

Approved: _____

Date

2/15/99

MINUTES OF THE SENATE WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on February 8, 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: Chris Courtwright, Principal Analyst
Julian Efird, Legislative Analyst
Secretary. E. Dean Carlson, KDOT

Others attending: See attached list.

The Chairman welcomed the Senate Taxation Committee Chairperson, Audrey Langworthy, and her Committee to the Joint Meeting.

Senator Kerr then called the Ways and Means Committee's attention to the Governor's Budget Amendment #1 for FY 2000, that had been handed out. (Attachment 1).

It was moved by Senator Jordan and seconded by Senator Salisbury that rs 0394 and rs 0683 be introduced. The motion carried on a voice vote.

Chris Courtwright, Principal Analyst, spoke to the Committee in regard to assumptions regarding sales tax demand transfers to the State Highway Fund. (Attachment 2).

Julian Efird, Legislative Principal Analyst, explained the uncapped vs. the capped SGF demand transfer projections. (Attachment 3). In speaking of the demand transfer projections, he told the Committee that there was a second component in addition to sales tax: that being motor carrier property tax.

Next on the agenda was, Secretary of the Department of Transportation, E. Dean Carlson, who presented the Comprehensive Transportation Program Funding. (Attachment 4).

In explaining the resource enhancement comparison, (page 7) the Secretary was asked if they reissued some of the bonds of the Comprehensive Highway Program. He said they didn't reissue them but refinanced them and they do not need legislative approval to do this. In explaining their investment procedures, he told the Committee that they had saved the state five million dollars.

The meeting was adjourned at 12:20 p.m. The next meeting is scheduled for Tuesday, February 9.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 2/8/99

NAME	REPRESENTING
Ken Baker	Economic Lifelines
Tom Whitaker	Ks Motor Carriers Assn
George Peterson	Ks Taxpayers Network
Alex Kotayantz	J.C. Geary Co. Convention Bureau
KEITH WATTS	KDOT
Robert Haley	KDOT
Bill Watts	KDOT
PATRICK J. HURLEY	Econ Lifelines
Wendy Moses	✓ ✓
TOM PALACE	PMCA OF KS.
Doug Smith	Pinegrove-Smith Company
Bob Totten	Ks Contractors Association
Wendy Matthews	Economic Lifelines
David Stutz, Supt.	Jefferson West USD340
Scott K... ..	MGH
Shirley Sicilian	K D of Revenue
Ashley Shevard	Overland Park Chamber
Bernard A. Koch	Wichita Chamber

STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E

State Capitol Building

Topeka, Kansas 66612-1575

(785) 296-2436

FAX (785) 296-0231

February 3, 1999

Bill Graves
Governor

Duane A. Goossen
Director

The Honorable Dave Kerr, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Phill Kline, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

Dear Senator Kerr:

I offer the following corrections to the budget document submitted to the Legislature. The adjustments do not contain policy changes to the recommendations made by the Governor. Rather, they correct technical errors made in posting the detailed budgets or publishing *The FY 2000 Governor's Budget Report*. Errors were identified through a cooperative process involving the Division of the Budget, state agencies, and your fiscal staff. We are thankful for their cooperation and assistance. Total adjustments to expenditures are shown below. The net effect is to decrease the FY 1999 ending balance of the State General Fund by \$271,186. The balance at the end of FY 2000 is decreased by \$400,494. The adjustments add 160.7 positions to FY 1999 and 163.3 positions to FY 2000.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ 271,186	\$ 129,308
All Funds	\$ 191,186	\$ 50,760

Sincerely,

A handwritten signature in cursive script that reads "Duane A. Goossen".

Duane A. Goossen
Director of the Budget

Senate Ways and Means Committee

Date 2/8/99

Attachment # 1-1

Board of Barbering

1. Salary & Wage Calculation Error

A total of \$1,452 from the Barber Examiner Fee Fund was not included in the budget of the Board of Barbering because of an error in the calculation of salaries and wages. This correction to *The FY 2000 Governor's Budget Report* will add this amount to the agency's budget.

	FY 1999	FY 2000
State General Fund	\$ --	\$ --
All Other Funds	--	1,452
All Funds	\$ --	\$ 1,452

Kansas Lottery

2. Expenditure Decrease

An amount of \$80,000 from the Lottery Operating Fund was included in the *FY 2000 Governor's Budget Report* as a regular expenditure but should have been included as a non-expense item. This correction to *The FY 2000 Governor's Budget Report* will decrease total expenditures of the Lottery in FY 1999 and FY 2000.

	FY 1999	FY 2000
State General Fund	\$ --	\$ --
All Other Funds	(80,000)	(80,000)
All Funds	\$ (80,000)	\$ (80,000)

Board of Tax Appeals

3. Deferred Compensation Funding Omitted

The amount included for salaries and wages in the Governor's budget recommendations omitted \$3,764 in FY 2000 for a board member's deferred compensation. This amount has been calculated to adjust for shrinkage.

	FY 1999	FY 2000
State General Fund	\$ --	\$ 3,764
All Other Funds	--	--
All Funds	\$ --	\$ 3,764

Department on Aging

4. Funding Match Error

Use of an incorrect State General Fund matching rate for the Targeted Case Management Program recommendation resulted in a funding error in the budget of the Department on Aging in both FY 1999 and FY 2000. This correction to *The FY 2000 Governor's Budget Report* will restore the correct funding mix to the agency's budget.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ 198,912	\$ 202,788
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 198,912	\$ 202,788

Department of Education

5. General and Supplemental State Aid for Schools

The recommendation for General State Aid for FY 2000 was calculated based on a weighted enrollment of 576,802.7 students. The calculation should have been made on an enrollment count of 576,797.3, or 5.4 fewer students. Because of this miscalculation, the recommendation overstates the State General Fund appropriation for General State Aid by \$20,000 and the appropriation for Supplemental State Aid by \$1,000. This correction to *The FY 2000 Governor's Budget Report* will reduce these amounts from the two school aid categories.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ (21,000)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$ (21,000)

Fort Hays State University

6. FTE Positions Omitted

The FTE positions for Fort Hays State University were mistakenly underreported. Actual and recommended FTE positions should be increased in all three fiscal years to correct the error: 12.0 in FY 1998, 12.0 in FY 1999, and 11.6 in FY 2000.

Pittsburg State University

7. FTE Positions Omitted

The FTE positions for Pittsburg State University were mistakenly underreported. Actual and recommended FTE positions should be increased in all three fiscal years to correct the error: 9.6 in FY 1998, 8.5 in FY 1999, and 8.5 in FY 2000.

University of Kansas

8. FTE Positions Omitted

The FTE positions for the Service Clearing Program of the University of Kansas were mistakenly not added to the agency's total reported positions. Actual and recommended FTE positions should be increased in all three fiscal years to correct the error: 91.6 in FY 1998, 93.2 in FY 1999, and 93.2 in FY 2000.

University of Kansas Medical Center

9. Housestaff Salaries

Funding for housestaff located in Wichita and Topeka were mistakenly increased beyond the rates recommended by the Governor. The amount of \$62,611 is removed from the amount recommended from the State General Fund for this institution.

	FY 1999	FY 2000
State General Fund	\$ --	\$ (62,611)
All Other Funds	--	--
All Funds	\$ --	\$ (62,611)

Kansas State University

10. Graduate Student Waivers

The amount included in the Governor's budget recommendations incorrectly applied a rate increase of two different amounts. To correct this overfunding, the amount of \$31,790 is removed from the agency's State General Fund budget for FY 2000.

	FY 1999	FY 2000
State General Fund	\$ --	\$ (31,790)
All Other Funds	--	--
All Funds	\$ --	\$ (31,790)

Kansas State University—ESARP

11. Retirement Reduction

It appeared that in the agency's budget submission in the fall of 1998 a retirement from late in FY 1997 had not been removed from this agency's budget. It has now been determined that it was removed in the agency's request. Because the amount of \$35,518 was inadvertently removed from the agency's FY 1999 budget twice, it should be restored.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ 35,518	\$ --
All Other Funds	--	--
All Funds	<u>\$ 35,518</u>	<u>\$ --</u>

Wichita State University

12. FTE Positions Omitted

The FTE positions funded from restricted use sources for the Physical Plant Program of Wichita State University were mistakenly not added to the agency's total reported positions. Actual and recommended FTE positions should be increased in all three fiscal years to correct the error: 39.0 in FY 1998, 47.0 in FY 1999, and 47.0 in FY 2000.

Department of Corrections

13. Off-Budget Positions Omitted

Three off-budget positions were mistakenly not added to the agency's total reported positions. Recommended positions should be increased in FY 2000 by 1.0 FTE position and 2.0 unclassified temporary positions.

14. Retirement Calculation

Retirement for Parole Officer I, Parole Officer II, and Parole Supervisor position classes was mistakenly calculated as KPERS—Group A instead of KPERS—Regular and KPERS—Insured Only, resulting in a savings of \$12,720 from the State General Fund.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ (12,720)
All Other Funds	--	--
All Funds	<u>\$ --</u>	<u>\$ (12,720)</u>

Hutchinson Correctional Facility

15. Retirement Reduction

A total of \$36,756 in FY 1999 and \$37,116 in FY 2000 from the State General Fund is added to the budget of Hutchinson Correctional Facility for salaries and wages for a retirement reduction which was taken out twice. This increase to *The FY 2000 Governor's Budget Report* will correct the underfunding.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ 36,756	\$ 37,116
All Other Funds	--	--
All Funds	<u>\$ 36,756</u>	<u>\$ 37,116</u>

Lansing Correctional Facility

16. Salaries and Wages Correction

The Governor recommended that Correctional Officer I and II positions be compensated at pay grade 18 instead of 17; however, increased funding for the upgrade was not included for the Osawatomie Correctional Facility.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 6,468
All Other Funds	--	--
All Funds	<u>\$ --</u>	<u>\$ 6,468</u>

Winfield Correctional Facility

17. Salaries and Wages Correction

The Governor recommended that Correctional Officer I and II positions be compensated at pay grade 18 instead of 17; however, increased funding for the upgrade was not included for the Wichita Work Release Facility.

	<u>FY 1999</u>	<u>FY 2000</u>
State General Fund	\$ --	\$ 7,293
All Other Funds	--	--
All Funds	<u>\$ --</u>	<u>\$ 7,293</u>

February 2, 1999

To: Senate Ways and Means Committee

From: Chris W. Courtwright, Principal Analyst

Re: Assumptions Regarding Sales Tax Demand Transfer to State Highway Fund

This memo responds to the Chair's request for a bullet-point analysis of the sales tax demand transfer issue as it relates to the proposed comprehensive transportation program.

- The comprehensive transportation plan proposes as one of the funding enhancements an increase in the sales tax demand transfer to the State Highway Fund (SHF) from 7.628 percent to 9 percent in FY 2000 and to 10 percent in FY 2001 and all years thereafter. Information provided by the Kansas Department of Transportation (KDOT) estimates this enhanced funding stream at \$554 million over the eight-year life of the new program. This figure was derived by assuming that current law contains a 1.75 percent growth cap on the demand transfer for each of the next eight fiscal years.
- Using a 4 percent annual sales tax growth assumption agreed to by the Research Department, KDOT, the Department of Revenue, and the Budget Division provides for an estimated \$1.009 billion in demand transfers to the SHF from FY 2000-FY 2007, based on the current statutory amount of 7.628 percent.
- The Governor is recommending that the statutory amount be increased to 9 percent in FY 2000 and 10 percent in FY 2001 and thereafter, which would provide \$1.309 billion in SHF demand transfers over the eight-year period—an increase of \$299 million relative to current law.
- Based on the assumption used by KDOT for planning purposes that current law contains a 1.75 percent growth cap for FY 2000 and all future years (beginning at 1.75 percent growth above the actual FY 1999 transfer), the eight-year demand transfers would total \$761 million. This figure is \$548 million less than the \$1.309 billion which would be transferred under the Governor's recommended enhancements.
- The Research Department and KDOT have agreed to provide numbers prospectively based on both current law and the latter assumption regarding a statutory cap.
- If the Legislature makes no change in any law, \$255 million more in SHF resources will be available over the next eight years than would have been available if current law had in fact contained the 1.75 percent cap.

#26445.01(2/5/99{3:01PM})

Senate Ways and Means Committee

Date 2/8/99

Attachment # 2-1

	(\$ in thousands)			fy 99 Actual Plus 1.75%	
	Current Law (7.628%)	Governor's Rec (9% in fy 00, 10% fy 2001 and future)	Governor's Fiscal Note	Growth (KDOT assumption in lieu of Current Law)	Difference between Gov's Rec and Prior Column
<i>FY 2000</i>	\$109,271	\$128,925	\$19,654	\$89,438	\$39,487
<i>FY 2001</i>	\$113,924	\$149,350	\$35,426	\$91,003	\$58,347
<i>FY 2002</i>	\$118,481	\$155,324	\$36,843	\$92,596	\$62,728
<i>FY 2003</i>	\$123,220	\$161,537	\$38,317	\$94,216	\$67,321
<i>FY 2004</i>	\$128,149	\$167,998	\$39,849	\$95,865	\$72,133
<i>FY 2005</i>	\$133,275	\$174,718	\$41,443	\$97,543	\$77,175
<i>FY 2006</i>	\$138,606	\$181,707	\$43,101	\$99,250	\$82,457
<i>FY 2007</i>	\$144,150	\$188,975	\$44,825	\$100,987	\$87,988
	\$1,009,076	\$1,308,534	\$299,457	\$760,899	\$547,635

New Money Over 8 Years

2-3

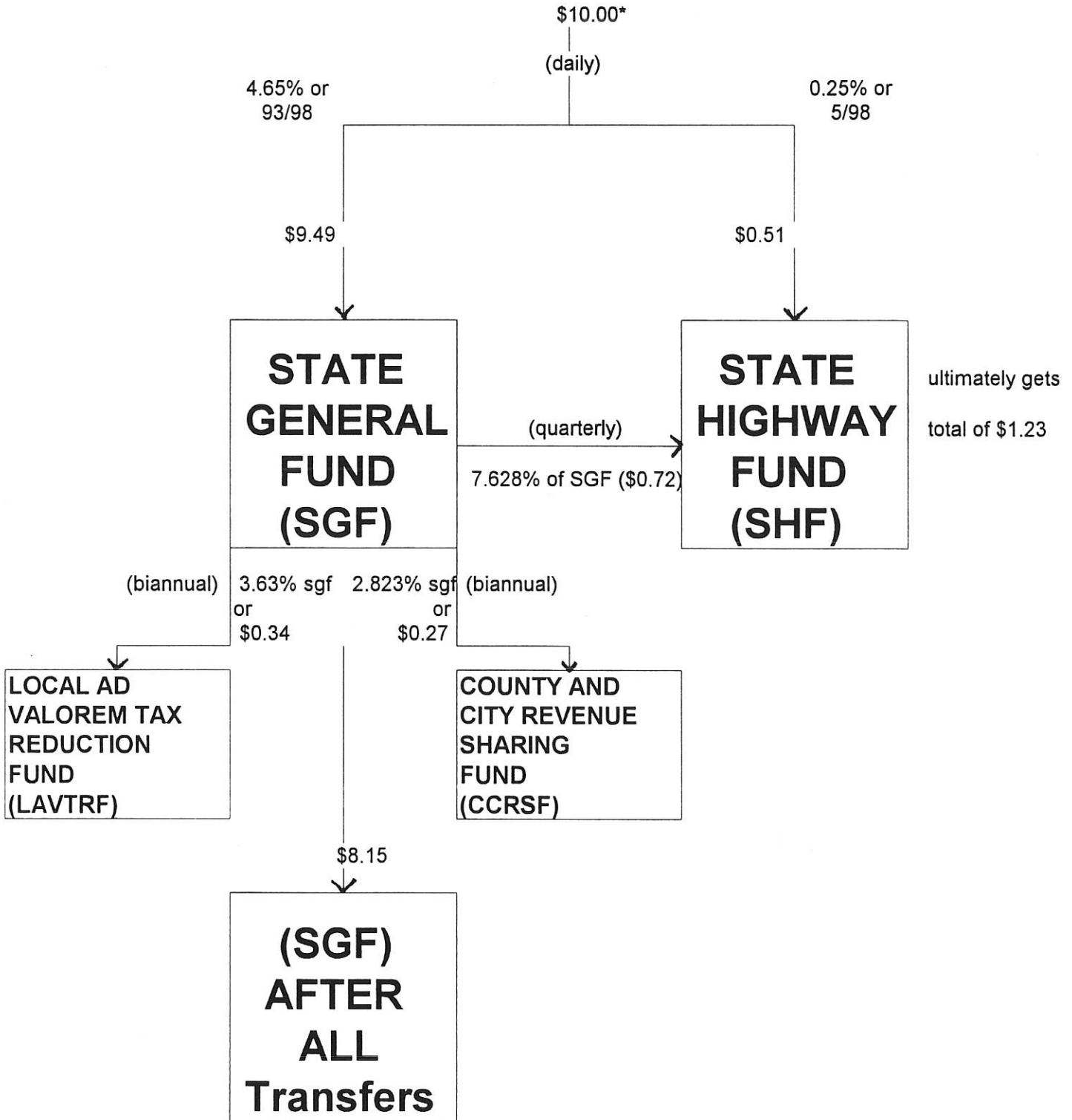
(\$ IN MILLIONS)

	1989 CHP FY 90-97	1998 Gov Rec (a) FY 00-07	1998 Gov Rec (b) FY 00-07
Revenue Enhancements			
Motor Fuel Tax	746		
Registration Fees	227		
SGF Sales Tax Transfer	223	554	299
Sales and Use Qtr Cent	474		
Interest on Funds	65	216	178
Subtotal Rev Enhancements	1,735	769	477
Bonds (net of issue costs)	877	2,136	2,136
Interest on Bond Proceeds	36	95	95
Net from Bond Sales	913	2,231	2,231
Total Enhanced Resources	2,648	3,000	2,708
Increase in Debt Services	105	580	580
Net New Resources for Program	2,543	2,419	2,128

(a) Gov Rec based on assumption that current demand transfer contains a cap.

(b) Gov Rec recomputed based on current law for demand transfer.

Scenario: Spends \$204.08 on groceries (so state sales tax will be exactly \$10.00). Local sales tax not shown.
 (He Pays \$214.08 plus any local sales tax)
 State Sales Tax Rate = 4.9%



* Note: Revenue from sales occurring within redevelopment districts (NASCAR and OZ) is retained exclusively for financing of those projects. The Secretary of Revenue also has authority to divert a small percentage of sales tax receipts for the Food Sales Tax Rebate Program.

Demand transfer percentages are based on current law for FY 2000 and assume that SHF and CCRSF remain uncapped.

Distribution of compensating (use) tax receipts is the same EXCEPT there is no demand transfer to the SHF.

2-4

New Transportation Program

Average Annual Costs

(Dollars in Millions)

Expenditures	1989		
	Comprehensive Highway Plan	Extended Interim	Recommended Program
Maintenance:			
Routine Maintenance	84	119	119
Substantial Maintenance	93	201	201
Construction:			
Major Modification & Priority Bridge	269	299	399
System Enhancement	105	--	125
Modes:			
Aviation	--	--	3
Public Transit (Includes State & Federal Funds)	5	5	10
Rail (Includes State & Federal Funds)	3	1	4
Local:			
Special City/County Highway Fund*	117	136	160
Local Federal Aid Projects (Includes Local Match)	70	80	80
Local Partnership	17	22	25
KLINK Maintenance Payments	2	2	3
Management and Other	43	70	73
Transfers Out	35	48	48
Debt Service	27	85	85
Total Expenditures	\$ 870	\$ 1,068	\$ 1,335
Revenues			
Available Resources (Including Beginning Balance)	\$ 926	\$ 1,033	\$ 1,033
Enhanced Resources			302
Annual Surplus (Shortfall)	\$ 56	\$ (35)	\$ --

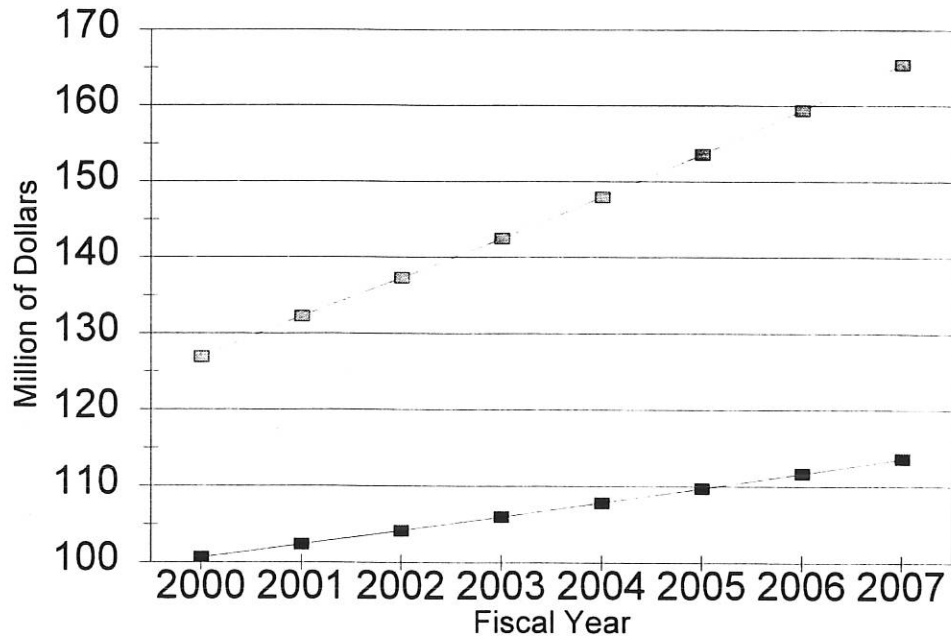
* motor fuel tax plus excise motor lane property tax

In Millions

+ \$24 = \$24/yr. or \$192/8yr. motor fuel tax
if rates changed from 40.5% to 44.7%

SGF Demand Transfer Projections

Uncapped vs. Capped



no\$cap.wb3

SGF Transfers Out

Table 1. Current Law with no caps

Fiscal Year	Sales Tax	Mtr Carrier	Total
2000	109.3	17.6	126.9
2001	113.9	18.3	132.2
2002	118.5	18.8	137.3
2003	123.2	19.3	142.5
2004	128.1	19.8	147.9
2005	133.3	20.3	153.6
2006	138.6	20.8	159.4
2007	144.2	21.3	165.5
	1,009.1	156.2	1,165.3

Table 2. FY 1999 Estimate plus 1.75 percent growth

Fiscal Year	Sales Tax	Mtr Carrier	Total
2000	89.4	11.2	100.6
2001	91.0	11.4	102.4
2002	92.6	11.6	104.2
2003	94.2	11.8	106.0
2004	95.9	12.0	107.9
2005	97.5	12.2	109.7
2006	99.3	12.4	111.7
2007	101.0	12.6	113.6
	760.9	95.1	856.0

Table 1 vs. 2	Sales Tax	Mtr Carrier	Total
Differences	\$248.2	\$61.1	\$309.3

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

**Comprehensive Transportation
Program**

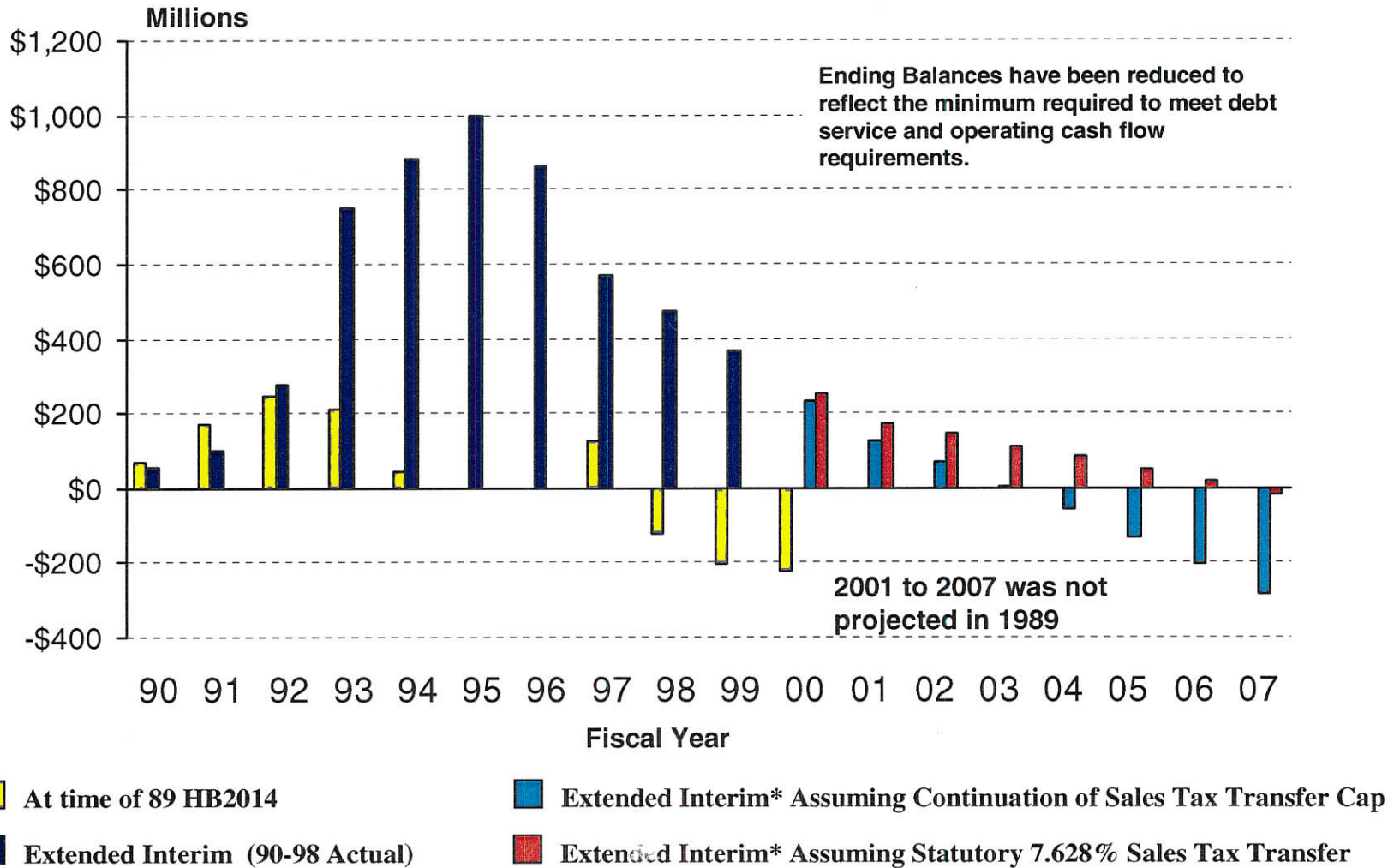
February 08, 1999

**E. Dean Carlson
Secretary of Transportation**

Kansas Department of Transportation

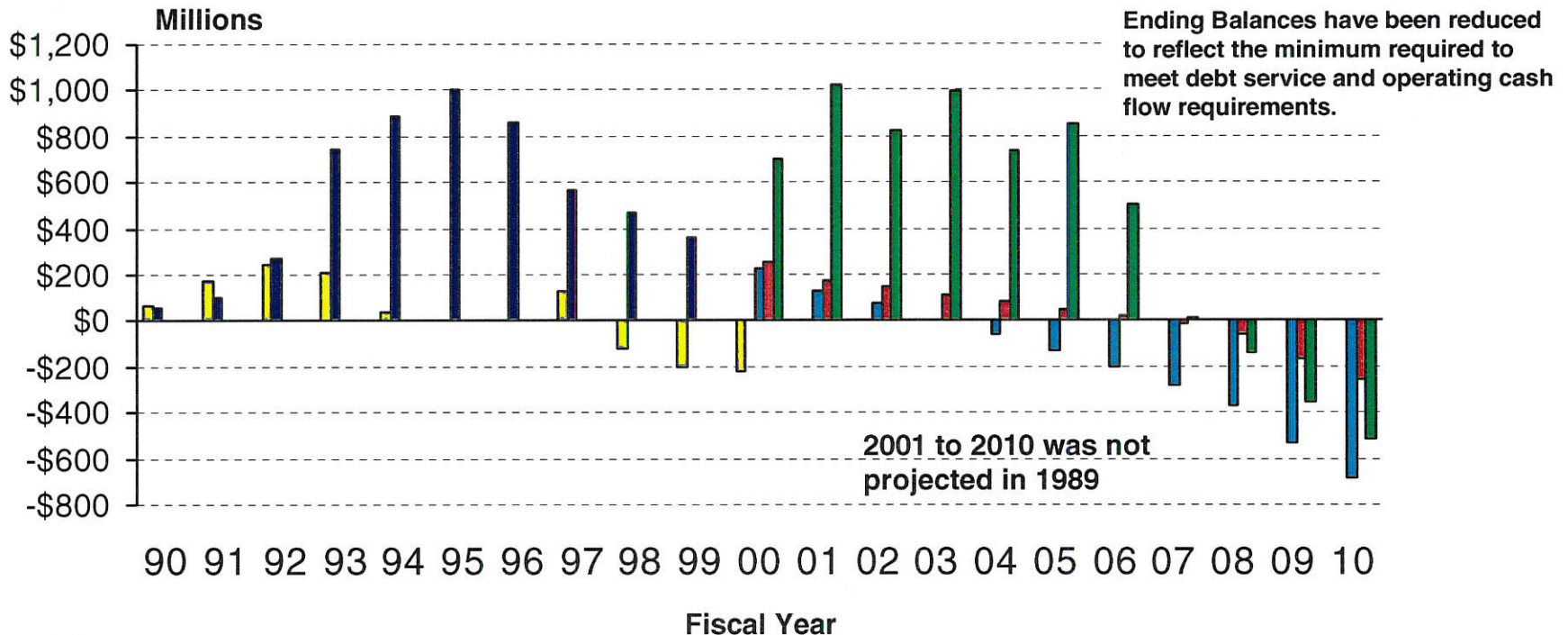
State Highway Fund Ending Cash Balances Extended Interim Program

4-2



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

State Highway Fund Ending Cash Balances Governor's Comprehensive Transportation Program



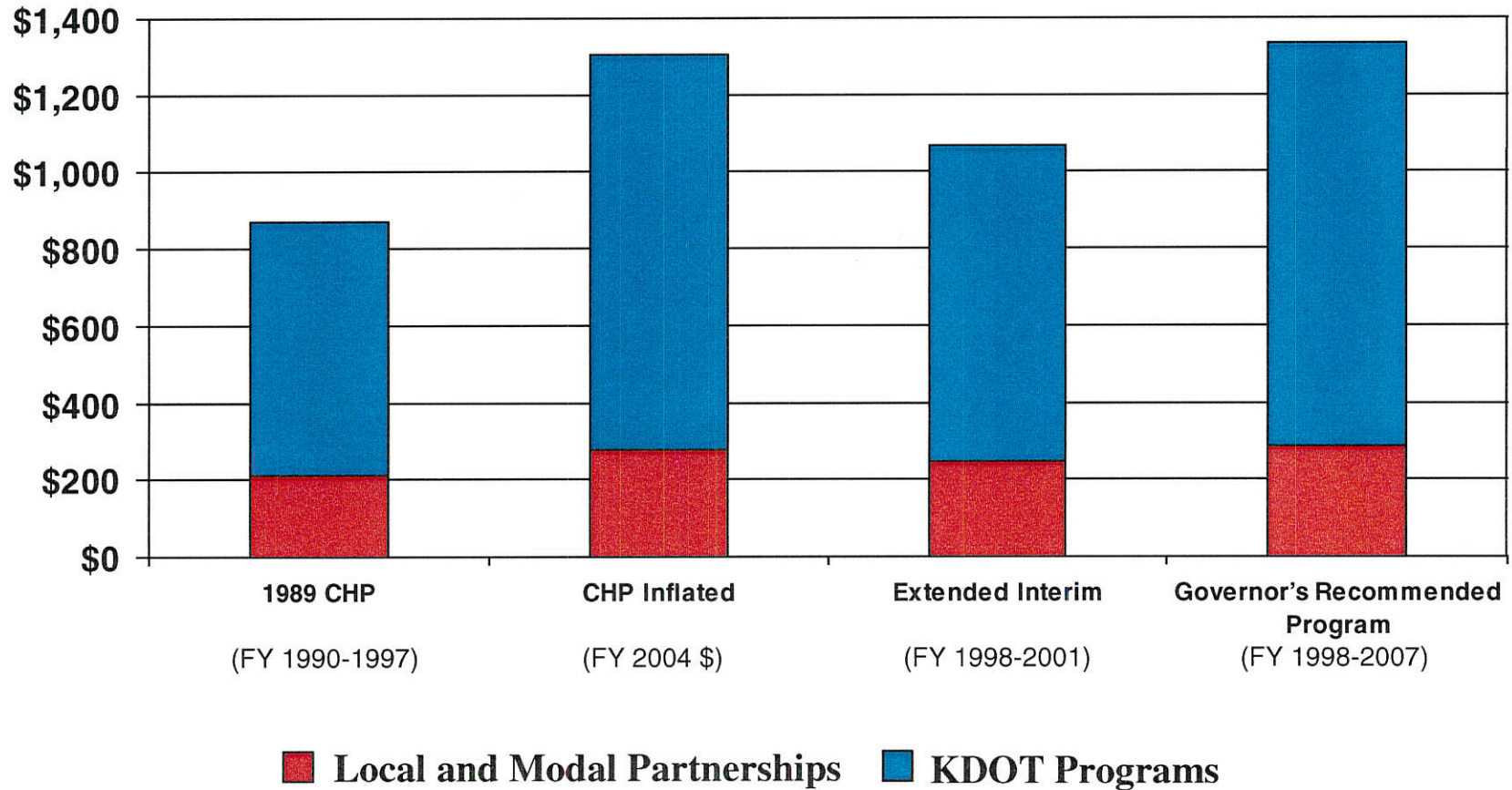
- At time of 89 HB2014
- Extended Interim (90-98 Actual)
- Extended Interim* Assuming Continuation of Sales Tax Transfer Cap
- Extended Interim* Assuming Statutory 7.628% Sales Tax Transfer
- Governor's Comprehensive Transportation Program* (90-98 Actual)

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

6-4

Program Expenditure Comparison

Average Annual Costs (\$Millions)



Governor's Transportation Program

	Comprehensive Highway Plan Nominal \$	Interim FY 2004 \$	Program FY 2004 \$
Maintenance:			
Routine Maintenance	\$ 84	\$ 119	\$ 119
Substantial Maintenance	93	201	201
Construction:			
Major Modification & Priority Bridge	269	299	399
System Enhancement	105	0	125
Modes:			
Aviation	0	0	3
Public Transit (Includes both State & Federal Funds)	5	5	10
Rail (Includes both State & Federal Funds)	3	1	4
Local:			
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
	<u>\$ 870</u>	<u>\$ 1,068</u>	<u>\$ 1,335</u>
 Available Resources (including beginning balance and adjusted for required ending balance)	 926	 1,033	 1,033
Enhanced Resources			
Sales Tax Transfer Increase to 7.628%			32
Sales Tax Transfer Increase above 7.628%			37
Bond Proceeds (Net of issue costs)			267
Debt Service on Bonds in Period			(73)
Increase in Interest Earnings			39
Annual Surplus (Shortfall)	<u>\$ 56</u>	<u>\$ (35)</u>	<u>\$ 0</u>

Governor's Transportation Program

Average Annual Costs (\$MILLIONS)	Extended Interim FY 2004 \$	Recommended Program FY 2004 \$	Increased Effort and Resources
Maintenance:			
Routine Maintenance	\$ 119	\$ 119	\$ 0
Substantial Maintenance	201	201	0
Construction:			
Major Modification & Priority Bridge	299	399	100
System Enhancement	0	125	125
Modes:			
Aviation	0	3	3
Public Transit (Includes both State & Federal Funds)	5	10	5
Rail (Includes both State & Federal Funds)	1	4	3
Local:			
Special City and County Highway Fund	136	160	24
Local Federal Aid Projects (Includes Local Match)	80	80	0
Local Partnership (Includes Local Match)	22	25	3
KLINK Maintenance Payments	2	3	1
Management and Other	70	73	3
Transfers Out	48	48	0
Existing Debt Service	85	85	0
Extended Interim Shortfall	(35)		35
	<u>\$ 1,033</u>	<u>\$ 1,335</u>	<u>\$ 302*</u>
Enhanced Resources			
Sales Tax Transfer Increase to 7.628%		\$ 32	\$ 32
Sales Tax Transfer Increase above 7.628%		37	37
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

6-7

RESOURCE ENHANCEMENT COMPARISON

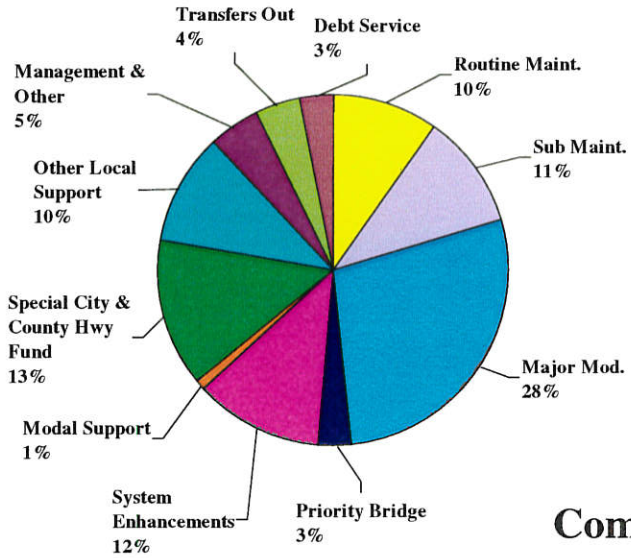
(Millions)

	89 CHP	Inflated 89 CHP 2004 \$	Gov. CTP
REVENUE ENHANCEMENTS			
Motor Fuel Tax	\$ 746	\$ 963	\$ 0
Registration Fees	227	293	0
Sales Tax Transfer - Cap	223	287	254
Sales Tax Transfer - Statue	0	0	299
Sales Tax	474	612	0
Interest on Funds	65	83	254
SUBTOTAL REVENUE ENHANCEMENTS	\$ 1,433	\$ 2,240	\$ 807
Bond Sales (Net of Issue Costs)	877	1,132	2,135
Interest on bond proceeds	36	46	62
Debt Service in Period	(105)	(135)	(580)
Net Bond Proceeds	808	\$ 1,043	\$ 1,618
TOTAL ENHANCED RESOURCES	\$ 2,543	\$ 3,283	\$ 2,424

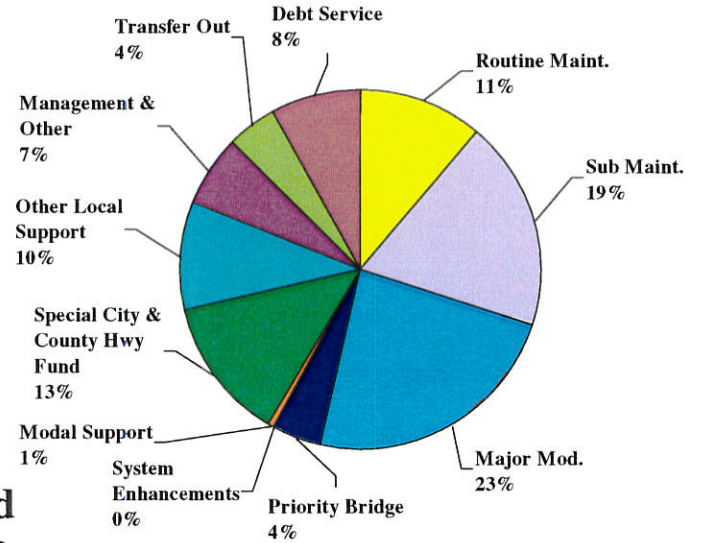
Comprehensive Highway Program inflate from midpoint to FY 2004

Program Expenditures

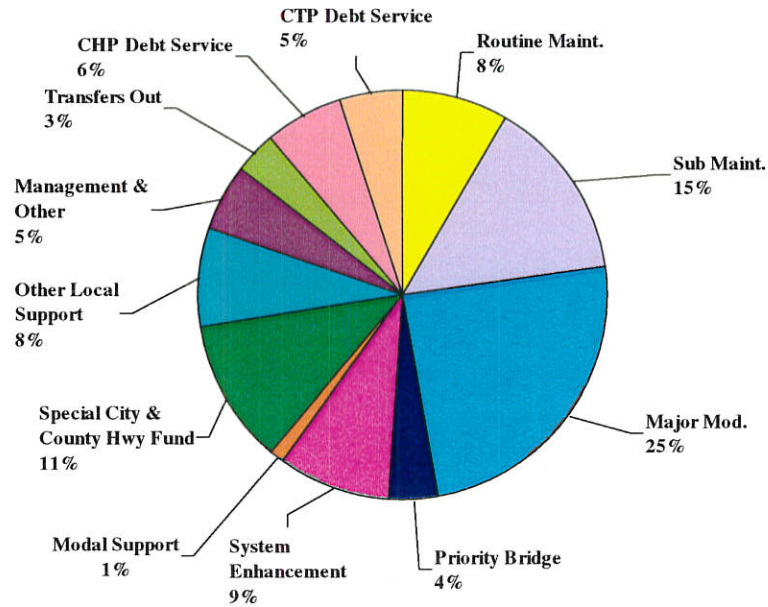
CHP



Extended Interim

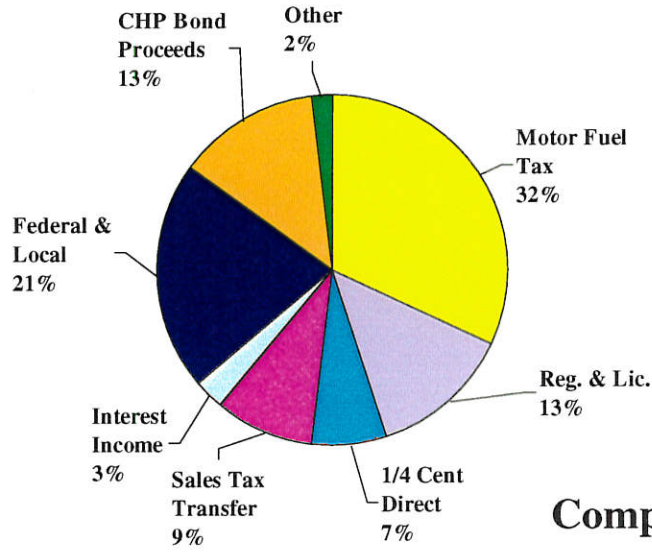


Governor's Recommended Comprehensive Transportation Program

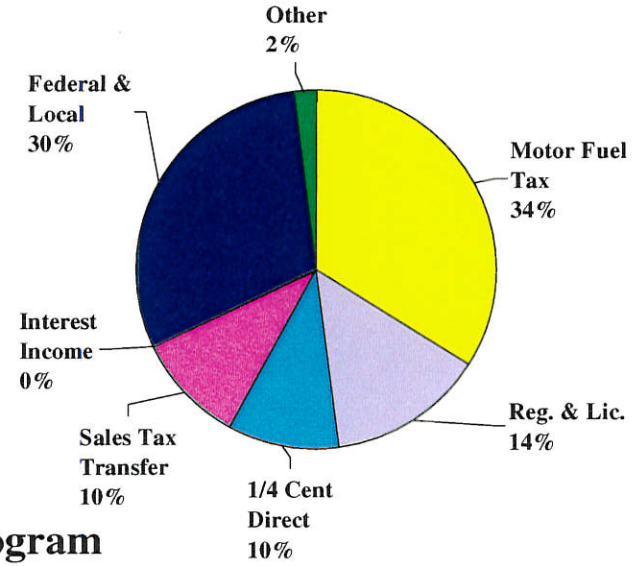


Program Resources

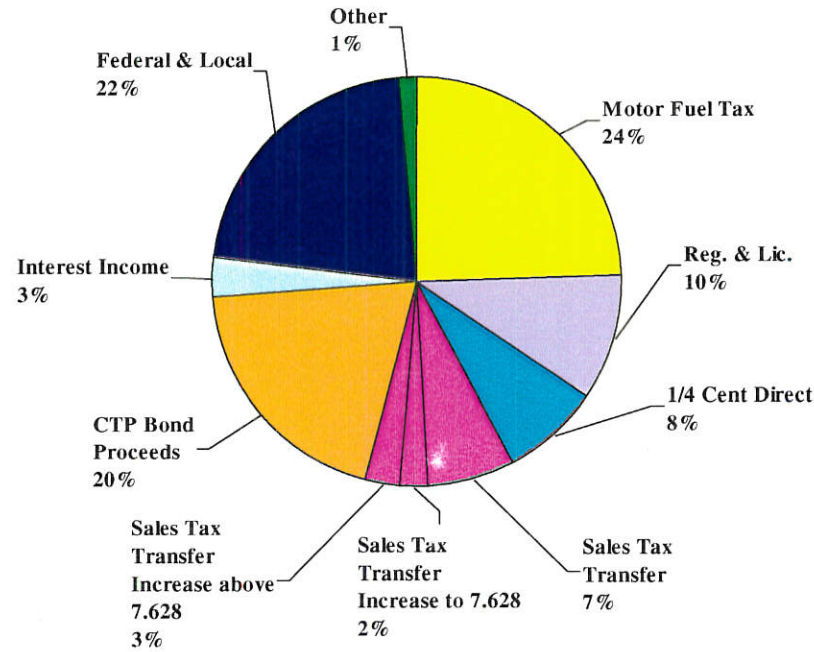
CHP



Extended Interim

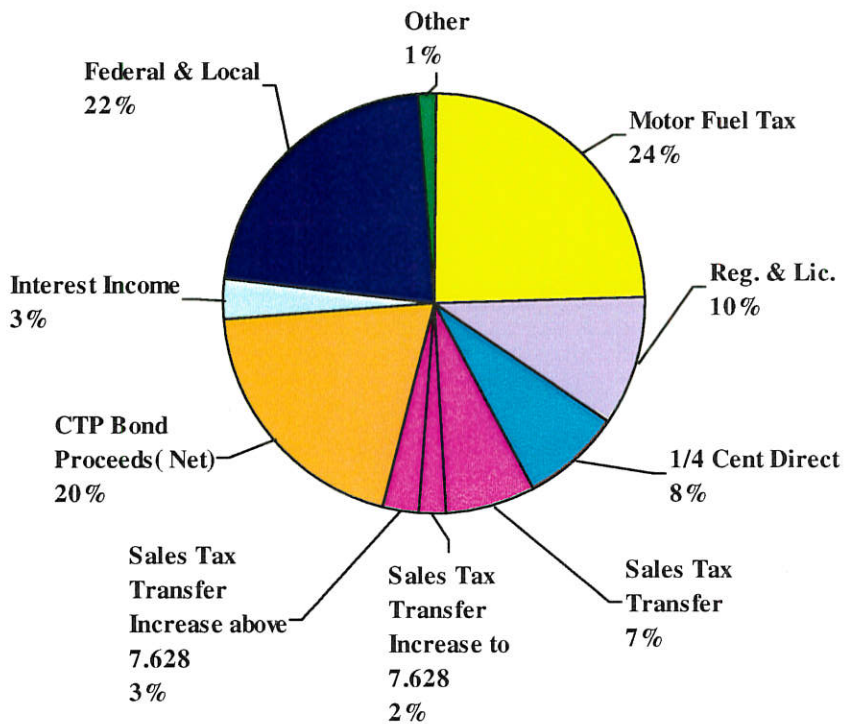


Governor's Recommended Comprehensive Transportation Program

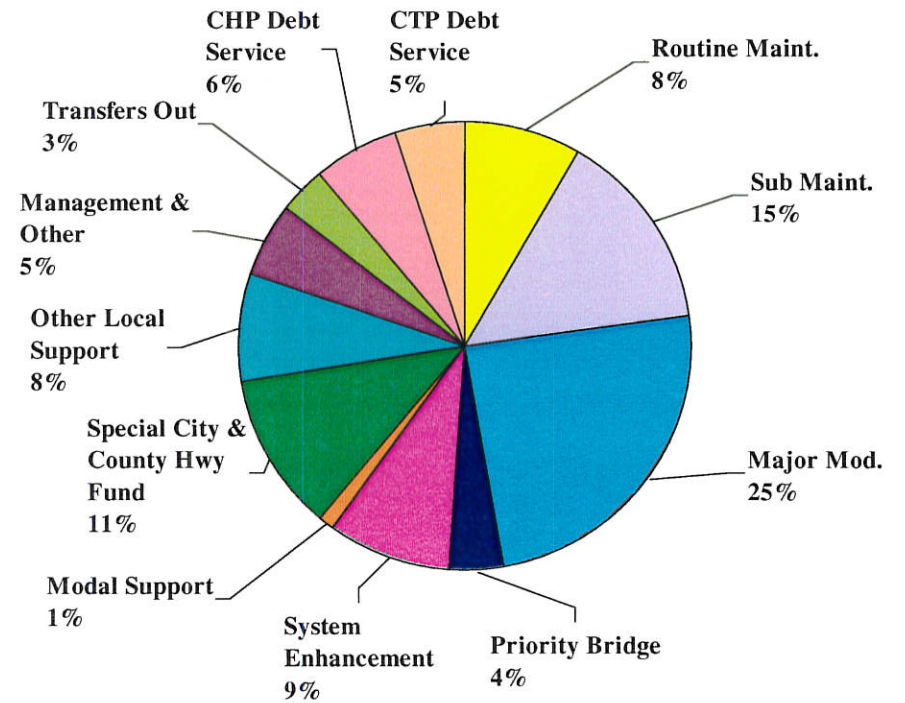


Governor's Recommended Comprehensive Transportation Program FY 2000 - 2007

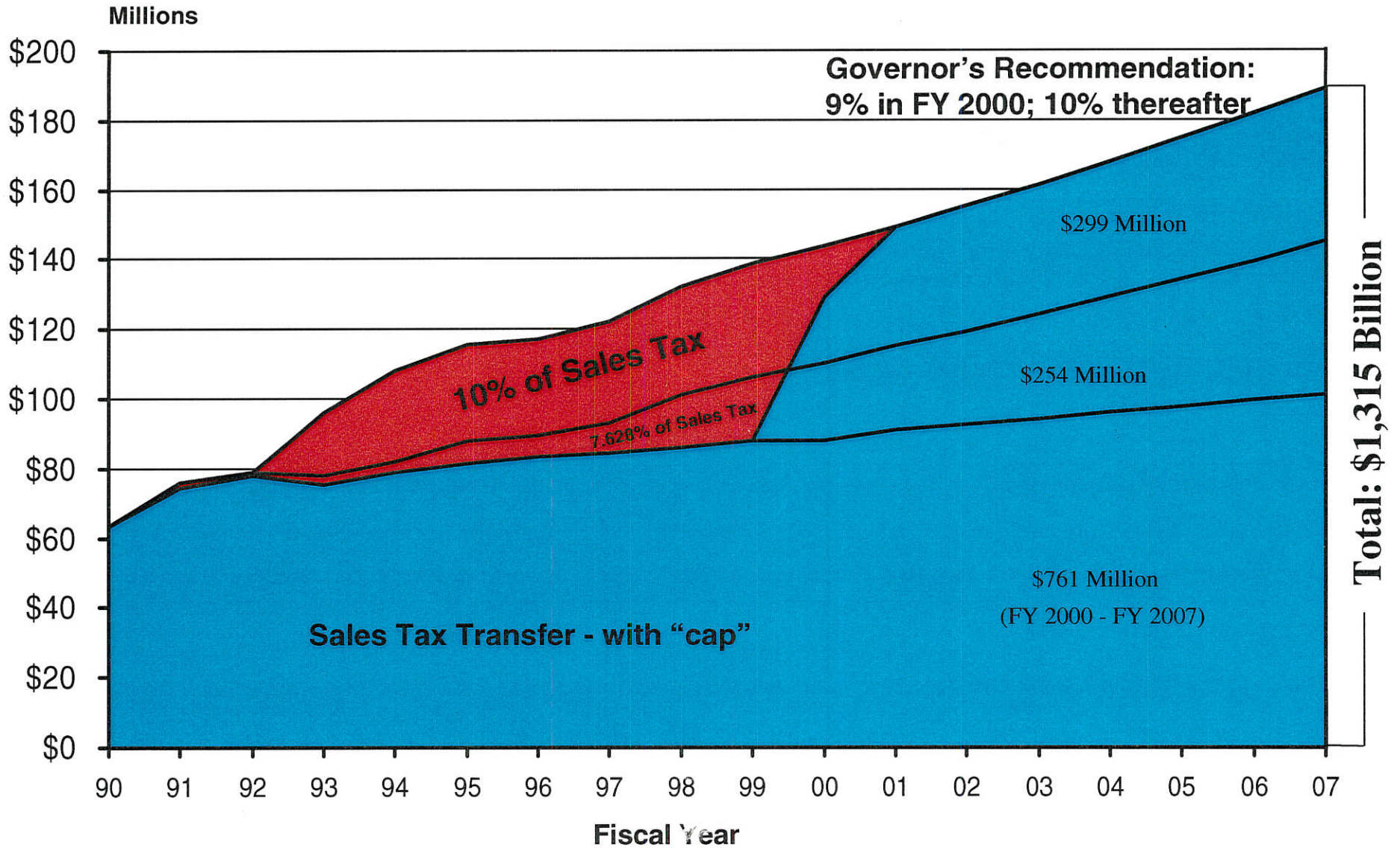
Resources



Expenditures



Sales Tax Transfer



4-12

Annual Average Federal Funds

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

Annual Average Federal Funds

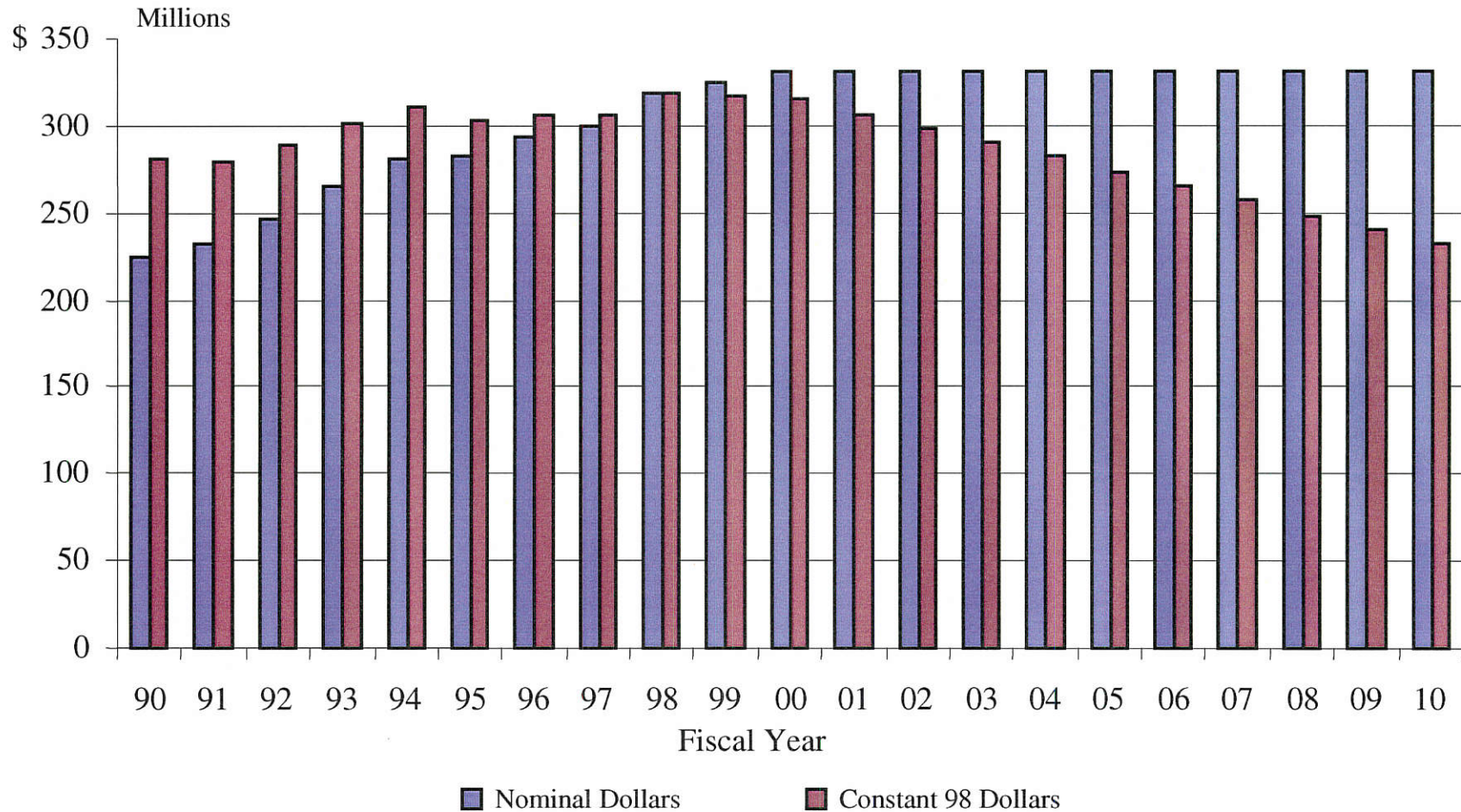
(\$ Millions)	TEA-21 FFY 1998-2003
Total Authorized	\$ 306
Less: Demonstration Projects*	19
Net Authorized	\$ 287
Less: Pass-Through Funds to Cities and Counties	63
Safety Set-Aside	14
Transportation Enhancement Set-Aside	9
Planning Set-Aside	7
Authorized Federal Funds for State Construction	\$ 194
Less: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

*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.

4-14

Motor Fuel Taxes

Comparison of Nominal Dollars to Constant Dollars



1990 - 1994 Phase-in on the Comprehensive Highway Program tax increase.

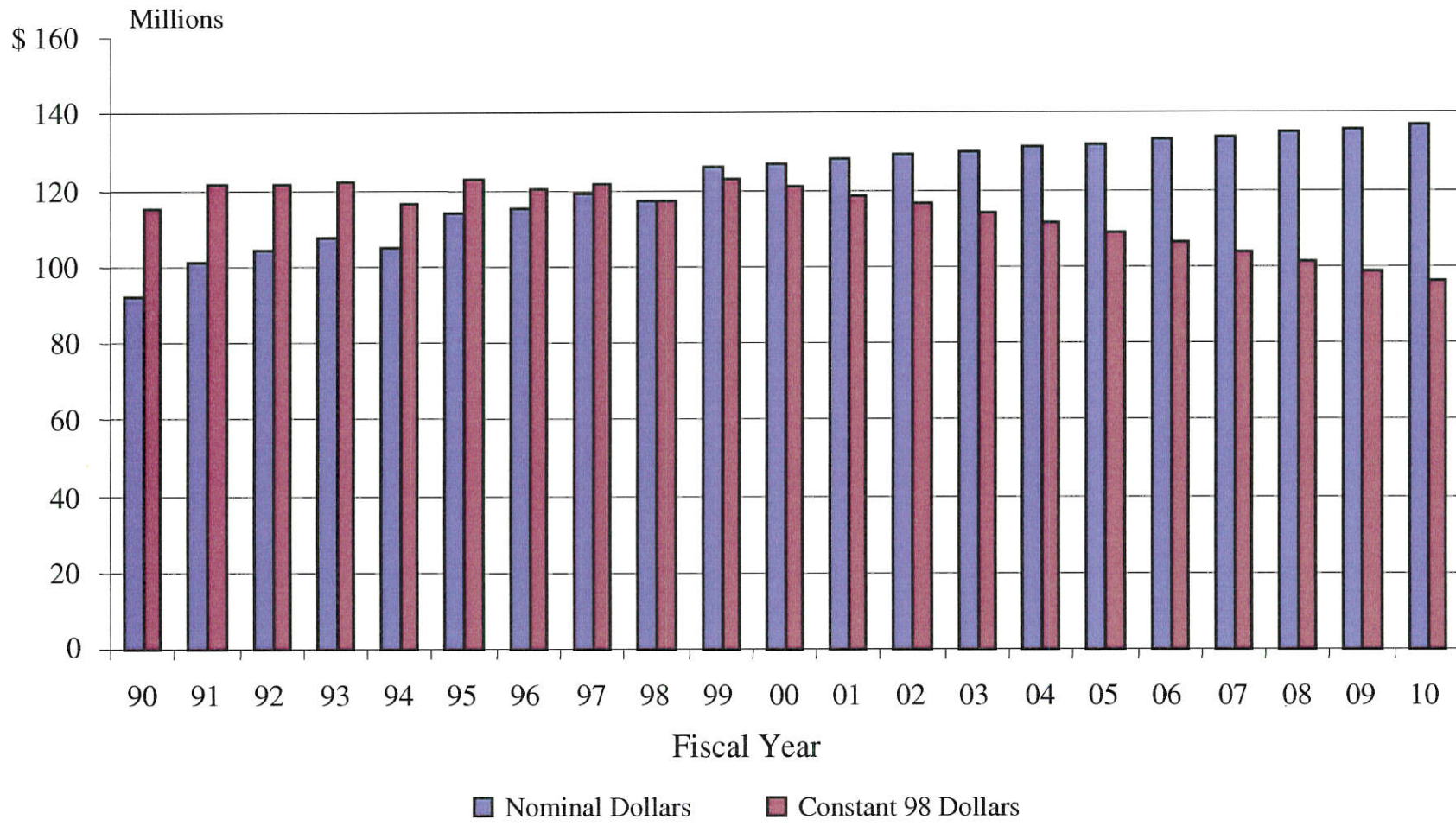
1996 - 2000 Changes in reporting requirements and major enforcement effort by the Department of Revenue.

Projections reflect the consensus of KDOT, Legislative Research Department, Division of Budget, & Department of Revenue.

4-15

Registration Fees

Comparison of Nominal Dollars to Constant Dollars



Projections reflect the consensus of KDOT, Legislative Research Department, Division of Budget, & Department of Revenue.

4-16

BOND FINANCE

- **\$1.800 Billion In New Bond Authority**
- **\$0.368 Billion From Authority To Reissue Bonds As Principal Is Retired**
- **\$2.168 Billion Used In Financing Of Governor's Comprehensive Transportation Program**

- **Authority For Bonds To Have Up To 25-Year Terms**
While Roads And Bridges Will Require Maintenance,
They Have An Asset Life More Than 25 Years

- **4.75 Percent Interest Rate Assumed**

ADVANTAGES OF BOND FINANCE

- **Bonding allows citizens to benefit from the projects earlier.**
- **Bonding allows assets to be paid for as they are used, not before they are available for use.**
- **Bonding allows Kansas to “lock-in” current low interest rates and avoid risk of future inflation.**
- **Without bonding, it would be very difficult to ever have large enough cash balances to do System Enhancement Projects.**

KANSAS DEPARTMENT OF TRANSPORTATION

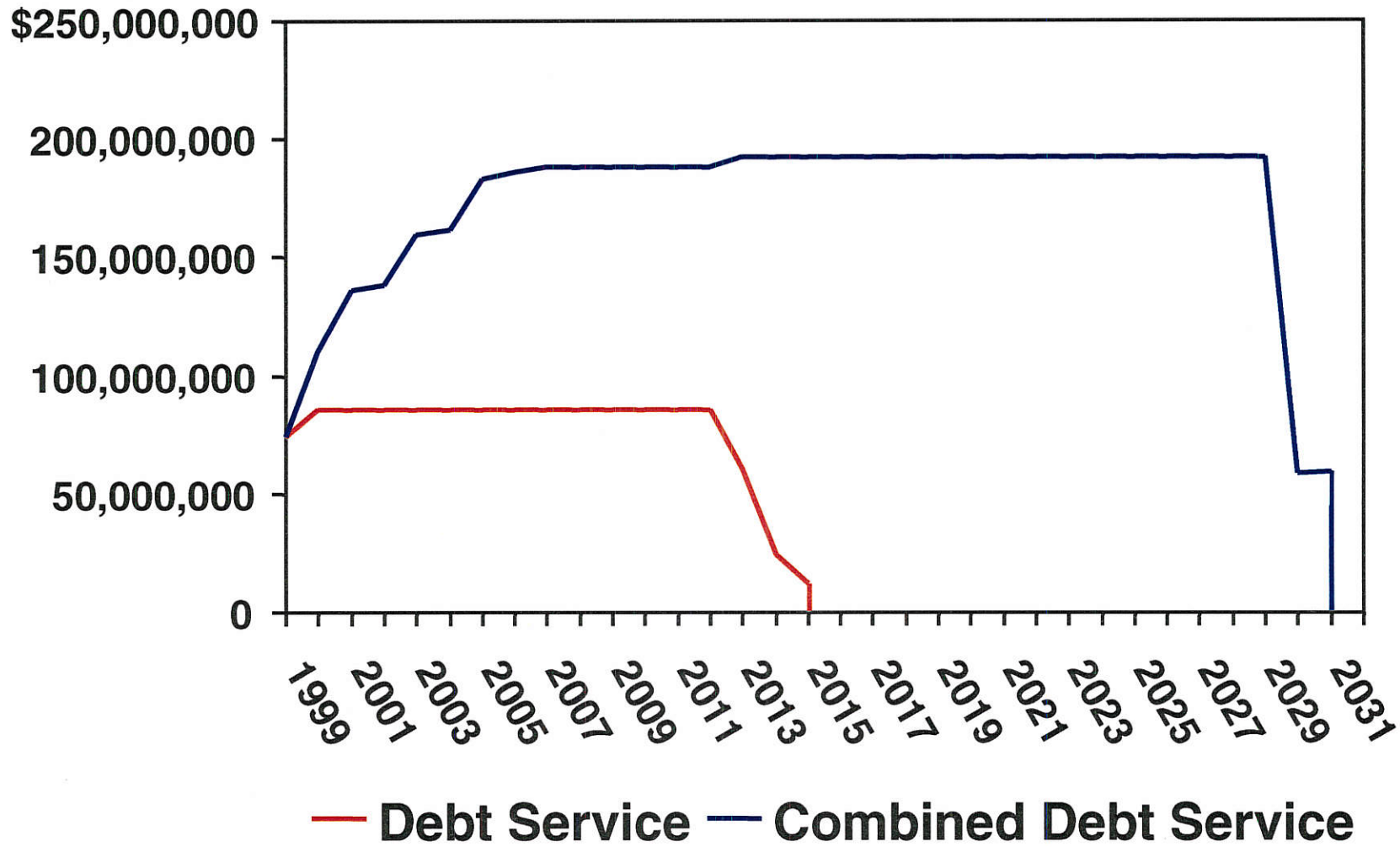
Debt Service (In Thousands)

FY Ending 6/30	Current Debt		Governor's CTP Bonds				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
Total	\$ 832,035	\$ 1,279,080	\$ 2,167,995	\$ 2,167,995	\$ 2,216,356	\$ 4,384,351	\$ 5,663,431

* \$1.8 billion of new bonds plus the reissue of \$368 million retired principal. The timing and amount of each sale is only for illustration purposes.

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KANSAS DEPARTMENT OF TRANSPORTATION Comparison of Debt Service



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

