

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 8:35 a.m. on January 14, 2010, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Bruce Kinzie, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Jill Shelley, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Cindy Shepard, Committee Assistant

Others attending:

See attached list.

Chairman Umbarger welcomed everyone and introduced the Committee members and staff. Regular meetings are scheduled Tuesday through Fridays at 8:30 a.m. in room 151-S of the Capitol. The Senator turned the Committee's attention to the recent activities of the Special Committee on Transportation.

Jill Shelley, Kansas Legislative Research Department, gave a brief overview of the Special Committee on Transportation's three interim meetings. The Committee was directed by the Legislative Coordinating Council to study the need and potential financing mechanisms for a new comprehensive transportation plan, review the status of the current Comprehensive Transportation Program enacted in 1999, and examine 2009 **SB 323** and 2009 **HB 2382**, which deal with creating a new comprehensive transportation plan.

Ms. Shelley reported that the first meeting was devoted to background on the issue and work completed to date on ideas for a new plan. Officials from the Kansas Department of Transportation (KDOT) and legislative staff presented information on topics including history of previous plans, motor fuel taxes, registration fees, bonding, the gap between funding levels recommended by the Governor's Transportation - Leveraging Investments in Kansas (T-LINK) Task Force and amounts expected from current funding streams. A subcommittee was chosen to review options and recommend funding sources for a transportation plan.

At its second meeting, Ms. Shelley stated that the Committee heard an update on KDOT's pilot project selection process and reviewed a set of scenarios for funding and financing a new program. Economic Lifelines presented an overview of priorities for a new transportation program and projects identified by city and county officials.

She continued with the Committee's third meeting reporting that KDOT officials reviewed two funding scenarios to address the gap of approximately \$5.7 billion between current revenue sources and the amount for maintenance and other types of projects identified as necessary by the T-Link Task Force. The Committee voted to offer both scenarios for debate on financing a new transportation plan. Copies of handouts prepared by KDOT for the third meeting of the Special Committee on Transportation were distributed (Attachment 1).

Discussion followed in regard to getting a primary seat belt bill passed in the House and receiving the \$11.2 million that is still available from the federal government. Concerns were expressed that the State Highway Fund needs to be protected and not raided to cover general budget shortfalls.

The meeting was adjourned at 8:59 a.m. The next meeting is scheduled for January 19, 2010.

Senate Transportation

COMMITTEE GUEST LIST

DATE: 1-14-10

NAME	REPRESENTING
William Joe Gaudenbire	Sen Unburger
KEVIN GREGG	KMCA
TOM WHITAKER	KMCA
Whitney Jamon	FS Good Roads, Inc.
Travis Lowe	Little Court Relations
Sara Arif	Kansas Chamber
JACK DUNN	KS public transit ASDA
Melissa Wayne	KAC
ERIK SARTORIUS	City of Overland Park

Summary of Funding Scenarios

	Sales Tax on Motor Fuel Delayed Program beginning 1/1/2013	Increase & Indexing of Motor Fuel Tax Delayed Program beginning 1/1/2013
Motor Fuel Tax	-5¢	7¢
Indexing Motor Fuel Tax	NO	YES (+8.2¢)
Car Registration	\$20	\$20
Truck Registration	\$100	\$100
Sales Tax on Fuel	YES	NO
Bonds Issued	\$2.0B	\$2.0B
KDOT New Revenue	\$4.0B	\$3.6B
% of KDOT's T-LINK Rec Funded	70%	63%
SCCHF Net Difference	-\$235M	\$139M
City and County Sales Tax on Fuel Revenue	\$619M	N/A
City and County New Revenue Total*	\$384M	\$139M
Total New Revenue	\$4.4B	\$3.73B

* Local Partnership Programs such as KLINK, GI, CCL, ED and Priority Road Network are included in the KDOT administered programs and thus reflected under "KDOT New Revenue"

All Scenarios Assume:

100% of Preservation needs are funded

18% Bonding Cap in place

Federal Funding remains flat at SAFETEA-LU levels

KDOT does NOT continue to pay the SGF portion of the Kansas Highway Patrol

Repayment of the remaining SGF loan

Primary Seatbelt Law passes

Traditional Program Expenditure Gap Chart Recommended Lettings

1-2

Prepared for the Interim Special Committee on Transportation - January, 2010

All amounts in millions, unless otherwise noted

Letting Amounts (For State Fiscal Year)	2011	2012	2013	2014	2015	2016	2017	8 yr Program	2019	10 yr Program	2020	Total
	Under Current Revenues											
CTP Lettings	-	-	-	-	-	-	-	-	-	-	-	-
Major Mod	112	70	-	-	-	-	-	-	-	-	-	182
Preservation	215	232	330	334	391	416	440	426	382	420	420	3,586
Total	327	302	330	334	391	416	440	426	382	420	420	3,768
T-LINK Recommendations												
Preservation - Pay As You Go (1R)	194	201	208	215	223	233	243	254	265	277	277	2,313
Pay as you go Preservation Gap	133	101	122	119	168	183	197	172	117	143	143	1,455
Heavy Preservation (Reconstruction and Priority Bridge)	194	201	208	215	223	233	243	254	265	277	277	2,313
Heavy Preservation Gap	(61)	(100)	(86)	(96)	(55)	(50)	(46)	(82)	(148)	(134)	(134)	(858)
Modernization	36	37	39	40	41	43	45	47	49	51	51	429
GAP - In Aggregate	(97)	(137)	(125)	(136)	(96)	(93)	(91)	(129)	(197)	(185)	(185)	(1,287)
Expansion	300	311	321	333	344	360	376	393	411	429	429	3,577
GAP - In Aggregate	(397)	(448)	(446)	(469)	(441)	(453)	(467)	(522)	(608)	(614)	(614)	(4,864)
New Modes	20	21	21	22	23	24	25	26	27	29	29	238
GAP - In Aggregate	(417)	(468)	(467)	(491)	(464)	(477)	(492)	(548)	(635)	(643)	(643)	(5,102)
Local -Includes Priority Road Network, ED, KLINK,CCL, and GI	54	56	58	60	62	65	68	71	74	77	77	644
GAP - Annual Cumulative	(471)	(524)	(525)	(551)	(525)	(542)	(560)	(619)	(709)	(720)	(720)	(5,746)
Running Total Aggregate Gap	(471)	(995)	(1,521)	(2,071)	(2,597)	(3,138)	(3,698)	(4,317)	(5,026)	(5,746)	(5,746)	(5,746)
Program Average Annual Gap Without Increase to SCCHF								540		575		
SCCHF GAP From Additional Recommended Lettings	28	28	28	28	28	28	28	28	28	28	28	280

Cumulative Gap

Future Federal Reimbursements at current SAFETEA-LU level.
 Inflation factor of 3.5% in FY2011-2015 and 4.5% in FY2016-2020.
 Continue to pay the SGF portion of the Kansas Highway Patrol.
 No repayment of the remaining SGF loan.
 No allotments have been included for FY2010-2011.
 Retain the VIPS surcharge starting January 1, 2013.



Increase & Indexing of Motor Fuel Tax Delayed Program beginning 1/1/2013

Amounts in millions, unless otherwise noted
Federal aid held constant at Fiscal Year 2009 SAFETEA-LU level.

REVENUE SCENARIO:
7¢ Statutory MFT Increase, 8.2¢ MFT Increase Due to Indexing to the CPI, \$20 Car Reg. Increase, \$100 Truck Reg. Increase, Policy Revenue Enhancements and Bond \$2,200MM

*Note: SCCHF receives \$139M in new revenue.

Annual Incremental Revenue					
Funding Source	Unit Increment	Marginal Revenue to		National Average	Regional Average
		Agency	Current Kansas Rate		
Motor Fuel Tax	\$0.01	\$17 million	\$0.25	\$0.28	\$0.27
Car Registration	\$1	\$2.48 million	\$35	\$50	\$55
Truck Registration	\$1	\$0.16 million	\$1,770	\$1,675	\$2,072
Sales & Use Tax	\$0.001	\$41 million	5.3%*	5.09%	5.55%

* State Highway Fund currently receives 13/106ths of the 5.30%, the equivalent of a 0.65% tax rate.

Fiscal Year	Rate Increase	2011	2012	2013	2014	2015	2016	2017	2018	8 Year Total	2019	2020	10 Year Total
MFT per gal. (cents)	\$0.070	-	-	0.04	0.03	-	-	-	-		-	-	
New MFT		\$ -	\$ -	\$ 30	\$ 95	\$ 129	\$ 131	\$ 133	\$ 134	\$ 652	\$ 136	\$ 138	\$ 926
Increase Due to Indexing	\$0.082	\$ -	\$ -	\$ 1	\$ 9	\$ 25	\$ 46	\$ 71	\$ 94	\$ 246	\$ 119	\$ 147	\$ 512
Less: MFT to SCCHF	A	-	-	(11)	(19)	(19)	(19)	(18)	(18)	(102)	(18)	(19)	(139)
Net MFT to SHF		-	-	20	85	135	158	186	210	796	237	266	1,299
Car Reg. fee (dollars)	20	-	-	10	10	-	-	-	-		-	-	
Truck Reg. fee (dollars)	100	-	-	50	50	-	-	-	-		-	-	
New Revenue		-	-	19	55	72	73	75	76	369	77	79	525
Net New Revenue		-	-	39	140	207	232	260	286	1,165	314	345	1,824
Policy Revenue Enhancements	B	76	67	37	38	39	40	41	42	382	43	44	470
Bonds	Issue	300	0	250	250	200	200	200	200	1,600	200	200	2,000
Less: Debt Service	\$2,000	C (6)	(12)	(22)	(42)	(60)	(76)	(92)	(108)	(419)	(124)	(140)	(684)
Net Bond Proceeds	Bonds	294	(12)	228	208	140	124	108	92	1,181	76	60	1,316
Net new cash inflows to SHF		\$ 370	\$ 55	\$ 305	\$ 386	\$ 386	\$ 396	\$ 409	\$ 421	\$ 2,728	\$ 433	\$ 449	\$ 3,610
Aggregate Debt Service		\$ 184	\$ 184	\$ 186	\$ 197	\$ 221	\$ 196	\$ 182	\$ 262		\$ 278	\$ 292	
Debt Service to ATAR	D	13.7%	14.5%	15.3%	15.3%	15.6%	13.3%	12.0%	16.7%		17.2%	17.5%	
Total Debt Outstanding	E	\$ 1,782	\$ 1,672	\$ 1,811	\$ 1,946	\$ 2,013	\$ 2,112	\$ 2,229	\$ 2,273		\$ 2,304	\$ 2,323	
Percentage of T-LINK Gap Met										63.20%			62.83%
Percentage of Modernization, Expansion, Modes & Local Met										57.53%			56.30%

A Special City and County Highway Fund (SCCHF) and State Highway Fund (SHF) currently receive 33.63% & 66.37% respectively of MFT, this proportion would change to ensure the percentage of the T-LINK gap met for both KDOT and the SCCHF remains the same (in this scenario approximately 65%).

B Policy Revenue Enhancements include the repayment of SGF loan, primary seatbelt law passed and no continued funding of the KHP.

C Annual debt service is 5% on Build America Bonds during the first 10 years and 8% on all other new debt. Bonds are assumed to be issued at mid-year.

D ATAR is Adjusted Total Agency Revenues which excludes bond proceeds, SCCHF revenues, and extraordinary cash receipts.

E The highest debt issuance authority was granted to the SHF during the 2002 legislative session at a level of \$1,975. The maximum amount of SHF debt outstanding was \$1,890 at December 31, 2004.

F As an internal policy matter, 1.5% of ATAR will be used toward debt issuance for emerging economic opportunities.

Prepared by: KDOT Office of Financial & Investment Management

Prepared for 3rd meeting of the Special Interim Committee on Transportation, 1/4/2010.

Sales Tax on Motor Fuel Delayed Program beginning 1/1/2013

Amounts in millions, unless otherwise noted
Federal aid held constant at Fiscal Year 2009 SAFETEA-LU level.

Annual Incremental Revenue					
Funding Source	Unit Increment	Marginal Revenue to Agency	Current Kansas Rate	National Average	Regional Average
Motor Fuel Tax	\$0.01	\$17 million	\$0.25	\$0.28	\$0.27
Car Registration	\$1	\$2.48 million	\$35	\$50	\$55
Truck Registration	\$1	\$0.16 million	\$1,770	\$1,675	\$2,072
Sales & Use Tax	\$0.001	\$41 million	5.3%*	5.09%	5.55%

* State Highway Fund currently receives 13/106ths of the 5.30%, the equivalent of a 0.65% tax rate.

REVENUE SCENARIO: 5¢ MFT Decrease, \$20 Car Reg. Increase, \$100 Truck Reg. Increase, Policy Revenue Enhancements and Bond 2,100MM

*NOTE - Over 7.5 years local sales tax statewide raises \$437M and \$182M on gasoline and diesel, respectively.

Fiscal Year	Rate Increase	2011	2012	2013	2014	2015	2016	2017	2018	8 Year Total	2019	2020	10 Year Total
MFT per gal. (cents)	-\$0.05	-	-	(0.05)	-	-	-	-	-	-	-	-	-
New MFT		\$ -	\$ -	\$ (37)	\$ (91)	\$ (92)	\$ (93)	\$ (95)	\$ (96)	\$ (504)	\$ (97)	\$ (98)	\$ (700)
Less: MFT to SCCHF	A	-	-	13	31	31	31	32	32	170	33	33	235
Net MFT to SHF		-	-	(25)	(60)	(61)	(62)	(63)	(64)	(335)	(64)	(65)	(465)
Car Reg. fee (dollars)	20	-	-	10	10	-	-	-	-	-	-	-	-
Truck Reg. fee (dollars)	100	-	-	50	50	-	-	-	-	-	-	-	-
New Revenue		-	-	19	55	72	73	75	76	369	77	79	525
Sales & Use Tax Rev.		-	-	-	-	-	-	-	-	-	-	-	-
Sales Tax on Motor Fuel		-	-	117	264	275	285	296	308	1,545	320	332	2,196
Net New Revenue		-	-	111	258	285	296	308	320	1,579	332	345	2,257
Policy Revenue Enhancements	B	76	67	37	38	39	40	41	42	382	43	44	470
Bonds	Issue	300	0	250	250	200	200	200	200	1,600	200	200	2,000
Less: Debt Service	\$2,000	(6)	(12)	(22)	(42)	(60)	(76)	(92)	(108)	(419)	(124)	(140)	(684)
Net Bond Proceeds	Bonds	294	(12)	228	208	140	124	108	92	1,181	76	60	1,316
Net new cash inflows to SHF		\$ 370	\$ 55	\$ 376	\$ 505	\$ 464	\$ 461	\$ 457	\$ 454	\$ 3,142	\$ 451	\$ 449	\$ 4,043
Aggregate Debt Service		\$ 184	\$ 184	\$ 186	\$ 197	\$ 221	\$ 196	\$ 182	\$ 262		\$ 278	\$ 292	
Debt Service to ATAR	D	13.7%	14.5%	14.5%	14.0%	14.8%	12.7%	11.6%	16.4%		17.0%	17.6%	
Total Debt Outstanding	E	\$ 1,782	\$ 1,672	\$ 1,811	\$ 1,946	\$ 2,013	\$ 2,112	\$ 2,229	\$ 2,273		\$ 2,304	\$ 2,323	
Percentage of T-LINK Gap Met										72.79%			70.36%
Percentage of Modernization, Expansion, Modes & Local Met										68.60%			65.15%

A Special City and County Highway Fund (SCCHF) and State Highway Fund (SHF) currently receive 33.63% & 66.37% respectively of MFT.

B Policy Revenue Enhancements include the repayment of SGF loan, primary seatbelt law passed and no continued funding of the KHP.

C Annual debt service is 5% on Build America Bonds during the first 10 years and 8% on all other new debt. Bonds are assumed to be issued at mid-year.

D ATAR is Adjusted Total Agency Revenues which excludes bond proceeds, SCCHF revenues, and extraordinary cash receipts.

E The highest debt issuance authority was granted to the SHF during the 2002 legislative session at a level of \$1,975. The maximum amount of SHF debt outstanding was \$1,890 at December 31, 2004.

F As an internal policy matter, 1.5% of ATAR will be used toward debt issuance for emerging economic opportunities.

Prepared by: KDOT Office of Financial & Investment Management