

MINUTES OF THE SENATE WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on January 27, 1999, 1999 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department  
Debra Hollon, Legislative Research Department  
Rae Anne Davis, Legislative Research Department  
Norman Furse, Revisor of Statutes  
Michael Corrigan, Revisor of Statutes  
Judy Bromich, Administrative Assistant  
Ann Deitcher, Committee Secretary

Conferees appearing before the committee: Secretary E. Dean Carlson, Department of Transportation

Others attending: See attached list.

Senator Kerr began by explaining **9 rs 0585 and 0586**.

It was moved by Senator Lawrence and seconded by Senator Morris to introduce 9 rs 0585 and 0586. The motion carried. by a voice vote.

The Chairman then introduced E. Dean Carlson, Secretary of the Department of Transportation who made a presentation of the Comprehensive Transportation Program. (Attachment 1).

Secretary Carlson started by saying that all the tax revenues received through the 1989 plan still are being deposited into the state highway fund. The ending cash balances going into this new plan are better than they had anticipated in 1989 because they had bond sales with favorable interest rates.

He pointed out that the needs of the state continue to grow. There have been many requests for help with aviation. About 45 percent of airport runways are in less than good shape and there are many airports across Kansas that air ambulance service is not able to use. Also, there is a very pressing need for an increase in public transfer help largely for the disabled and handicapped.

At this point, the Chairman asked the Secretary if he would speak of the financial aspect because it was something the Ways and Means Committee will have to deal with. Senator Kerr said the Committee was interested in the additional pressure on the State General Fund that will be caused by the proposed revenue transfer. And they would like to have a better understanding of bonding because it is extensive.

Secretary Carlson showed the Committee the increase in funds they would receive. (Attachment 1 - page 13). He said that this was all by recommendation of the Governor and the way it's computed by the Department of Transportation it ends up being in constant 2004 dollars.

It was explained that if it is looked at as planned, as the amount that they intended to spend in 1993 and the amount they intend to spend now, and back out the debt service, it can be concluded that the project amount is quite a bit smaller. It must be considered that the enhanced resource amount of \$2419 million is in 2004 dollars and the \$2543 million is in 1993 dollars.

Asked if KDOT was becoming a perpetual debt body not unlike that of the Turnpike Authority, the Secretary said he couldn't say that because he'd not heard any discussion by the Governor on what would happen after the year 2007. He had heard it said that it was a good financing package.

The meeting was adjourned at 12:10 p.m. The next meeting is scheduled for Thursday, January 28, 1999.

# SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 1/27/99

NAME	REPRESENTING
Kari Bahr	Ks. Governmental Center / King
Keely Bultala	City of Overland Park
Erik Sartorius	Johnson Co. Board of Realtors
Glenn Coulter	K's Good Roads
Wooddy Moses	Economic Lifelines
Wendy Harms	✓ ✓
Bill Watts	KDOT
Nancy Bogina	KDOT
Dean Carlson	KDOT
Reed W Jarvis	KDOT
Robert Haley	KDOT
Sen. Tim Nuckstays	
Tom Whitaker	Ks MOTOR CARRIERS ASSN
JAMIE CLOVER ADAMS	Governor's Office
Bernie Koch	Wichita Chamber
Ashley Sherard	Overland Park Chamber
Nona Denton	Johnson County

**Presentation to the  
Senate Ways and Means Committee**

**Comprehensive Transportation  
Program**

**January 27, 1999**

**E. Dean Carlson  
Secretary of Transportation**

**Kansas Department of Transportation**

Senate Ways and Means Committee

Date 1/27/99

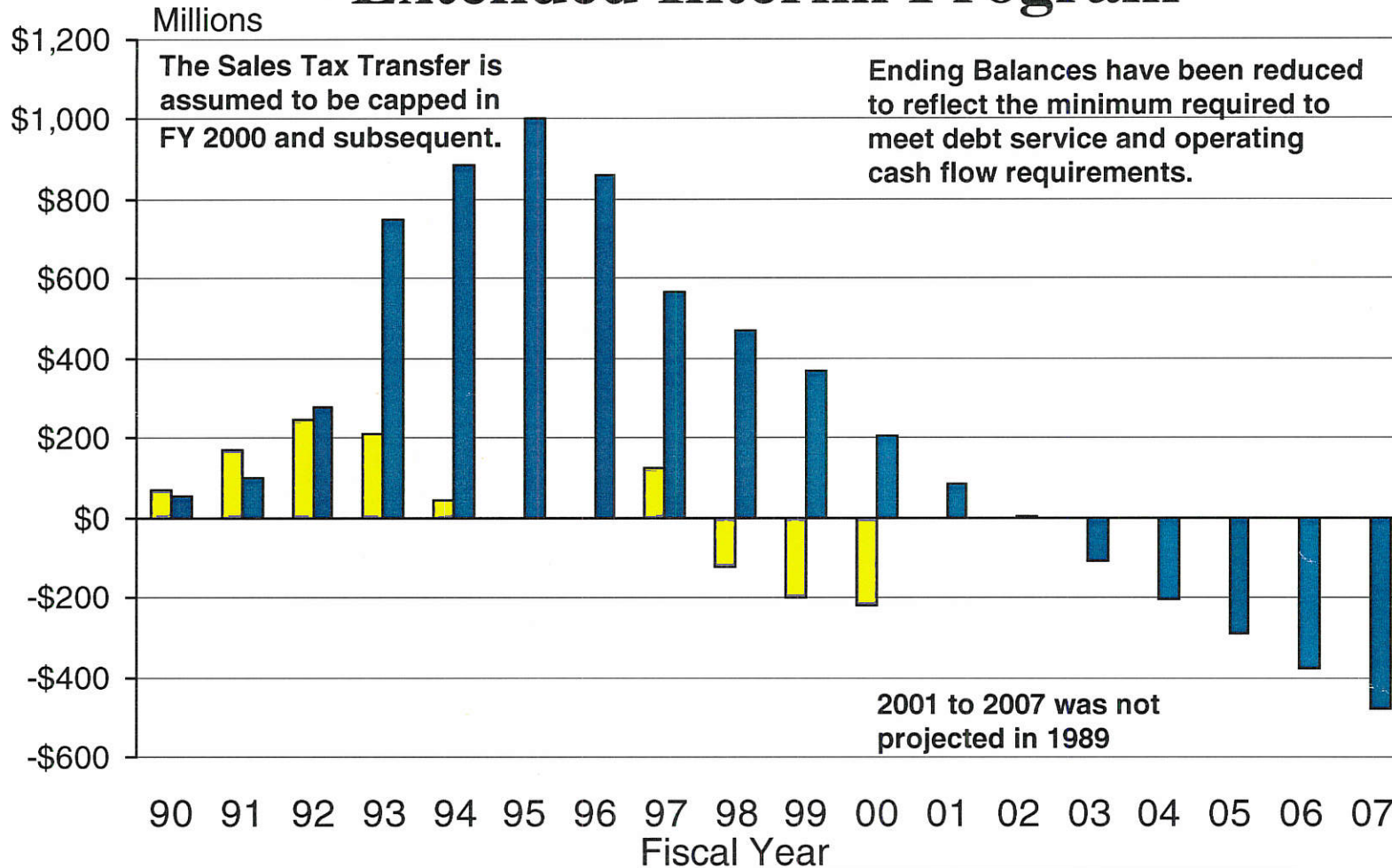
Attachment # 1-1

# **A Comprehensive Transportation Program is needed because:**

- **The 1989 CHP provided a viable program for only a limited period of time.**
- **The 1989 CHP addressed only a portion of the transportation needs.**
- **The 1989 CHP benefited the Kansas economy.**

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# State Highway Fund Ending Cash Balances Extended Interim Program



■ At time of 89 HB2014 ■ Extended Interim\* (90-98 Actual)

\* Assumes continued matching of Federal Aid, Substantial Maintenance, & Agency Operations beyond FY 1997.

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## Agency Finances

- **1989 CHP tax increases do not “sunset”**
- **Ending cash balances are higher than 1989 estimates**
  - **Early bond sales with favorable interest rates**
  - **Greater-than-anticipated federal funds**
  - **Construction costs below estimates partially because of inflation**
  - **Most revenues were close to estimates**

**•Extended Interim funding depends on the use of all federal funds except for Demonstration Projects.**

**•In the Comprehensive Highway Program demonstration funds were generally used on system enhancement projects as supplement to the local match.**

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# Annual Average Federal Funds

(\$ Millions)	TEA-21 FFY 1998-2003
<b>Total Authorized</b>	<b>\$ 306</b>
<b>Less: Demonstration Projects*</b>	<b>19</b>
<b>Net Authorized</b>	<b>\$ 287</b>
<b>Less: Pass-Through Funds to Cities and Counties</b>	<b>63</b>
<b>Safety Set-Aside</b>	<b>14</b>
<b>Transportation Enhancement Set-Aside</b>	<b>9</b>
<b>Planning Set-Aside</b>	<b>7</b>
<b>Authorized Federal Funds for State Construction</b>	<b>\$ 194</b>
<b>Less: Federal Funds Committed to Projects Previously Announced 7/97</b>	<b>145</b>
<b>Increase in Authorized Federal Funds</b>	<b>49</b>
<b>Anticipated Obligation Limitation</b>	<b>93%</b>
<b>Increase Committed to Projects Previously Announced 7/97 as Unfunded</b>	<b>\$ 46</b>

\*TEA-21 provided \$88 million to pay for 8 projects with an estimated \$451 million cost along with an additional \$23 million for unspecified projects. Only a limited amount of the demonstration money can be drawn per year. Approximately \$28 million of state funds would be required to match the federal aid, and another \$312 million of state funds would be needed to complete the projects.

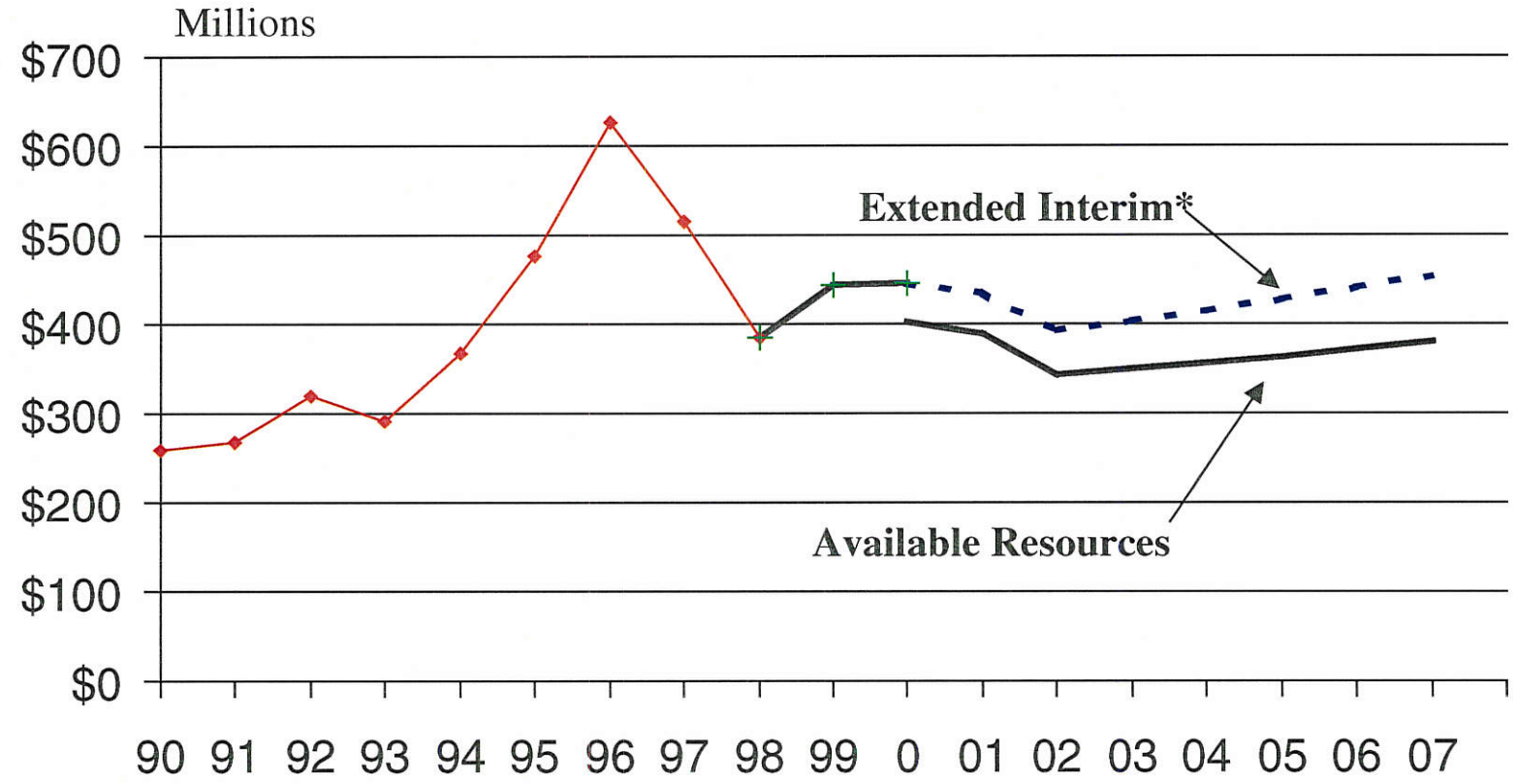


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# Annual Average Federal Funds

(\$ Millions)	ISTEA FFY 1992-1997	TEA-21 FFY 1998-2003	ISTEA FFY 1992-1997 (Constant 2003 \$)
<b>Total Authorized</b>	\$ 211	\$ 306	\$ 266
<b>Less: Demonstration Projects</b>	<u>13</u>	<u>19</u>	<u>16</u>
<b>Net Authorized</b>	\$ 198	\$ 287	\$ 250
<b>Less: Pass-Through to Cities and Counties</b>	43	63	54
<b>Safety Set-Aside</b>	10	14	13
<b>Transportation Enhancement Set-Aside</b>	5	9	6
<b>Planning Set-Aside</b>	<u>4</u>	<u>7</u>	<u>5</u>
<b>Authorized Federal Funds for State Construction</b>	\$ 136	\$ 194	\$ 172

# Construction Lettings Constant 1998 Dollars



\*Extended Interim Program cannot be funded without additional resources

## Transportation Needs

- **The CHP and Interim Plan did not address all needs and were not intended to do so.**
- **Local roads, aviation, rail, and public transit have pressing needs.**
- **Deferred maintenance and modernization will increase transportation costs to the citizens of Kansas.**

# Deficiencies on the State System after CHP

- **Deficient Shoulder Width -2,195 miles**
- **Deficient Shoulder Type - 3,726 miles**
- **Beyond Calculated Life Expectancy**
  - **Non-Interstate Pavement - 7,213 miles**
  - **Interstate Pavement - 188 miles**
  - **Span Bridges - 303**
- **Bridge Needs**
  - **Significantly Deficient Conditions - 257**
  - **Critically Deficient Width - 344**

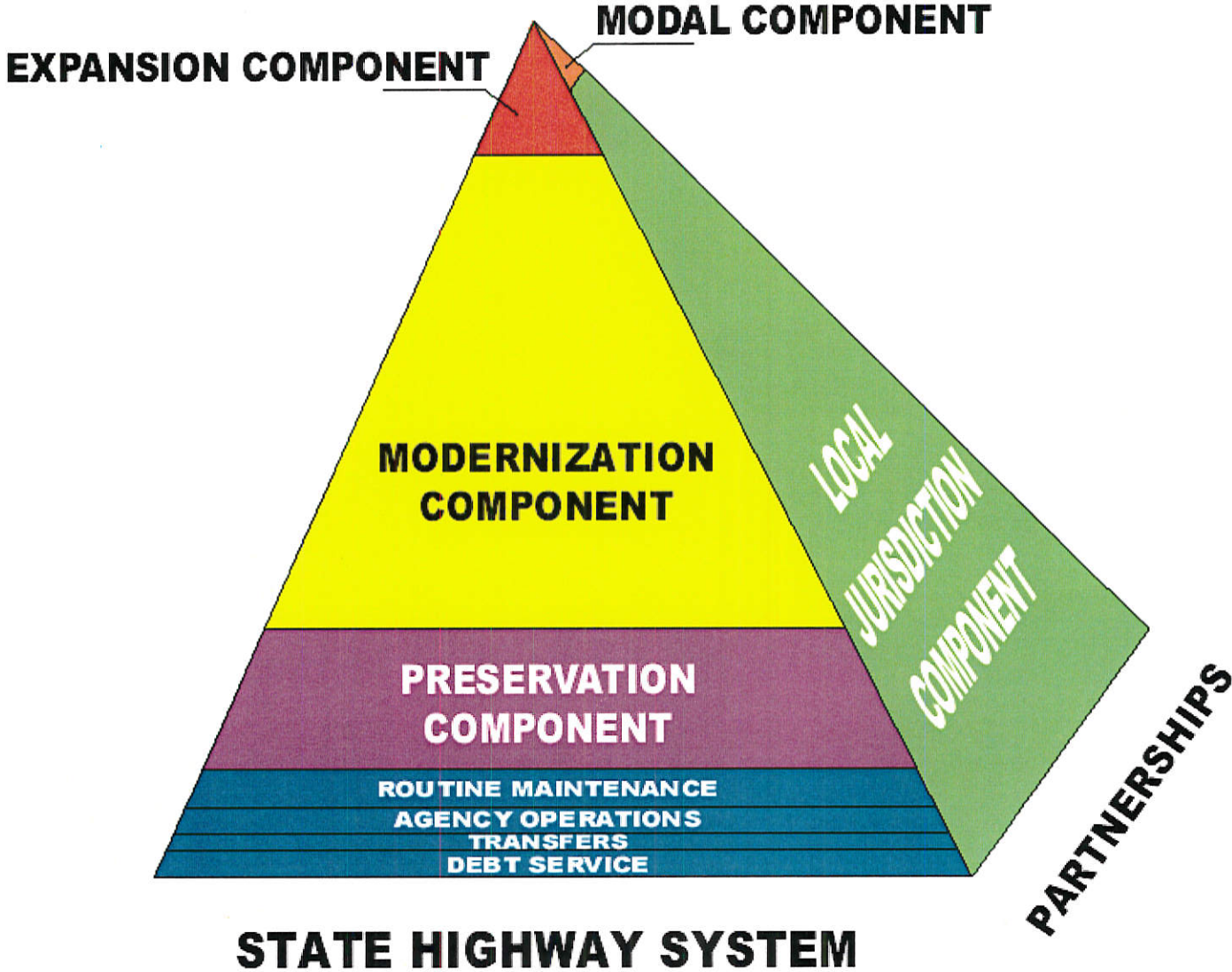
# Economic Impacts of the 1989 Comprehensive Highway Program

- **Economic multiplier: 2.6 per dollar spent**
- **An increase of nearly 118,000 private sector jobs statewide**
- **\$1.4 billion increase in income**
- **Other benefits**
  - Increased economic development
  - Highway user benefits

Source: Babcock, Michael W., et al. Economic Impacts of the Kansas Comprehensive Highway Program. Kansas State University, 1997.

# COMPREHENSIVE TRANSPORTATION PROGRAM "BUILDING BLOCKS"

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# Governor's Transportation Program

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Average Annual Costs (\$MILLIONS)	1989 Comprehensive Highway Plan Nominal \$	Extended Interim FY 2004 \$	Recommended Program FY 2004 \$
<b>Maintenance:</b>			
Routine Maintenance	\$ 84	\$ 119	\$ 119
Substantial Maintenance	93	201	201
<b>Construction:</b>			
Major Modification & Priority Bridge	269	299	399
System Enhancement	105	-	125
<b>Modes:</b>			
Aviation	-	-	3
Public Transit (Includes both State & Federal Funds)	5	5	10
Rail (Includes both State & Federal Funds)	3	1	4
<b>Local:</b>			
Special City and County Highway Fund	117	136	160
Local Federal Aid Projects (Includes Local Match)	70	80	80
Local Partnership (Includes Local Match)	17	22	25
KLINK Maintenance Payments	2	2	3
Management and Other	43	70	73
Transfers Out	35	48	48
Existing CHP Debt Service	27	85	85
	<b>\$ 870</b>	<b>\$ 1,068</b>	<b>\$ 1,335</b>
 Available Resources (including beginning balance and adjusted for required ending balance)	 926	 1,033	 1,033
<b>Enhanced Resources</b>			
Increase in Sales Tax Transfer			69
Bond Proceeds (Net of issue costs)			267
Debt Service on Bonds in Period			(73)
Increase in Interest Earnings			39
<b>Annual Surplus (Shortfall)</b>	<b>\$ 56</b>	<b>\$ (35)</b>	<b>\$ 0</b>

# Governor's Transportation Program

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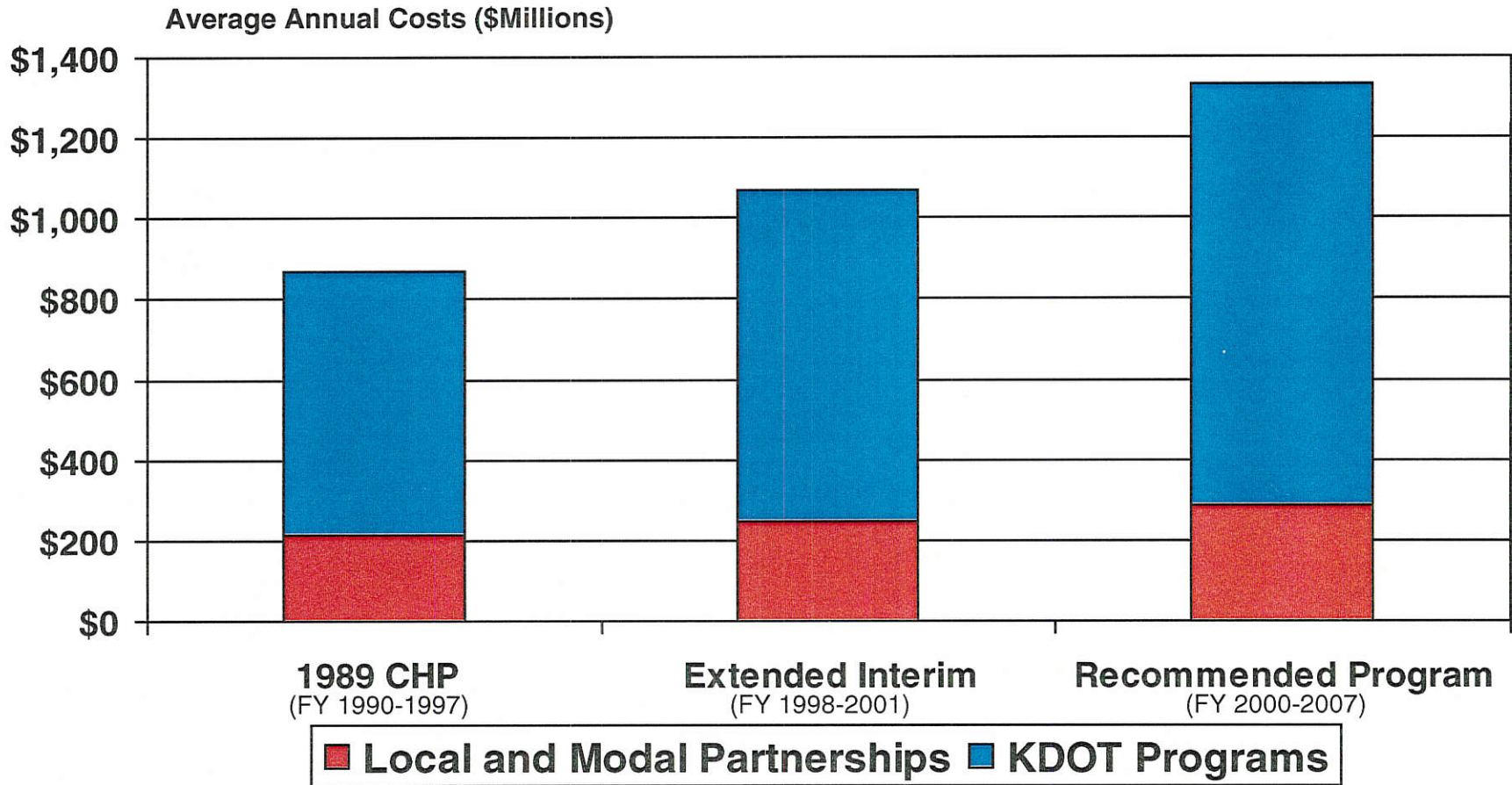
Average Annual Costs (\$MILLIONS)	Extended Interim FY 2004 \$	Recommended Program FY 2004 \$	Increased Effort and Resources
<b>Maintenance:</b>			
Routine Maintenance	\$ 119	\$ 119	-
Substantial Maintenance	201	201	-
<b>Construction:</b>			
Major Modification & Priority Bridge	299	399	100
System Enhancement	-	125	125
<b>Modes:</b>			
Aviation	-	3	3
Public Transit (Includes both State & Federal Funds)	5	10	5
Rail (Includes both State & Federal Funds)	1	4	3
<b>Local:</b>			
Special City and County Highway Fund	136	160	24
Local Federal Aid Projects (Includes Local Match)	80	80	-
Local Partnership (Includes Local Match)	22	25	3
KLINK Maintenance Payments	2	3	1
Management and Other	70	73	3
Transfers Out	48	48	-
Existing Debt Service	85	85	-
Extended Interim Shortfall	(35)		35
	<u>\$ 1,033</u>	<u>\$ 1,335</u>	<u>\$ 302*</u>
<b>Enhanced Resources</b>			
Increase in Sales Tax Transfer		69	69
Bond Proceeds (Net of issue costs)		267	267
Debt Service on Bonds in Period		(73)	(73)
Increase in Interest Earnings		39	39
		<u>\$ 302</u>	<u>\$ 302</u>

\* Governor's Recommended Program provides increased revenues to cover the shortfall in the Extended Interim Program



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# Program Comparison



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# Comparison

\$MILLIONS

CHP FY 1990-1997  
Annual Average

Governor's CTP FY 2000-2007  
Annual Average

Highway (Construction Costs Only)	\$390	\$612
System Enhancements (Total Project Costs)	\$105	\$125
Highway (Total Project Cost)	\$484	\$750
Program Total (All Costs)	\$870	\$1,335
Total Enhanced Resources	\$331 (89 prediction)	\$375
Enhanced Resources (net of new debt service in the period)	\$318 (89 prediction)	\$302

Eight-Year Total

Eight-Year Total

Highway (Construction Costs Only)	\$3,120	\$4,896
System Enhancements (Total Project Costs)	\$840	\$1,000
Highway (Total Project Cost)	\$3,872	\$6,000
Program Total (All Costs)	\$6,960	\$10,680
Total Enhanced Resources	\$2,648 (89 prediction)	\$3,000
Enhanced Resources (net of debt service in the period)	\$2,543 (89 prediction)	\$2,419

Note: Products may not multiply because of rounding

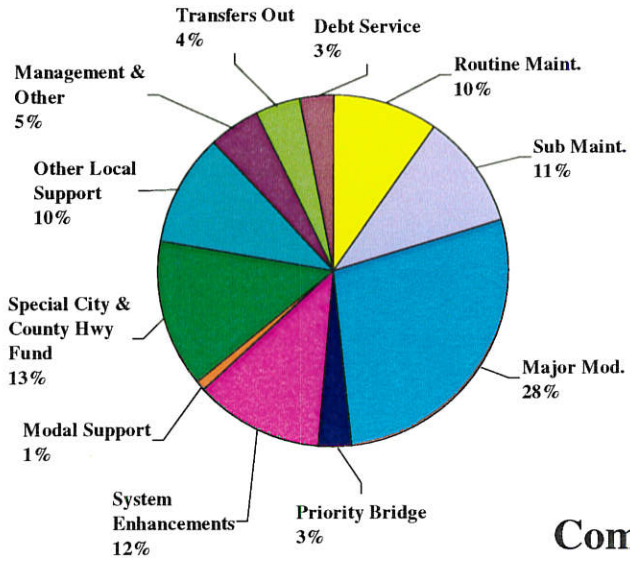
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## Number of Miles and Bridges

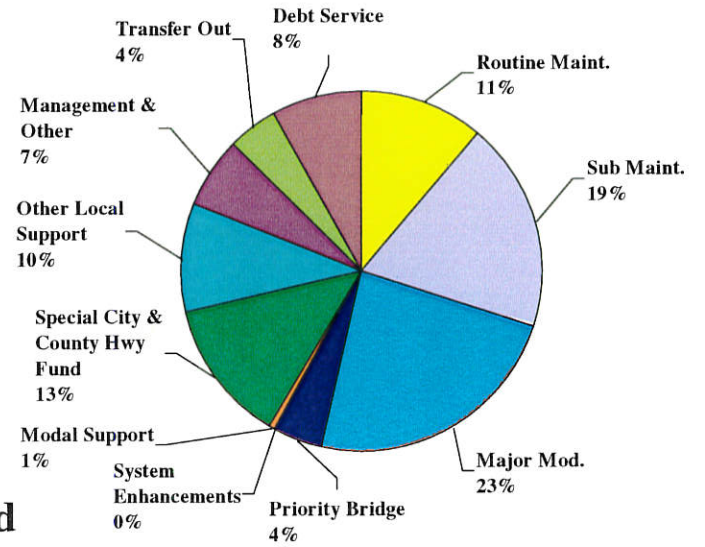
- **The CHP improved over 1600 miles and 750 bridges on the State Highway System.**
- **It is estimated that the Governor's Recommended Comprehensive Transportation Program would improve approximately 890 miles and 750 bridges.**
- **The number of miles addressed by the CTP is less than the CHP because more four-lane improvements and extensive reconstruction of major corridors and bridges will likely be included.**

# Program Expenditures

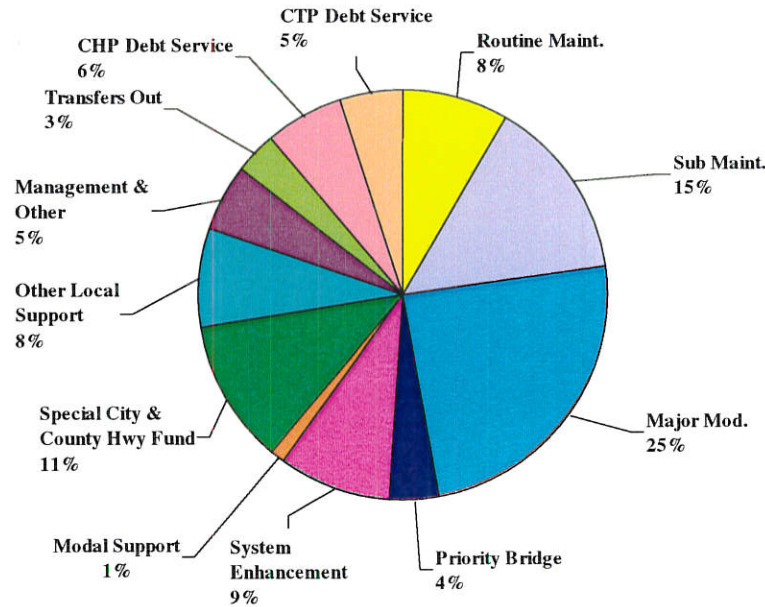
## CHP



## Extended Interim



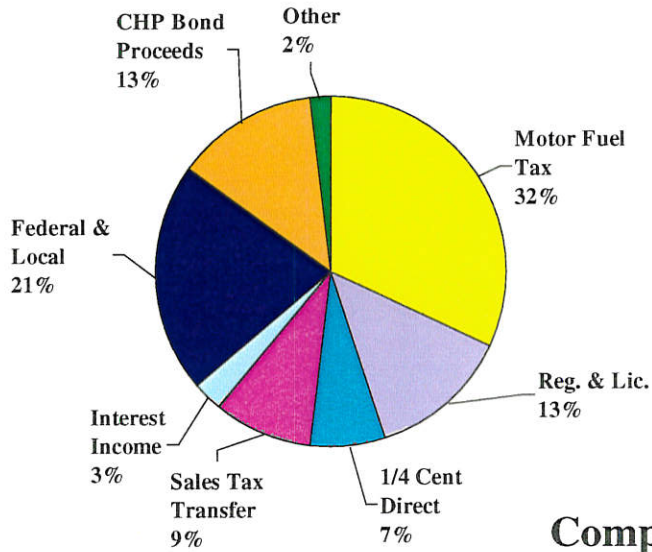
## Governor's Recommended Comprehensive Transportation Program



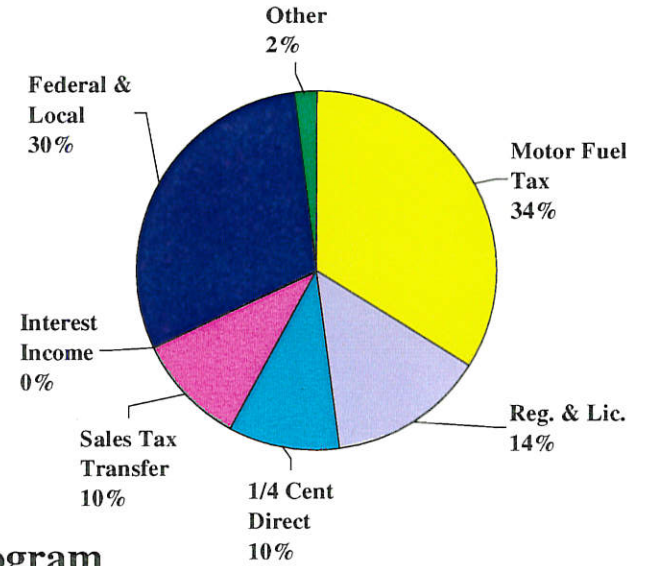
# Program Resources

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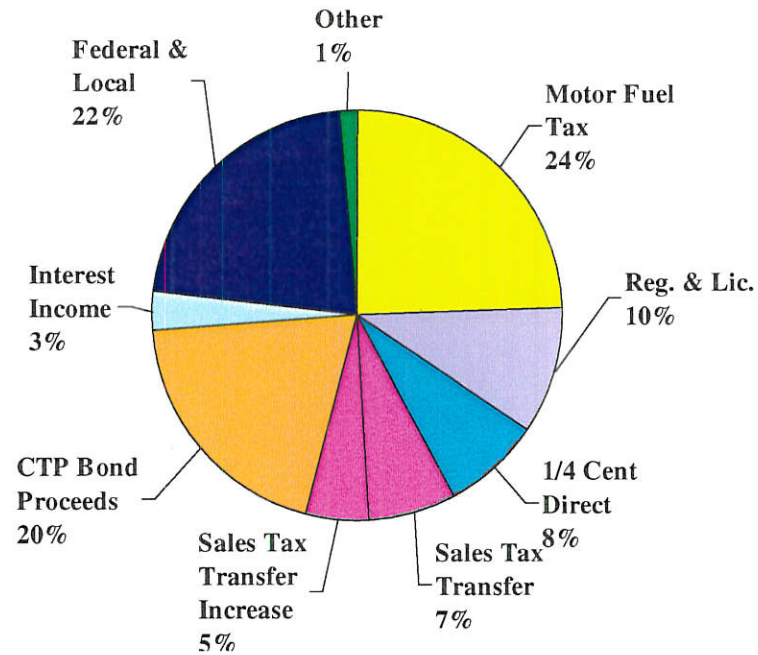
## CHP



## Extended Interim



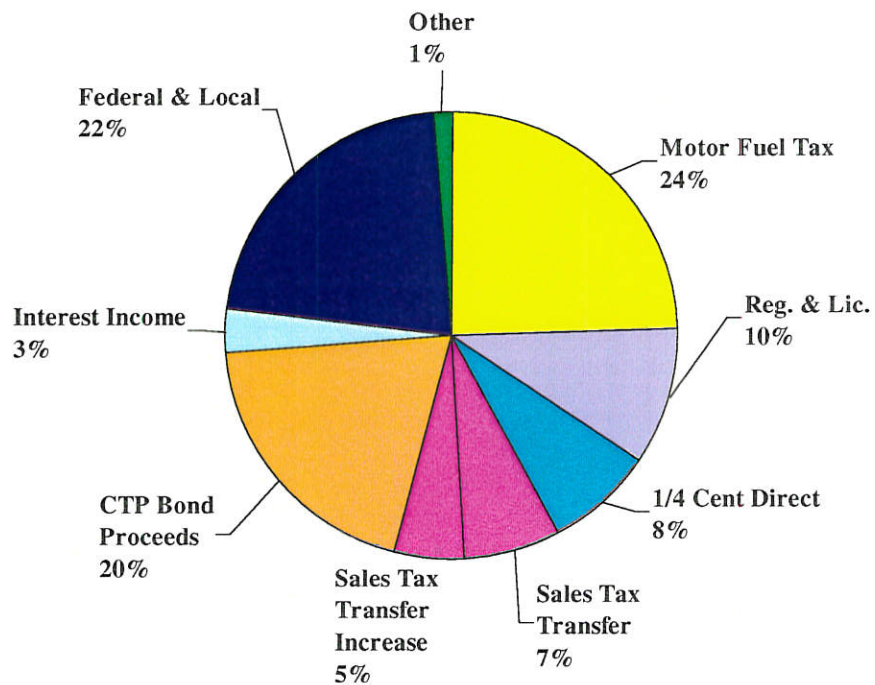
## Governor's Recommended Comprehensive Transportation Program



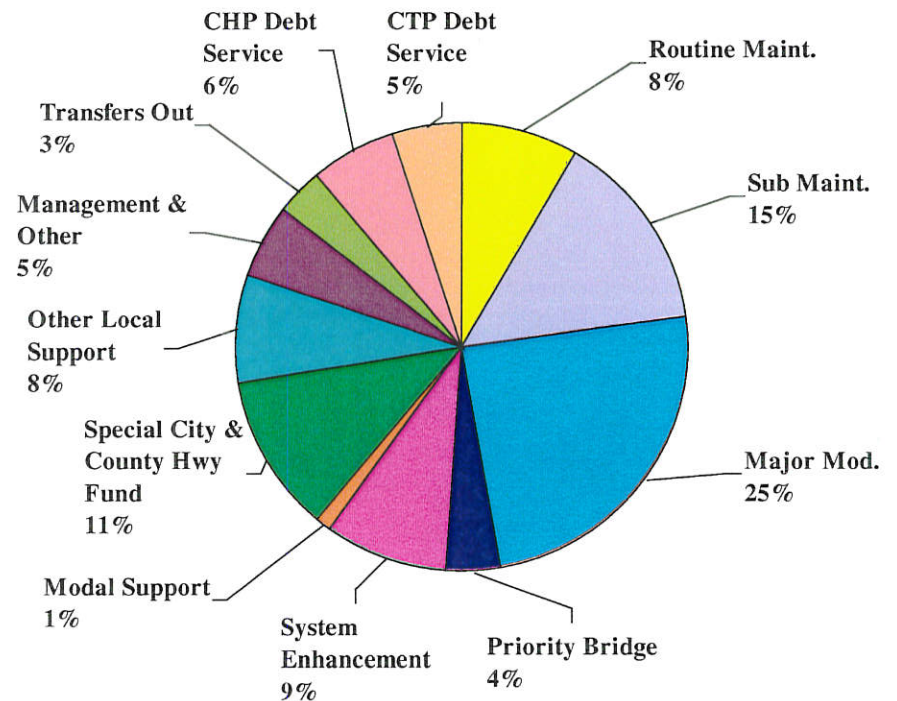
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# Governor's Recommended Comprehensive Transportation Program FY 2000 - 2007

## Resources

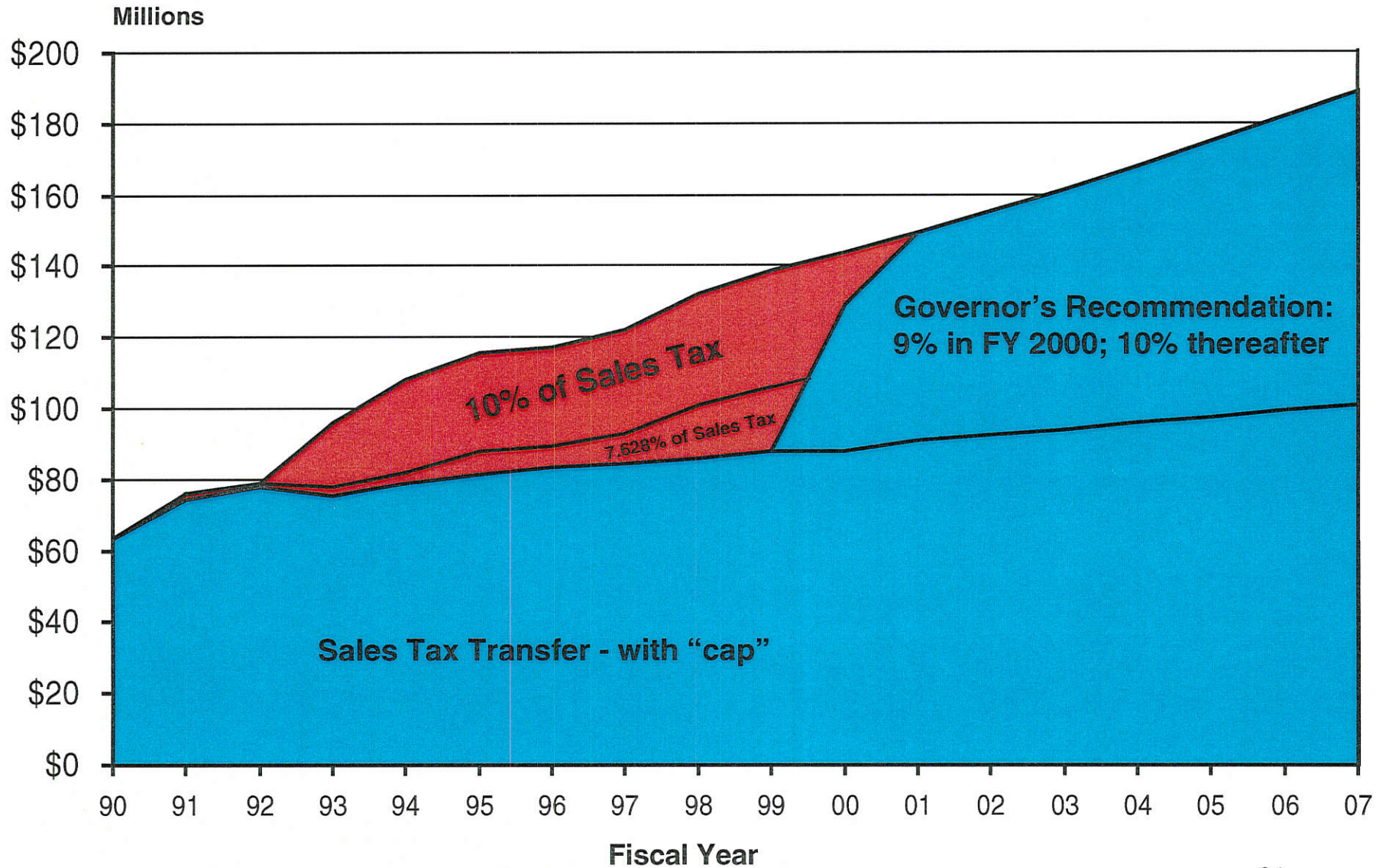


## Expenditures



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# Sales Tax Transfer



# Bond Finance Component

- **\$1.8 billion in New Debt Authority.**
- **New Debt issued between 1999 and 2004.**
- **Reissue authority for existing debt.**
- **25-year Bonds.**
- **4.75 percent interest rates.**



# KANSAS DEPARTMENT OF TRANSPORTATION

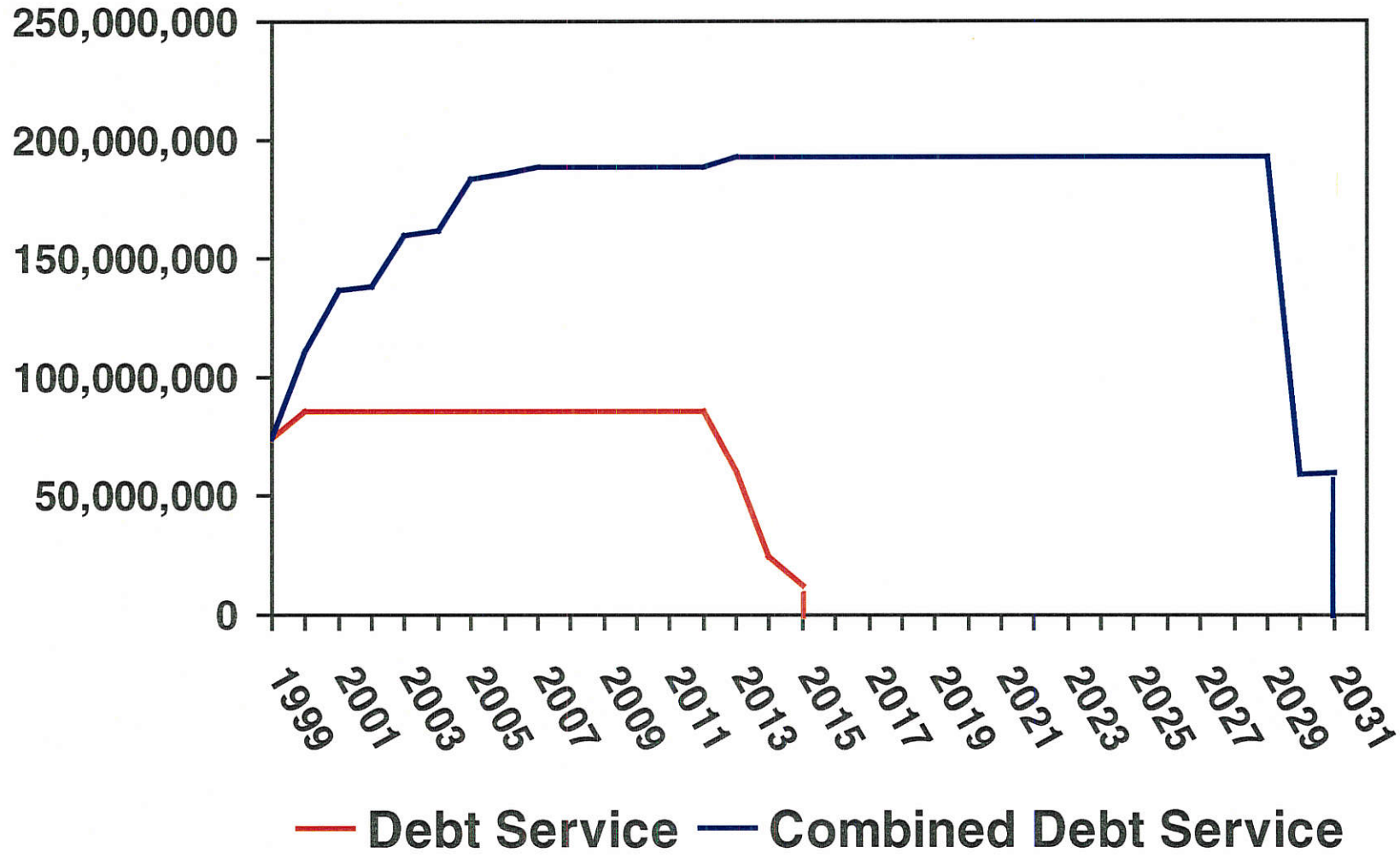
## Comparison of Debt Service (In Millions)

FY Ending 6/30	Current Debt		<b>\$2.168 Billion of 25 Year Bonds</b>				Combined Debt Service
	Out- Standing	Debt Service	Additional Bonds *	New Debt Service		Total	
				Principal	Interest		
1999	\$ 832,035	73,747					\$ 73,747
2000		85,340	\$ 528,155	-	\$ 25,087	\$ 25,087	110,427
2001		85,333	541,570	-	50,812	50,812	136,145
2002		85,314	43,600	-	52,883	52,883	138,197
2003		85,321	445,785	-	74,058	74,058	159,378
2004		85,286	48,130	-	76,344	76,344	161,630
2005		85,290	450,640	-	97,749	97,749	183,040
2006		85,256	53,530	-	100,292	100,292	185,548
2007		85,225	56,585	-	102,980	102,980	188,205
2008		85,233		-	102,980	102,980	188,213
2009		85,222		-	102,980	102,980	188,202
2010		85,156		-	102,980	102,980	188,136
2011		85,155		-	102,980	102,980	188,134
2012		85,204		-	102,980	102,980	188,184
2013		60,466		\$ 28,810	102,980	131,790	192,256
2014		24,181		66,460	101,611	168,071	192,252
2015		12,351		81,450	98,454	179,904	192,255
2016				97,665	94,586	192,251	192,251
2017				102,305	89,946	192,251	192,251
2018				107,165	85,087	192,252	192,252
2019				112,250	79,997	192,247	192,247
2020				117,585	74,665	192,250	192,250
2021				123,170	69,079	192,249	192,249
2022				129,025	63,229	192,254	192,254
2023				135,145	57,100	192,245	192,245
2024				141,575	50,681	192,256	192,256
2025				148,290	43,956	192,246	192,246
2026				155,325	36,912	192,237	192,237
2027				162,705	29,534	192,239	192,239
2028				170,430	21,806	192,236	192,236
2029				178,525	13,710	192,235	192,235
2030				53,530	5,230	58,760	58,760
2031				56,585	2,688	59,273	59,273
<b>Total</b>	<b>\$ 832,035</b>	<b>\$1,279,080</b>	<b>\$2,167,995</b>	<b>\$2,167,995</b>	<b>\$2,216,356</b>	<b>\$4,384,351</b>	<b>\$ 5,663,431</b>

\* \$1.8 billion of new bonds plus the reissue of retired principal.

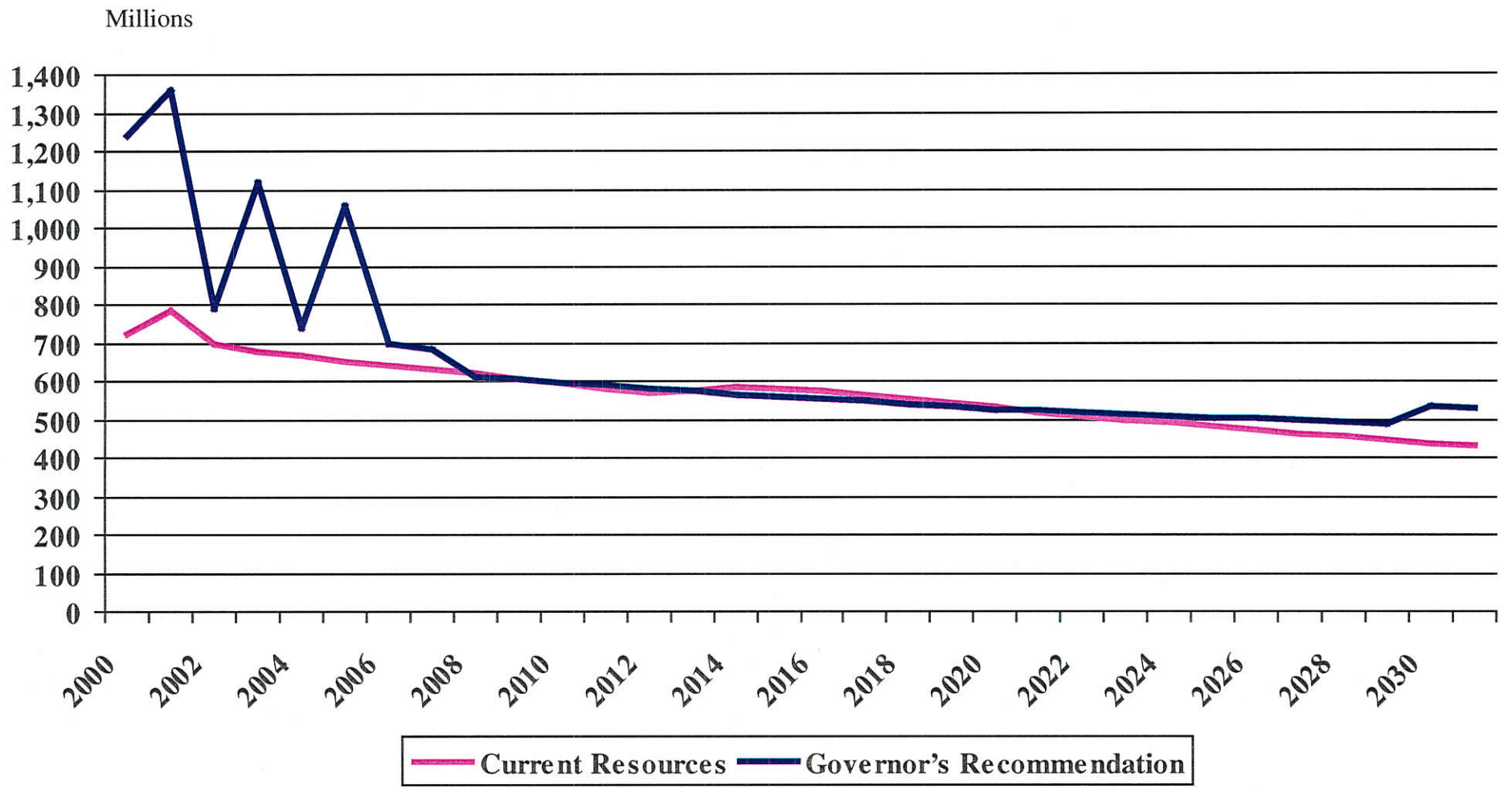
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# KANSAS DEPARTMENT OF TRANSPORTATION Comparison of Debt Service



58-1

### Comparison of Resources, Net of Debt Service (Constant Dollars)



No. 516. State Governments—Expenditures and Debt, by State: 1996—Continued

(In millions of dollars, except as indicated. For fiscal year ending in year shown; see text, Section 9)

STATE	GENERAL EXPENDITURE					Utility expenditures	Liquor stores expenditures	Insurance trust expenditures	Cash and security holdings	DEBT OUTSTANDING	
	Selected functions									Total	Per capita <sup>2</sup> (dol.)
	Correc-tions	Natural resources	Parks and recre-ation	Govem-mental adminis-tration	Inter-est on general debt						
United States . . . . .	27,324	12,862	3,479	24,666	25,402	8,043	2,593	94,045	1,558,249	447,339	1,690
Alabama . . . . .	220	174	8	283	217	(X)	147	988	18,014	3,645	850
Alaska . . . . .	150	267	15	294	240	21	(X)	504	31,310	3,177	5,251
Arizona . . . . .	499	169	29	335	181	25	(X)	1,056	21,216	2,936	662
Arkansas . . . . .	171	136	39	206	121	(X)	(X)	569	10,668	2,142	855
California . . . . .	3,843	1,876	210	3,095	2,448	100	(X)	14,479	194,354	45,859	1,439
Colorado . . . . .	353	158	43	294	335	5	(X)	1,405	26,043	3,577	937
Connecticut . . . . .	465	72	48	536	912	186	(X)	1,608	20,152	16,415	5,024
Delaware . . . . .	113	44	43	171	270	54	(X)	269	7,889	4,279	5,914
Florida . . . . .	1,647	1,241	125	1,253	1,112	63	(X)	2,772	59,587	15,515	1,076
Georgia . . . . .	817	355	184	399	345	(X)	(X)	1,424	32,554	6,200	845
Hawaii . . . . .	106	75	109	224	333	-	(X)	717	9,676	5,117	4,326
Idaho . . . . .	98	115	20	99	93	(X)	37	382	7,014	1,454	1,224
Illinois . . . . .	873	266	203	836	1,493	(X)	(X)	4,019	50,536	22,676	1,914
Indiana . . . . .	378	160	43	293	271	(X)	(X)	946	21,813	6,117	1,050
Iowa . . . . .	184	204	17	300	125	(X)	60	610	12,990	2,065	725
Kansas . . . . .	195	159	5	235	72	(X)	(X)	596	7,557	1,161	450
Kentucky . . . . .	226	255	91	429	376	8	(X)	1,232	19,462	7,030	1,811
Louisiana . . . . .	384	319	132	319	745	(X)	(X)	1,439	23,556	7,452	1,717
Maine . . . . .	64	106	8	120	170	(X)	47	458	6,372	3,160	2,551
Maryland . . . . .	743	303	68	621	594	393	(X)	1,805	30,394	9,691	1,915
Massachusetts . . . . .	729	228	97	901	1,708	88	(X)	2,072	33,203	29,295	4,814
Michigan . . . . .	1,241	401	59	684	696	(X)	370	3,066	46,643	13,668	1,405
Minnesota . . . . .	302	329	88	461	288	(X)	(X)	1,576	30,369	4,858	1,045
Mississippi . . . . .	230	168	108	133	136	(X)	108	672	13,089	2,232	823
Missouri . . . . .	312	231	28	375	307	(X)	(X)	1,090	29,305	7,128	1,329
Montana . . . . .	66	110	6	122	136	(X)	30	377	6,492	2,244	2,560
Nebraska . . . . .	94	130	21	119	85	(X)	(X)	170	6,260	1,402	850
Nevada . . . . .	151	57	14	163	129	83	(X)	725	10,136	2,259	1,411
New Hampshire . . . . .	62	35	13	130	376	-	182	217	8,373	5,833	5,027
New Jersey . . . . .	875	163	382	907	1,329	1,422	(X)	4,857	56,754	25,602	3,199
New Mexico . . . . .	175	89	31	211	110	(X)	(X)	519	16,901	2,147	1,254
New York . . . . .	2,377	326	291	2,750	3,354	4,657	(X)	8,897	142,507	73,122	4,032
North Carolina . . . . .	873	403	87	582	251	(X)	(X)	1,810	38,110	4,513	618
North Dakota . . . . .	17	77	7	59	55	(X)	(X)	203	4,173	819	1,274
Ohio . . . . .	1,144	284	80	898	822	(X)	260	6,765	105,128	12,628	1,131
Oklahoma . . . . .	296	133	50	326	159	231	(X)	1,123	14,607	3,889	1,180
Oregon . . . . .	291	239	32	613	343	111	2,113	22,294	6,086	1,904	1,904
Pennsylvania . . . . .	1,077	432	113	1,028	1,088	(X)	648	4,915	67,402	15,046	1,250
Rhode Island . . . . .	116	28	30	181	295	37	(X)	624	7,600	5,506	5,571
South Carolina . . . . .	391	171	51	221	185	654	(X)	1,062	18,468	5,324	1,433
South Dakota . . . . .	44	86	18	79	108	(X)	(X)	113	5,110	1,704	2,310
Tennessee . . . . .	445	166	82	284	192	4	(X)	941	18,538	3,069	578
Texas . . . . .	2,351	643	67	932	741	(X)	(X)	4,563	103,090	14,576	763
Utah . . . . .	158	133	35	235	128	(X)	66	443	11,470	2,464	1,221
Vermont . . . . .	43	53	9	85	105	1	26	116	2,734	1,718	2,929
Virginia . . . . .	809	138	69	678	550	4	214	1,192	31,094	8,793	1,319
Washington . . . . .	497	438	57	406	509	(X)	219	3,280	40,086	8,991	1,629
West Virginia . . . . .	82	140	40	266	163	5	39	1,303	5,860	2,830	1,555
Wisconsin . . . . .	513	496	57	427	548	(X)	(X)	1,739	44,764	9,127	1,773
Wyoming . . . . .	32	83	16	71	54	(X)	30	225	6,530	799	1,665

- Represents or rounds to zero. X Not applicable. <sup>1</sup> Includes items not shown separately. <sup>2</sup> Based on estimated resident population as of July 1.

Source: U.S. Bureau of the Census, <<http://www.census.gov/govs/www/state.html>> (accessed 10 June 1998).

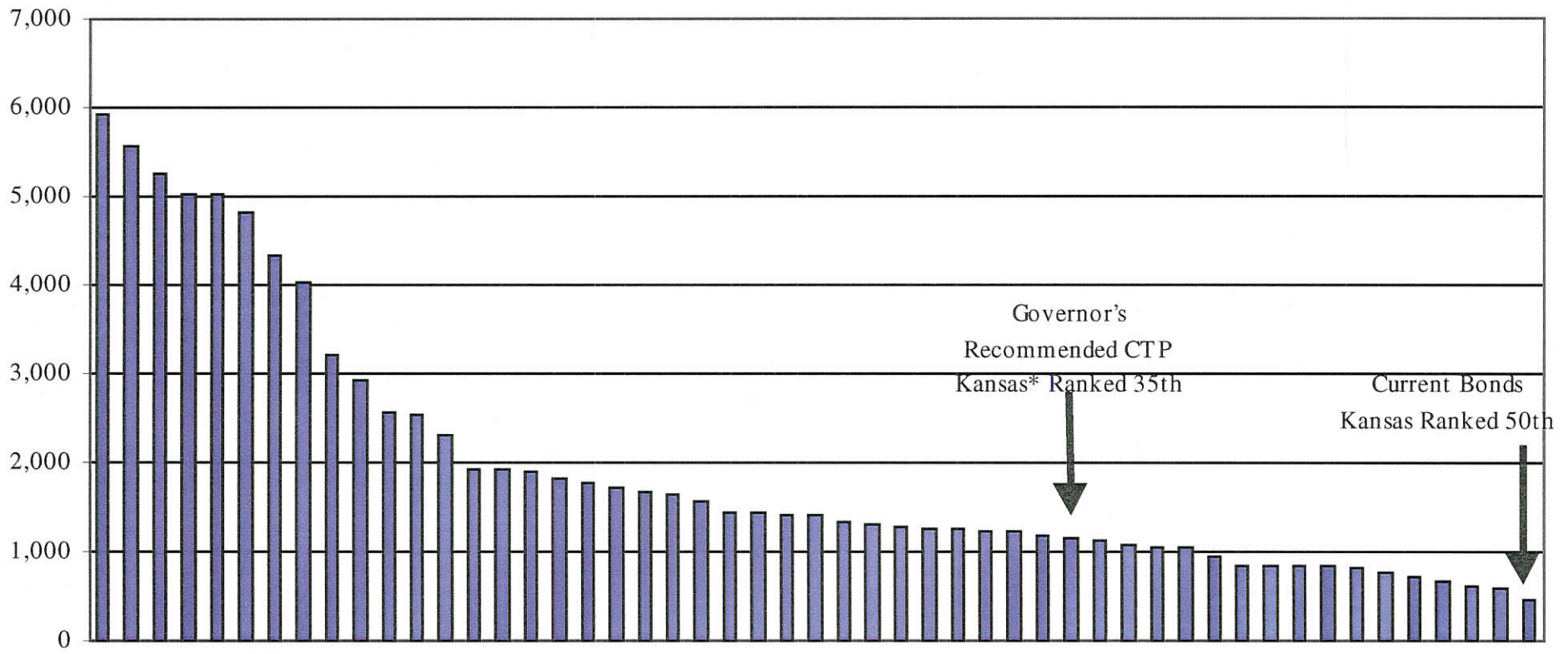
U.S. Census Bureau, *the Official Statistics*<sup>TM</sup> Statistical Abstract of the United States: 1998 Oct. 16, 1998

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# 1996 Per Capita State Governments Debt

Dollars



Source: Statistical Abstract of the United States:1998

\*Data as previously reported in the Statistical Abstract adjusted to reflect additional \$1.8 billion of CTP bonds over the next six years.

# Transportation Revolving Fund

- **Simplified version of 1998 S.B. 648**
- **No direct grants**
- **Highway projects only**