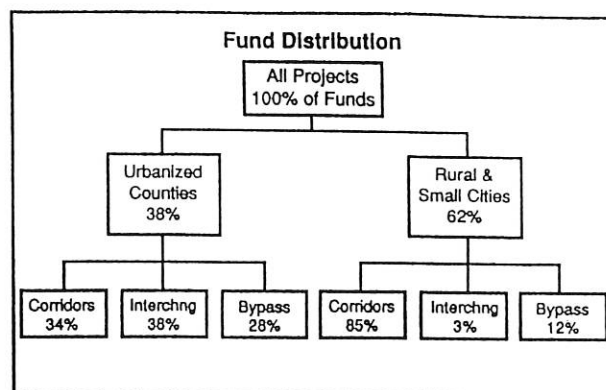
Since the System Enhancement Program is funded by revenue collected statewide, it is important that the funds be spent such that the greatest statewide benefit is achieved. The Department's goal was to ensure that the projects selected were the optimum mix for achieving the maximum statewide benefits.

Fund Distribution

It was apparent from the beginning that no single set of criteria could be used to rate the three very different types of projects. Likewise, a distribution of the funds available would have to be made to the various project types, and furthermore, a distribution of funds would have to be made between the urban and rural regions of the state.

The decision was made to distribute the funds between urbanized and non-urbanized counties on the basis of vehicle miles of travel. The urbanized counties are Douglas, Johnson, Sedgwick, Shawnee, and Wyandotte. Vehicle miles of travel was chosen because it is an excellent measure of both source of highway revenues and highway usage which in turn relates to need.

The funds were further distributed between corridors, interchanges / separations, and bypasses, based on their percent of the total final applications received. The following chart illustrates the fund distribution.



In cases where all or a portion of a requested system enhancement project came up in priority in the Major Modification Program during the eight-year program, the major modification funds that would have been spent on the project were credited to the System Enhancement Program.

This action served to increase the pool of money available for the System Enhancement Program and allowed the Department to select and fund more projects statewide.

In addition, it was determined that by modifying the scope or extent of projects where appropriate, such as reducing the scope from four-lane to two-lane construction or shortening the project length, that an optimum set of projects could be funded whereby the statewide benefits would be maximized.

Summary of Benefits

Analysis shows that, once constructed, the approved projects will improve 205 miles of roadway; provide a statewide savings due to accident reduction of approximately \$32 million a year; save drivers \$1.9 million per year in travel time cost and will benefit 860 million vehicle-miles of travel annually.

Though difficult to quantify, the economic growth and development enhanced by these projects will be extremely significant to the State's economy. The infusion into the economy of funds to build these projects will have a significant and positive short-term effect on the economy of the State. There is every reason to expect that the long range potential of these projects to enhance economic development will be significant and will benefit our State's economy for many years to come.

Selected Projects

Listed below are the Selected System Enhancement Projects and a description of the work which will be accomplished.

Interchange/Separation Projects

I-35 & Quivira Road, Lenexa - A new bridge over I-35 will be constructed.

I-35 & K-150, Olathe - The existing interchange between I-35 and K-150 (Santa Fe Ave) will be reconstructed to provide additional capacity.

US-36, near Elwood in Doniphan County - A new interchange will be constructed at US-36 and a local road southwest of Elwood.

US-54(East Kellogg), Wichita - A new interchange will be constructed at Oliver Road and a section of East Kellogg between Roosevelt Avenue and Sylvan Lane will be widened to six lanes.

I-70 & Commerce Parkway, Hays - A new interchange will be constructed at I-70 and Commerce Parkway, northeast of Hays.

US-83(50), Garden City - A new interchange will be constructed at the junction of US-50/83 and K-156 near the northeast corner of Garden City.

I-135, Sedgwick County - A new interchange will be constructed at I-135 and 77th Street North, north of Wichita, near Wichita Greyhound Park.

I-470 & I-70 Interchange, Topeka - A full movement interchange will be constructed at the west junction of I-70 and I-470, near Wanamaker Road in the western part of Topeka.

Corridor Projects

US-24, Leavenworth County - A four-lane expressway will be constructed from Tonganoxie east to the beginning of the existing four-lane section, one mile west of the Leavenworth-Wyandotte County Line.

US-24, Pottawatomie County - A four-lane expressway will be constructed from the end of the four-lane section east of Manhattan east to one mile east of K-99 in Wamego.

US-50, Garden City - A section of US-50 from the junction of US-50 and US-83 in Garden City, east for 2.25 miles will be widened to four lanes.

US-54, Pratt - A section of US-54 in Pratt between the west city limits and West Street will be widened to four lanes.

US-54(Pancake Blvd.), Liberal - A section of US-54 in Liberal between Clay Street and County Estates Road will be widened to five lanes to provide a continuous turning lane.

US-56/283(South 2nd St.), Dodge City - A section of 2nd Street in Dodge City, from the south junction of US-56 and US-283 north to K-154 will be widened to four lanes with left turn lanes.

US-56(Wyatt Earp Blvd.), Dodge City - A section of Wyatt Earp Blvd. in Dodge City from the corner of Wyatt Earp Boulevard and 2nd Street in Dodge City east to the junction of US-56 and K-129 will be widened to four lanes with left turn lanes.

US-73(Metropolitan Ave.), Leavenworth - A section of Metropolitan Avenue in Leavenworth from 18th Street to the west end of the Centennial Bridge will be widened to four lanes with left turn lanes.

US-75, South Topeka - A two-lane freeway on four-lane right of way will be constructed from the north end of the existing four-lane freeway south of Topeka north to the Kansas Turnpike. A four-lane freeway will be constructed from a new entrance to the Turnpike to I-470 at the Burlingame Road Interchange.

US-81, Ottawa and Cloud Counties - A four-lane expressway will be constructed from the end of the existing four-lane near Minneapolis north to the City of Concordia. Interchanges at Minneapolis and US-24 will be provided.

K-96, Hutchinson to Wichita - A four-lane expressway will be constructed from the junction of K-17 and K-96 (Crupper's Corner), south of Hutchinson southeast to the beginning of the existing four-lane freeway near Maize.

K-113, Manhattan - A section of Seth Childs Road in Manhattan from K-18 north to Marlatt Avenue, will be widened to four lanes.

K-150(135th Street), Johnson County (3 Projects, 4 Sections) - Sections of K-150 from near the junction of I-35 in Olathe east through Overland Park and Leawood to the State Line will be widened to four lanes with left turn lanes.

US-160, Ulysses - A section of US-160 in Ulysses from the West City Limit of Ulysses to the junction of K-25 will be widened to four lanes with curb and gutter.

US-169, Allen and Anderson Counties - A new two-lane highway will be constructed from the junction of US-54 and K-269, east of Iola, north to existing US-169 at Colony. From there, construction will be along and within the existing corridor of US-169 to a point one mile north of Colony.

K-177, Riley County - A four-lane expressway will be constructed from I-70 north to the junction of K-18 (near the south end of the Kansas River Bridge) at Manhattan.

K-254, Sedgwick and Butler Counties - A four-lane expressway will be constructed from the end of the existing four lanes near Kechi, northeast of Wichita to K-196, west of El Dorado.

Bypass Projects

Arkansas City Bypass (US-77) - A four-lane divided section will be constructed from US-77 south of US-166 in Arkansas City, northeast to a junction with US-166. From US-166, north to existing US-77 north of Arkansas City, two lanes will be constructed on four-lane right-of-way.

Dodge City Bypass (US-56) - A two-lane partially controlled access roadway with four-lane right-of-way will be constructed as a bypass around the southeast part of Dodge City. The facility will start at the junction of US-56 and US-283 and continue northeast to the junction of K-154 and K-129.

Lawrence Circumferential (K-10) - A two-lane freeway on four-lane right-of-way will be constructed from I-70(KTA), northwest of Lawrence, southeast and east around the south side of the city to a junction with existing K-10, east of Lawrence. Interchanges will be constructed at I-70(KTA), US-40, US-59 and K-10.

Liberal Bypass (US-83) - A two-lane bypass will be constructed from a point on US-83 southeast of Liberal, north to a junction with US-54 and then north and west to US-83, north of town. Turning lanes will be provided at major intersections.

Oakland Expressway(K-4)- A two-lane expressway on four-lane right-of-way will be constructed from US-40, east of Topeka, north across the Kansas River to the junction of US-24 and K-4. Funding will be provided for preliminary engineering, right-of-way and utilities for a four-lane expressway from I-70, just north of the East Topeka Turnpike Interchange, northeast to US-40.

K-96 Bypass (Northeast Circumferential), Wichita - Partial funding will be provided to assist in the construction of the K-96 Northeast Wichita Bypass. The four-lane freeway will begin at I-135, between the existing 21st and 29th Street Interchanges and extend east and south to US-54 (East Kellogg) near the Sedgwick/Butler County line.

Winfield Bypass (US-77) - A two-lane bypass will be constructed on four-lane right-of-way from near the Walnut River Bridge at the south edge of Winfield northeast to a junction with US-160/Brant Road near the industrial park.

KDOT Revenue Receipts *

	Fiscal Year 1999	Fiscal Year 2000
State Fuel Taxes	\$ 324,503,000	\$ 331,506,000
License Fees	133,519,668	134,519,668
Sales and Compensating Tax	86,022,000	89,247,000
Investment Income	41,841,000	39,415,074
Interest on Funds	5,000	5,000
Other State Sources	7,966,388	5,295,454
Federal Grants	315,405,000	271,892,000
Miscellaneous Grants	20,100,000	19,654,000
Transfer Receipts		
Sales Tax	87,899,279	128,925,000
Motor Carrier Property Tax	10,994,912	11,182,000
Other	3,540,753	3,493,804
Total Transfer Receipts	<u>102,434,944</u>	<u>143,600,804</u>
 Total Revenue	 <u>\$ 1,031,797,000</u>	 <u>\$ 1,035,135,000</u>

* Receipts only for all KDOT Funds - Does not include bond proceed estimates. A portion of the Motor Fuels and the Motor Carrier Property Tax Transfer is credited to the Special City and County Highway Fund and does not finance KDOT's state highway programs.

DISTRIBUTION OF NET KANSAS MOTOR FUEL TAX RECEIPTS
(Amounts in \$1,000's)

Fiscal Year	KDOT Funds			Total
	State Highway	State Freeway *	Special City And County Highway	
1980	63,732	18,172	37,002	118,906
1981	61,490	17,426	35,717	114,633
1982	62,599	17,591	36,225	116,415
1983	62,117	17,300	35,869	115,286
1984	66,036	16,434	60,776	143,246
1985	72,258	16,293	60,274	148,825
1986	73,630	16,603	61,419	151,652
1987	76,107	17,161	63,485	156,753
1988	81,642	18,410	68,102	168,154
1989	81,865	18,460	68,288	168,613
1990	113,792	18,212	89,852	221,856
1991	120,467	17,738	94,079	232,284
1992	129,278	17,862	100,154	247,294
1993	157,998		107,545	265,543
1994	167,158		113,779	280,937
1995	167,988		114,344	282,332
1996	174,300		118,641	292,941
1997	178,300		121,416	299,716
1998	189,100		128,774	317,874
1999	193,100		131,403	324,503
2000	183,326 **		148,180 **	331,506

*The State Freeway Fund was closed out on July 1, 1992.

** The recommended Comprehensive Transportation Program would change the distribution from 59.5 percent to the State Highway Fund to 55.3 percent with an increase going to the Special City County Highway Fund.

Current Annual Revenue Returns For The Period FY2000 – 2007

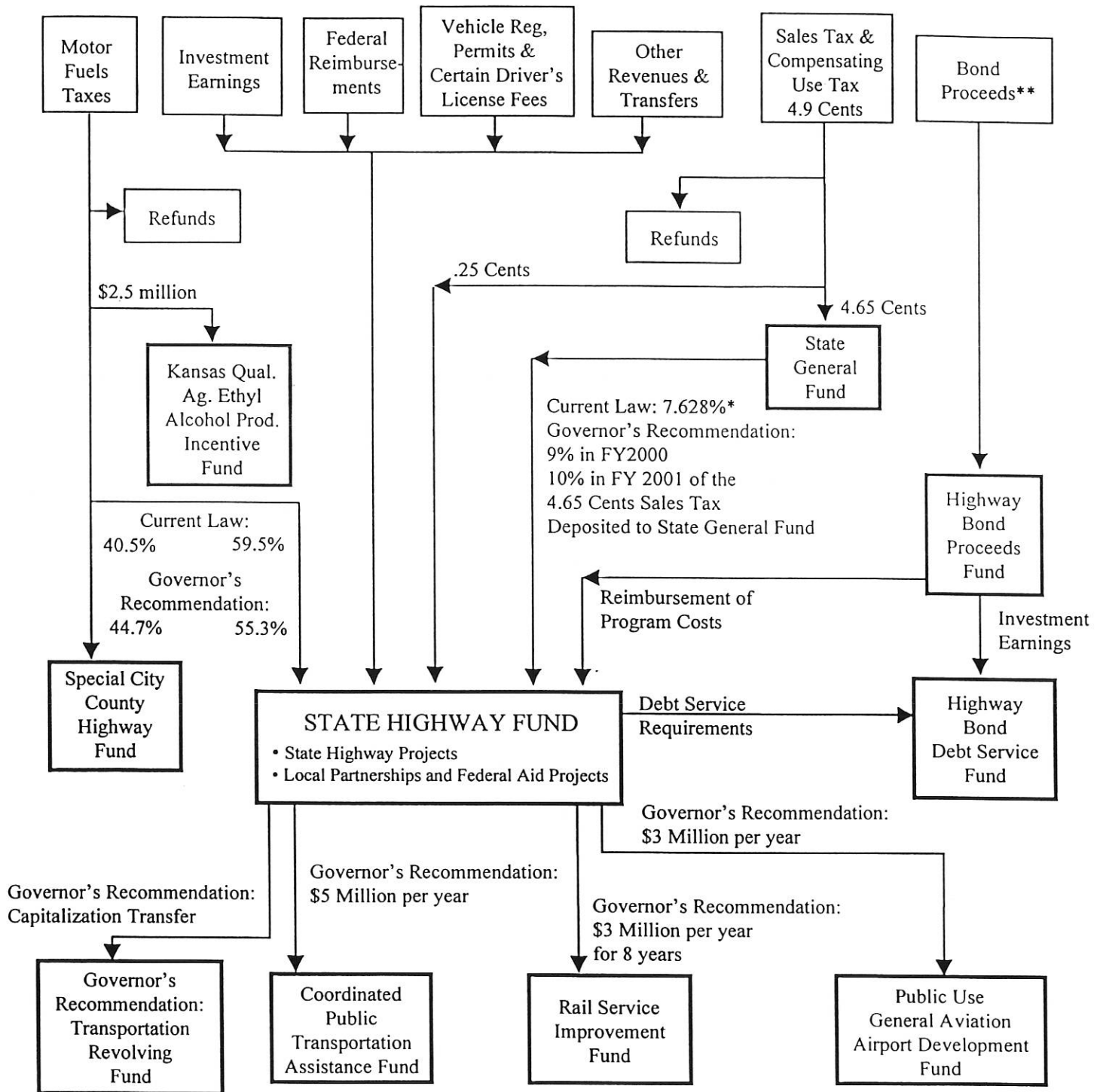
Annual Average Revenue

Source	(Millions)
One Cent Motor Fuel Tax	\$ 18.1
To State Highway Fund (Current Statutory Authority 59.5%)	\$ 10.8
Registration Fees (Excluding Drivers' License And Vehicle Permits)	\$140.0
¼ Cent Sales and Use Tax	\$102.0

Alternatives For Additional Revenue

Remove Caps From Sales Tax Transfer	\$ 32.0
Increase sales Tax Transfer to 10% (9% in FY2000)	\$ 69.0

**GOVERNOR'S RECOMMENDED
COMPREHENSIVE TRANSPORTATION PROGRAM
FLOW OF REVENUES AND BOND PROCEEDS**



*The sales tax transfer has been capped in recent years.

** Governor's Recommendation
\$1,800,000,000 in new bonds
\$367,999,000 in reissued bonds

**COMPARISON OF FEDERAL HIGHWAY TRUST FUND RECEIPTS
ATTRIBUTABLE TO KANSAS
AND FEDERAL-AID APPORTIONMENTS RECEIVED FROM THE FUND
FEDERAL FISCAL YEARS 1982-1997**
(Amounts in \$1000's)

4-23

Federal Fiscal Year	Payments into the Fund				Apportionments from the Fund				Ratio Apportionments to Payments	
	Kansas Payments	% of Total	Cumulated Since 7/1/56	% of Total	Kansas Apports.	% of Total	Cumulated Since 7/1/56	% of Total	Ratio for Current FY	Cumulated Since 7/1/56
1982	87,893	1.303	1,679,002	1.359	106,162	1.317	1,821,374	1.378	1.21	1.08
1983	99,429	1.278	1,778,431	1.354	164,495	1.340	2,022,516	1.342	1.65	1.14
1984	130,574	1.243	1,909,005	1.346	184,794	1.574	2,207,973	1.360	1.42	1.16
1985	141,520	1.199	2,050,525	1.334	170,009	1.117	2,377,982	1.340	1.20	1.16
1986	145,807	1.190	2,196,332	1.324	212,454	1.402	2,590,436	1.343	1.46	1.18
1987	^138,627	1.175	2,334,959	1.314	169,992	1.233	2,753,434	1.333	1.23	1.18
1988	163,793	1.276	2,498,752	1.311	148,364	0.990	2,908,793	1.315	0.91	1.16
1989	185,002	1.288	2,683,754	1.310	145,594	1.011	3,054,387	1.297	0.79	1.14
1990	153,751	1.233	2,837,505	1.305	146,279	1.028	3,200,666	1.282	0.95	1.13
1991	177,172	1.222	3,014,677	1.300	142,020	1.003	3,342,686	1.267	0.80	1.11
1992	182,503	1.165	3,197,180	1.292	242,942	1.358	3,585,626	1.272	1.33	1.12
1993	177,685	1.107	3,374,865	1.280	224,158	1.102	3,809,784	1.261	1.26	1.13
1994	169,972	1.159	3,544,837	1.274	203,033	0.962	4,012,817	1.241	1.19	1.13
1995	210,203	1.116	3,772,979	1.263	222,449	1.085	4,235,266	1.232	1.06	1.12
1996	253,423	1.150	4,026,402	1.256	210,441	1.184	4,445,707	1.230	0.83	1.10
1997	239,462	1.168	4,265,864	1.250	238,505	1.089	4,684,212	1.222	1.00	1.10

NOTES: Total Federal Highway Trust Fund receipts are reported by the U.S. Department of the Treasury.
Payments into the Highway Trust Fund attributable to highway users in each state are estimated by FHWA.
Includes revenues from highway-user taxes only; excludes interest.
Includes all funds apportioned or allocated from the Highway Trust Fund except for the following programs:
Indian reservation roads, highway safety information, and local transportation assistance.
Obligations are used to represent allocations for some programs, such as Federal Lands.

SOURCES: "Highway Statistics," Federal Highway Administration.

4-23