

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 8:30 a.m. on March 10, 2010, in Room 152-S of the Capitol.

All members were present except:

Senator Anthony Hensley- excused

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

Cindy Shepard, Committee Assistant

Conferees appearing before the Committee:

Deb Miller, Secretary, Kansas Department of Transportation

Others attending:

See attached list.

The Chairman called for final action on **SB 536 - Recreational off-highway vehicles, regulation thereof**. Senator Apple moved, Senator Marshall seconded, to table **SB 536**. Motion carried.

The Chairman called for final action on **HB 2482 - Expiration and renewal of drivers' licenses, requirements**. He indicated his intent to amend contents of **HB 2484 - Commercial driver's licenses, prohibiting diversion agreements** and **SB 484 - Driver's licenses; restrictions and conditions** into the bill. Bruce Kinzie, staff revisor, distributed the balloon amendment and reviewed the changes including technical changes to **HB 2482 (Attachment 1)**.

Senator Kultala moved, Senator Schmidt seconded, to amend HB 2482 as reflected in the balloon amendment. Motion carried.

Senator Kultala moved, Senator Schmidt seconded, to recommend HB 2482, as amended, favorably for passage. Motion carried.

The Chairman called for final action on **HB 2485 - Increasing time period for audit of certain motor carriers**. Bruce Kinzie, staff revisor, reviewed the bill.

Senator Apple moved, Senator Huntington seconded, to recommend HB 2485 favorably for passage and be placed on the consent calendar. Motion carried.

The Chairman opened the combined hearings on **SB 498 - Transportation works for Kansas program, financing** and **SB 515 - Transportation works for Kansas, financing, sales tax on motor-vehicle fuels**.

Jill Shelley, Kansas Legislative Research Department, provided an outline of the Transportation Works for Kansas bills, **SB 498** and **SB 515 (Attachment 2)**. She explained that the outline is broken down into basic subject-matter sections and the most prominent of those sections are:

- Legislative intent
- Registration and permit fees
- Transportation Revolving Fund loans
- Bonding
- Fuel taxes

Bruce Kinzie, staff revisor, reviewed both bills, noting they were basically the same except for some variations in the funding mechanisms. He recommended removing subsection (i), since both bills provide funding for the transportation program.

Deb Miller, Secretary, Kansas Department of Transportation (KDOT), began with an outline of the agency's

CONTINUATION SHEET

Minutes of the Senate Transportation Committee at 8:30 a.m. on March 10, 2010, in Room 152-S of the Capitol.

informational testimony. She indicated she would report the agency's current fiscal status and programs, review legislation and policy, and present a T-WORKS program summary. Joe Erskine, Deputy Secretary of Finance, KDOT, would conclude with a summary of T-WORKS funding (Attachment 3).

Secretary Miller continued with an update on fiscal status of KDOT. She stated that the Governor's recent announcement of a \$28 million reduction to the State Highway Fund, and with previous revenue losses, brings the total fund loss for fiscal year 2010 to \$257 million. She indicated the construction industry has suffered the brunt of the losses. KDOT had planned 1,600 miles of preservation work for this year and now they are looking at 700 miles - less than half of what was originally planned. In three years, the 2009, 2010, and 2011 budgets, KDOT has lost \$504 million in reductions and revenue losses.

Concerns were discussed relating to the State Highway Fund being raided to cover shortfalls in the State's General Fund. Senator Apple requested from KDOT, the total amount that has been borrowed from the fund and not paid back. Questions were raised that if the State is not repaying the monies borrowed from the fund, would it affect future bond ratings.

The Chairman announced that Secretary Miller would continue her informational testimony tomorrow at the regularly scheduled meeting.

The meeting was adjourned at 9:30 a.m. The next meeting is scheduled for March 11, 2010.

SENATE TRANSPORTATION COMMITTEE GUEST LIST

DATE: 3-10-10

NAME	REPRESENTING
Terry Heidner	KDOT
Kyle Schneewind	KDOT
Kelli Kirkwood	KLA
ERIK SAETERIUS	City of Overland Park
Jessie Kaufman	Ks Co-op Council
Whitton Jay	KS Road Roads, Inc.
Ken Eckles	KS Chamber of Commerce
Ted Smith	KDOR
TOM WHITAKER	KMCA
KEVIN GREGG	KMCA
Wigh Keck	Hein Law firm
Deb Miller	KDOT
Dennis Kriesel	KAC
CAEWEN ALBERT	KDOR
DAN MEYER	KHP
Wanda Sue Smith	KMHA
JOE ERSKINE	KDOT
Wendy M	KAPA
Sandra Braden	Gaecher Braden & Assoc.
Don Murray	NFI B

HOUSE BILL No. 2482

By Committee on Transportation

1-20

10 ~~AN ACT relating to drivers' licenses, concerning the expiration and re-~~
11 ~~newal thereof, amending K.S.A. 2009 Supp. 8-247 and repealing the~~
12 ~~existing section.~~

14 *Be it enacted by the Legislature of the State of Kansas:*

15 ~~Section 1.~~ K.S.A. 2009 Supp. 8-247 is hereby amended to read as
16 follows: 8-247. (a) (1) All original licenses shall expire as follows:

17 (A) Licenses issued to persons who are at least 21 years of age, but
18 less than 65 years of age shall expire on the sixth anniversary of the date
19 of birth of the licensee which is nearest the date of application;

20 (B) licenses issued to persons who are 65 years of age or older shall
21 expire on the fourth anniversary of the date of birth of the licensee which
22 is nearest the date of application;

23 (C) any commercial drivers license shall expire on the fourth anni-
24 versary of the date of birth of the licensee which is nearest the date of
25 application;

26 (D) licenses issued to an offender, as defined in K.S.A. 22-4902, and
27 amendments thereto, who is required to register pursuant to the Kansas
28 offender registration act, K.S.A. 22-4901 et seq., and amendments
29 thereto, shall expire every year on the date of birth of the licensee; or

30 (E) licenses issued to persons who are less than 21 years of age shall
31 expire on the licensee's twenty-first birthday.

32 (2) All renewals under: (A) Paragraph (1) (A) shall expire on every
33 sixth anniversary of the date of birth of the licensee; (B) paragraph (1)
34 (B) and (C) shall expire on every fourth anniversary of the date of birth
35 of the licensee; (C) paragraph (1)(D) shall expire every year on the date
36 of birth of the licensee; and (D) paragraph (1) (E), if a renewal license is
37 issued, shall expire on the licensee's twenty-first birthday. No driver's
38 license shall expire in the same calendar year in which the original license
39 or renewal license is issued, except that if the foregoing provisions of this
40 section shall require the issuance of a renewal license or an original license
41 for a period of less than six calendar months, the license issued to the
42 applicant shall expire in accordance with the provisions of this subsection.

43 (b) If the driver's license of any person expires while such person is

Proposed Amendments to HB 2482
Prepared by: Bruce Kinzie
Office of Revisor of Statutes

AN ACT concerning the division of vehicles; relating to drivers' licenses and identification cards; concerning the expiration and renewal thereof; amending K.S.A. 2009 Supp. 8-237, 8-247 and 8-1325 and repealing the existing sections.

See attached INSERT #1
Renumbering remaining sections accordingly

1 outside of the state of Kansas and **such person is** on active duty in the
 2 armed forces of the United States, ~~or any is the spouse or a person who~~
 3 ~~is residing with and is a dependent of such person on active duty per-~~
 4 ~~sonnel~~, the license of such person shall be renewable, without examina-
 5 tion, at any time prior to the end of the sixth month following the dis-
 6 charge of such person from the armed forces, or within 90 days after
 7 ~~reestablished~~ residence within the state **is reestablished**, whichever time
 8 is sooner. **If the driver's license of any person under this subsection**
 9 **expires while such person is outside the United States, the division**
 10 **shall provide for renewal by mail, as long as the division has a**
 11 **photograph or digital image of such person maintained in the di-**
 12 **vision's records. A driver's license renewed under the provisions**
 13 **of this subsection shall be renewed by mail only once.**

14 (c) At least 30 days prior to the expiration of a person's license the
 15 division shall mail a notice of expiration or renewal application to such
 16 person at the address shown on the license. ~~The division shall include~~
 17 ~~with such notice: (1) A copy of the eyesight examination form; (2) a copy~~
 18 ~~of the written examination prescribed by subsection (c); (3) a copy of the~~
 19 ~~Kansas driver's manual, prepared pursuant to K.S.A. 8-266b, and amend-~~
 20 ~~ments thereto; and (4) the written information required under subsection~~
 21 ~~(g).~~

22 (d) (1) Except as provided in paragraph (2), every driver's license
 23 shall be renewable on or before its expiration upon application and pay-
 24 ment of the required fee and successful completion of the examinations
 25 required by subsection (e). Application for renewal of a valid driver's
 26 license shall be made to the division in accordance with rules and regu-
 27 lations adopted by the secretary of revenue. Such application shall contain
 28 all the requirements of subsection (b) of K.S.A. 8-240, and amendments
 29 thereto. Upon satisfying the foregoing requirements of this subsection,
 30 and if the division makes the findings required by K.S.A. 8-235b, and
 31 amendments thereto, for the issuance of an original license, the license
 32 shall be renewed without examination of the applicant's driving ability. If
 33 the division finds that any of the statements relating to revocation, sus-
 34 pension or refusal of licenses required under subsection (b) of K.S.A. 8-
 35 240, and amendments thereto, are in the affirmative, or if it finds that
 36 the license held by the applicant is not a valid one, or if the applicant has
 37 failed to make application for renewal of such person's license on or be-
 38 fore the expiration date thereof, the division may require the applicant
 39 to take an examination of ability to exercise ordinary and reasonable con-
 40 trol in the operation of a motor vehicle as provided in K.S.A. 8-235d, and
 41 amendments thereto.

42 (2) Any licensee, whose driver's license expires on their twenty-first
 43 birthday, shall have 45 days from the date of expiration of such license to

1 make application to renew such licensee's license. Such license shall con-
2 tinue to be valid for such 45 days or until such license is renewed, which-
3 ever occurs sooner. A licensee who renews under the provisions of this
4 paragraph shall not be required by the division to take an examination of
5 ability to exercise ordinary and reasonable control in the operation of a
6 motor vehicle as provided in K.S.A. 8-235d, and amendments thereto.

7 (e) (1) Prior to renewal of a driver's license, the applicant shall pass
8 an examination of eyesight ~~and a written examination of ability to read~~
9 ~~and understand highway signs regulating, warning and directing traffic~~
10 ~~and knowledge of the traffic laws of this state.~~ Such examination shall be
11 equivalent to the tests required for an original driver's license under
12 K.S.A. 8-235d, and amendments thereto. A driver's license examiner shall
13 administer the ~~examinations~~ examination without charge and shall report
14 the results of the ~~examinations~~ examination on a form provided by the
15 division, ~~which shall be submitted by the applicant to the division at the~~
16 ~~time such applicant applies for license renewal.~~

17 (2) In lieu of the examination of the applicant's eyesight by the ex-
18 aminer, the applicant may submit a report on the examination of eyesight
19 by a physician licensed to practice medicine and surgery or by a licensed
20 optometrist. The report shall be based on an examination of the appli-
21 cant's eyesight not more than three months prior to the date the report
22 is submitted, and it shall be made on a form furnished the applicant with
23 the notice of the expiration of license under subsection (c).

24 (3) ~~In lieu of the driver's license examiner administering the written~~
25 ~~examination, the applicant may complete the examination furnished with~~
26 ~~the notice of the expiration of license under subsection (c) and submit~~
27 ~~the completed examination to the division.~~

28 ~~(4)~~ The division shall determine whether the results of the ~~written~~
29 ~~examination and the eyesight reported are~~ sufficient for renewal of the
30 license and, if the results of ~~either or both of the examinations are~~ insuf-
31 ficient, the division shall notify the applicant of such fact and return the
32 license fee. In determining the sufficiency of an applicant's eyesight, the
33 division may request an advisory opinion of the medical advisory board,
34 which is hereby authorized to render such opinions.

35 ~~(5)~~ (4) An applicant who is denied a license under this subsection (e)
36 may reapply for renewal of such person's driver's license, except that if
37 such application is not made within 90 days of the date the division sent
38 notice to the applicant that the license would not be renewed, the appli-
39 cant shall proceed as if applying for an original driver's license. ~~If the~~
40 ~~applicant has been denied renewal of such person's driver's license be-~~
41 ~~cause such applicant failed to pass the written examination, the applicant~~
42 ~~shall pay an examination fee of \$1.50 to take the test again.~~

43 (6) (5) When the division has good cause to believe that an applicant

eyesight examination or report is

eyesight examination or report is

1 for renewal of a driver's license is incompetent or otherwise not qualified
2 to operate a motor vehicle in accord with the public safety and welfare,
3 the division may require such applicant to submit to such additional ex-
4 aminations as are necessary to determine that the applicant is qualified
5 to receive the license applied for. Subject to paragraph ~~(7)~~ (6) of this
6 subsection, in so evaluating such qualifications, the division may request
7 an advisory opinion of the medical advisory board which is hereby au-
8 thorized to render such opinions in addition to its duties prescribed by
9 subsection (b) of K.S.A. 8-255b, and amendments thereto. Any such ap-
10 plicant who is denied the renewal of such a driver's license because of a
11 mental or physical disability shall be afforded a hearing in the manner
12 prescribed by subsection (c) of K.S.A. 8-255, and amendments thereto.

13 ~~(7)~~ (6) Seizure disorders which are controlled shall not be considered
14 a disability. In cases where such seizure disorders are not controlled, the
15 director or the medical advisory board may recommend that such person
16 be issued a driver's license to drive class C or M vehicles and restricted
17 to operating such vehicles as the division determines to be appropriate
18 to assure the safe operation of a motor vehicle by the licensee. Restricted
19 licenses issued pursuant to this paragraph shall be subject to suspension
20 or revocation. For the purpose of this paragraph, seizure disorders which
21 are controlled means that the licensee has not sustained a seizure involv-
22 ing a loss of consciousness in the waking state within six months preceding
23 the application or renewal of a driver's license and whenever a person
24 licensed to practice medicine and surgery makes a written report to the
25 division stating that the licensee's seizures are controlled. The report shall
26 be based on an examination of the applicant's medical condition not more
27 than three months prior to the date the report is submitted. Such report
28 shall be made on a form furnished to the applicant by the division. Any
29 physician who makes such report shall not be liable for any damages
30 which may be attributable to the issuance or renewal of a driver's license
31 and subsequent operation of a motor vehicle by the licensee.

32 (f) If the driver's license of any person expires while such person is
33 outside the state of Kansas, the license of such person shall be extended
34 for a period not to exceed six months and shall be renewable, without a
35 driving examination, at any time prior to the end of the sixth month fol-
36 lowing the original expiration date of such license or within 10 days after
37 such person returns to the state, whichever time is sooner. This subsection
38 (f) shall not apply to temporary drivers' licenses issued pursuant to sub-
39 section (b)(3) of K.S.A. 8-240, and amendments thereto.

40 (g) The division shall ~~provide the following information~~ *reference the*
41 *website of the agency* in a person's notice of expiration or renewal under
42 subsection (c). *The division shall provide the following information on*
43 *the website of the agency:*

1 (1) ~~Written~~ Information explaining the person's right to make an an-
2 atomical gift in accordance with K.S.A. 8-243, and amendments thereto,
3 and the revised uniform anatomical gift act, K.S.A. 2009 Supp. 65-3220
4 through 65-3244, and amendments thereto;

5 (2) ~~written~~ information describing the organ donation registry pro-
6 gram maintained by the Kansas federally designated organ procurement
7 organization. The ~~written~~ information required under this paragraph shall
8 include, in a type, size and format that is conspicuous in relation to the
9 surrounding material, the address and telephone number of Kansas' fed-
10 erally designated organ procurement organization, along with an advisory
11 to call such designated organ procurement organization with questions
12 about the organ donor registry program;

13 (3) ~~written~~ information giving the applicant the opportunity to be
14 placed on the organ donation registry described in paragraph (2);

15 (4) inform the applicant ~~in writing~~ that, if the applicant indicates un-
16 der this subsection a willingness to have such applicant's name placed on
17 the organ donor registry described in paragraph (2), the division will for-
18 ward the applicant's name, gender, date of birth and most recent address
19 to the organ donation registry maintained by the Kansas federally desig-
20 nated organ procurement organization, as required by paragraph (6);

21 (5) the division may fulfill the requirements of paragraph (4) by one
22 or more of the following methods:

23 (A) Providing ~~printed material enclosed with a mailed notice for~~
24 ~~driver's license renewal~~ *such information on the website of the agency;* or

25 (B) providing printed material to an applicant who personally appears
26 at an examining station;

27 (6) if an applicant indicates a willingness under this subsection to have
28 such applicant's name placed on the organ donor registry, the division
29 shall within 10 days forward the applicant's name, gender, date of birth
30 and most recent address to the organ donor registry maintained by the
31 Kansas federally designated organ procurement organization. The divi-
32 sion may forward information under this subsection by mail or by elec-
33 tronic means. The division shall not maintain a record of the name or
34 address of an individual who indicates a willingness to have such person's
35 name placed on the organ donor registry after forwarding that informa-
36 tion to the organ donor registry under this subsection. Information about
37 an applicant's indication of a willingness to have such applicant's name
38 placed on the organ donor registry that is obtained by the division and
39 forwarded under this paragraph shall be confidential and not disclosed.

40 (h) Notwithstanding any other provisions of law, any offender under
41 subsection (a)(1)(D) who held a valid driver's license on the effective date
42 of this act may continue to operate motor vehicles until the next anni-
43 versary of the date of birth of such offender. Upon such date such driver's

1 license shall expire and the offender shall be subject to the provisions of
2 this section.
3 ~~Sec. 2. K.S.A. 2009 Supp. 8-247 is hereby repealed.~~
4 ~~Sec. 3. This act shall take effect and be in force from and after its~~
5 ~~publication in the Kansas register.~~

See attached INSERT #2 z2482t1
Sec. 4. K.S.A. 2009 Supp. 8-237, 8-247 and
8-1325 are hereby repealed.
Renumber remaining section accordingly

Section 1. K.S.A. 2009 Supp. 8-237 is hereby amended to read as follows: 8-237. The division of vehicles shall not issue any driver's license to any person:

(a) Who is under the age of 17 years, except that the division may issue a restricted class C or M license, as provided in K.S.A. 2009 Supp. 8-2,101, and amendments thereto, or a farm permit, under K.S.A. 8-296, and amendments thereto.

(b) Who is under the age of 18 years, except as provided in K.S.A. 8-2,147, and amendments thereto, for the purpose of driving a commercial or class A or B motor vehicle.

(c) Whose license is currently revoked, suspended or canceled in this or any other state, except as provided in K.S.A. 8-256, and amendments thereto.

(d) Who is a habitual drunkard, habitual user of narcotic drugs or habitual user of any other drug to a degree which renders the user incapable of safely driving a motor vehicle.

(e) Who has previously been adjudged to be afflicted with or suffering from any mental disability or disease and who, at the time of making application for a driver's license, has not been restored to capacity in the manner provided by law. Application of this limitation to any person known to have suffered any seizure disorder is subject to the provisions of paragraph ~~(7)~~ (6) of subsection (e) of K.S.A. 8-247, and amendments thereto.

(f) Who is required by the motor vehicle drivers' license act to take an examination, unless the person has successfully passed the examination.

(g) Who is at least 16 years of age and less than 17 years of age, who is applying for a driver's license for the first time since reaching 16 years of age and who, three times or more, has been adjudged to be a traffic offender under the Kansas juvenile code or a juvenile offender under the revised Kansas juvenile justice code, by reason of violation of one or more statutes regulating the movement of traffic on the roads, streets or highways of this state, except that, in the discretion of the director, the person may be issued a driver's license which is restricted in the manner the division deems to be appropriate. No person described by this subsection shall be eligible to receive a driver's license which is not restricted until the person has reached the age of 17 years.

(h) Who has not submitted proof of age or proof of identity, as required by K.S.A. 8-240, and amendments thereto.

(i) Whose presence in the United States is in violation of federal immigration laws.

Sec. 3. K.S.A. 2009 Supp. 8-1325 is hereby amended to read as follows: 8-1325. (a) Every identification card shall expire, unless earlier canceled or subsection (c) of K.S.A. 8-1324, and amendments thereto, applies, on the sixth birthday of the applicant following the date of original issue, except as otherwise provided by K.S.A. 8-1329, and amendments thereto. Renewal of any identification card shall be made for a term of six years and shall expire in a like manner as the originally issued identification card, unless surrendered earlier or subsection (c) of K.S.A. 8-1324, and amendments thereto, applies. For any person who has been issued an identification card, the division shall mail a notice of expiration or renewal at least 30 days prior to the expiration of such person's identification card at the address shown on such identification card. The division shall include with such notice, written information required under subsection (b). Any application for renewal received later than 90 days after expiration of the identification card shall be considered to be an application for an original identification card. The division shall require payment of a fee of \$14 for each identification card renewal, except that persons who are 65 or more years of age or who are persons with a disability, as defined in K.S.A. 8-1,124, and amendments thereto, shall be required to pay a fee of only \$10.

(b) The division shall provide--the-following-information reference the website of the agency in a person's notice of expiration or renewal under subsection (a). The division shall provide the following information on the website of the agency:

(1) ~~Written~~ Information explaining the person's right to make an anatomical gift in accordance with K.S.A. 8-1328, and amendments thereto, and the revised uniform anatomical gift act, K.S.A. 2009 Supp. 65-3220 through 65-3244, and amendments thereto;

(2) ~~written~~ information describing the organ donation registry program maintained by the Kansas federally designated organ procurement organization. The ~~written~~ information required under this paragraph shall include, in a type, size and format that is conspicuous in relation to the surrounding material, the address and telephone number of Kansas' federally designated organ procurement organization, along with an advisory to call such designated organ procurement organization with questions about the organ donor registry program;

(3) ~~written~~ information giving the applicant the opportunity to be placed on the organ donation registry described in paragraph (2);

(4) inform the applicant ~~in-writing~~ that, if the applicant indicates under this subsection a willingness to have such applicant's name placed on the organ donor registry described in paragraph (2), the division will forward the applicant's name, gender, date of birth and most recent address to the organ donation registry maintained by the Kansas federally designated organ procurement organization, as required by paragraph (6);

(5) the division may fulfill the requirements of paragraph (4) by one or more of the following methods:

(A) Providing ~~printed-material-enclosed-with-a-mailed-notice-for-an-identification-card-renewal~~ such information on the website of the agency; or

(B) providing printed material to an applicant who personally applies for an identification card;

(6) if an applicant indicates a willingness under this subsection to have such applicant's name placed on the organ donor registry described, the division shall within 10 days forward the applicant's name, gender, date of birth and address to the organ donor registry maintained by the Kansas federally designated organ procurement organization. The division may forward information under this subsection by mail or by electronic means. The division shall not maintain a record of the name or address of an individual who indicates a willingness to have such person's name placed on the organ donor registry after forwarding that information to the organ donor registry under this subsection. Information about an applicant's indication of a willingness to have such applicant's name placed on the organ donor registry that is obtained by the division and forwarded under this paragraph shall be confidential and not disclosed.


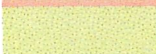


Outline of the Transportation Works for Kansas Bills, SB 498 and SB 515, as introduced

Attached is a section-by-section outline of the bills that would specify legislative intent regarding a multi-year transportation program and specify ways to pay for that program. SB 498 and SB 515 specify that the program would be called "Transportation Works for Kansas." The bills are the same through Section 37.

The outline is broken down into basic subject-matter sections, identified in the outline using reddish-color lines. The most prominent of those sections are these:

- Legislative intent. Both bills outline what such a program should accomplish and priorities for transportation projects. (Bil Section 1).
- Registration and permit fees. Both bills would increase the registration fees for smaller vehicles by \$20 and for trucks by \$100. They also would raise various other fees. (Bill Sections 3-18)
- Transportation Revolving Fund loans. Both bills would allow moneys from special transportation districts to be used to pay back loans from the Transportation Revolving Fund. (Bill Sections 19-25, 33-34)
- Bonding. Both bills would allow the Kansas Department of Transportation (KDOT) to increase its bonding authority to a limit of 18 percent debt service payments out of projected state highway fund revenues for any year. (Bill Sections 29-32)
- Fuel taxes. SB 498 would increase fuel taxes and link future increases to increases in the Consumer Price Index. SB 515 would decrease fuel taxes but remove the sales tax exemption for them. (Bill Sections 36-41 plus Sections 42-43 in SB 515)

Key to color coding used in the outline:

	Topic heading added by KLRD
	Provisions are the same in both bills
	Provision is in SB 498 only
	Provision is in SB 515 only

KLRD, 3/8/2010

Senate Transportation

3-10-10

Attachment 2

Which bill(s)	Sec.	Subsection	Changes from current law	Fee		Last time fee was raised
				before	after	
Legislative intent						
Sec. 1, Legislative intent						
498 515	New		Sec. 1 is generally a statement of legislative intent. It is a new section that closely parallels KSA 68-2314a; in several places, the program name has been changed from a "Comprehensive Transportation Program" to "Transportation Works for Kansas." The analysis below does not further mention the name change.			
498 515		(b)(1)	refers to "preservation projects" rather than to a "maintenance program"			
498 515		(b)(2)	requires KDOT to "develop and utilize criteria for the selection of capacity and economic opportunity projects" and specifies some of those criteria: engineering data, local consultation, geographic distribution, and economic impact			
498 515		(b)(3)	refers to "modernization projects" and specifies some criteria for their selection: engineering data, local consultation, geographic distribution; KDOT also would be required to develop criteria for including "practical improvements" in those projects			
498 515			Unlike the CTP law, there is no mention of an amount to be spent or of demonstration projects.			
498 515		(c)(5)	programs that allow local governments to exchange federal aid funds for state funds			
498 515		(d)	no change - existing rail program continues			
498 515		(e)	no change - existing airport program continues			
498 515		(f)	no change - transit program continues			
498 515		(g)	adds a "multi-modal economic development program to provide assistance for transportation-sensitive economic opportunities on a local or a regional basis."			
498 515		(h)	specifies the secretary of transportation shall determine the projects to be selected			
498 515		(i)	The transportation plan authorized by this section shall not be implemented until funding is provided.			
Sec. 2, Unlawful acts						
498 515	8-142		technical amendments (lines 24 and 37, p. 4; lines 28 and 29, p. 5) to conform to numbering changes in Sec. 3 (8-143)			

Which bill(s)	Sec.	Subsection	Changes from current law	Fee		Last time fee was raised
				before	after	
Registration and permit fees						
Sec. 3, Registration fees						
498 515	8-143	various	extend current registration fees through 1/1/2013;			
			raise registration fees for smaller vehicles by \$20 (\$10 in 2013, \$10 in 2014) or \$21:			
		(a)(1)	motorized bicycles	\$11	\$31	2002
		(a)(2)	motorcycles	\$16	\$36	2002
		(a)(3)	passenger vehicles <= 4,500 lbs	\$30	\$50	2002
		(a)(3)	passenger vehicles >4,500 lbs	\$40	\$60	2002
		(a)(4)	certain electrically propelled motor vehicles	\$14	\$34	2002
		(b)(6)	smallest category of trucks: farm truck	\$37	\$58	2002
		(b)(1)	smallest category of trucks: other	\$40	\$60	2002
		(b)(5)	raise registration fees for trucks by \$100 (\$50 in 2013, \$50 in 2014): local trucks	\$62 - \$1,010	\$162 - \$1,110	2002
		(b)(5)	raise registration fees for trucks by \$100 (\$50 in 2013, \$50 in 2014) (increase of \$106 for two weight categories)	\$102 - \$1,935	\$202 - \$2,035	2002
		(b)(6)	raise registration fees for farm trucks by \$100 (\$50 in 2013, \$50 in 2014)	\$42 - \$610	\$142 - \$710	2002
		(b)(4)	raise fees for driveaway plates by \$20/set (\$10 in 2013, \$10 in 2014)	\$44	\$64	1989
		(b)(4)	raise fees for each additional set of driveaway plates by \$20/set (\$10 in 2013, \$10 in 2014)	\$18	\$38	1989
		(b)(7)	raise annual license fee for local urban transit buses and for trailers by \$20 (\$10 in 2013, \$10 in 2014):			
			- 8 or more but fewer than 31 passengers	\$15	\$35	1955
			- 31 or more but fewer than 40 passengers	\$30	\$50	1955
			- more than 39 passengers	\$60	\$80	1955
		(b)(9)	increase annual license fees for trailers, semitrailers, travel trailers, pole trailers by \$20 (\$10 in 2013, \$10 in 2014):			
			- gross weight > 12,000 lbs	\$35	\$55	1989
			- gross weight > 8,000 lbs but not more than 12,000 lbs	\$25	\$45	1989
			- gross weight > 2,000 lbs but not more than 8,000 lbs	\$15	\$35	1989
		(e)	increase the fee for a 30-day temporary registration	\$3	\$10	1989
			make technical amendments including numbering changes			
Sec. 4, Temporary registration for out-of-state truck, intrastate commerce						
498 515	8-143b	(a)	raise fee \$20 (\$10 in 2013, \$10 in 2014)	\$26	\$46 (1)	1989

Which bill(s)	Sec.	Subsection	Changes from current law	Fee		Last time fee was raised
				before	after	
Sec. 5, Temporary registration for out-of-state truck, interstate commerce						
498 515	8-143c		raise fee by \$20 (\$10 in 2013, \$10 in 2014)	\$26	\$46	1989
Sec. 6, Trip permit for demonstrating a truck or truck tractor						
498 515	8-143g		raise fee by \$20 for 72-hour (\$10 in 2013, \$10 in 2014)	\$26	\$46	1989
			raise fee by \$20 for 30-day (\$10 in 2013, \$10 in 2014)	\$100	\$120	1990
Sec. 7, 30-day license for a farm truck						
498 515	8-143h		raise fee by \$20 (\$10 in 2013, \$10 in 2014)	\$26	\$46	1989
Sec. 8, Permit for local truck to go outside of local radius						
498 515	8-143i		raise fee by \$20 (\$10 in 2013, \$10 in 2014)	\$26	\$46	1991
Sec. 9, Registration for farm custom harvesting vehicles						
498 515	8-143j		raise fee by \$20 for smallest size (\$10 in 2013, \$10 in 2014)	\$62	\$82	1990
			raise fee by \$100 for those > 16,000 lbs	\$102- \$1,010	\$202- \$1,110	1990
Sec. 10, Harvest permit for custom harvesting						
498 515	8-143k		raise fee by \$20 (\$10 in 2013, \$10 in 2014)	\$26	\$46 (2)	1990
Sec. 11, Auctioneer 72-hour transport permit						
498 515	8-143l		raise fee by \$7	\$3	\$10	2002
Sec. 12, Vehicle modernization surcharge						
498 515	8-145	(d)(4)	starting 1/1/2013, credit the vehicle modernization surcharge to the State Highway Fund, rather than the Division of Vehicles Modernization Fund	\$4	\$4	2008
Sec. 13, Antique vehicle registration fee						
498 515	8-172	(b)	raise the one-time registration fee by \$20 (\$10 in 2013, \$10 in 2014)	\$40	\$60	1983
Sec. 14, Special interest or street rod vehicle registration fee						
498 515	8-195	(a)	raise the annual fee by \$20 (\$10 in 2013, \$10 in 2014)	\$26	\$46	1989
Sec. 15, Classes of vehicles						
498 515	8-234b		technical amendments (lines 33 and 39, p. 30; lines 5 and 6, p. 31) to conform to numbering changes in Sec. 3 (8-143)	n/a		
Sec. 16, Dealer license plates						
498 515	8-2406	(a)	increase fee for first dealer license plate and on dealer trailers by \$20 (\$10 in 2013, \$10 in 2014)	\$275 \$25	\$295 \$45	1989 1986
Sec. 17, Dealer 30-day temporary registration permits						
498 515	8-2409	(a)	increase fee by \$7; must be purchased in multiples of 5	\$3	\$10	1989

Which bill(s)	Sec.	Subsection	Changes from current law	Fee		Last time fee was raised
				before	after	
Sec. 18, Dealer full-privilege plates						
498 515	8-2425	(b)	increase fee for full-privilege license plate by \$20 (\$10 in 2013, \$10 in 2014)	\$350.50	\$370.50	1985 (3)
498 515	8-2425	(b)	increase fee for dealer-hauler full-privilege trailer plate by \$20 (\$10 in 2013, \$10 in 2014)	\$350.50	\$370.50	2009 (new)
Transportation Revolving Fund loans						
Sec. 19, Community Improvement District Act special obligation bonds						
498 515	12-6a35	(a), (b), (e)	- allow a municipality to use loans from the Transportation Revolving Fund (TRF) for projects; - certain restrictions would not apply to TRF loans; - TRF loans would not count against limits on a municipality's bonded indebtedness			
Sec. 20, Community Improvement District Act full faith and credit bonds						
498 515	12-6a36	(e)	Transportation Revolving Fund loans would not be general obligations, would not count against the bonded debt limit; protest petition provisions would not apply			
Sec. 21, Redevelopment district or bioscience development district, special obligation bonds						
498 515	12-1774	(a)(1), (a)(1)(G), (a)(2), (d)	- a city could execute and deliver a loan from the Transportation Revolving Fund (TRF); - TRF loan can be payable from any amounts authorized under TRF law; - TRF loans would be general obligations of the city; - a TRF loan could be used to pay redevelopment project costs			
Sec. 22, Redevelopment district or bioscience development district, default on payments						
498 515	12-1774a	(b)	public funds could be used to pay back loans from the Transportation Revolving Fund			
Sec. 23, Redevelopment district or bioscience development district, property taxes						
498 515	12-1775	(c)	tax increases resulting from the project could be used to pay back loans from the Kansas Transportation Revolving Fund			
Sec. 24, Transportation development district, separate fund for each district						
498 515	12-17,148		unless otherwise specified by the Secretary of Transportation, each district using a Transportation Revolving Fund loan must have a separate fund			

Which bill(s)	Sec.	Subsection	Changes from current law	Fee		Last time fee was raised
				before	after	
Sec. 25, Transportation development district, bonds						
498 515	12-17,149	(a), (b), (d)	- a municipality could use a Transportation Revolving Fund (TRF) loan in addition to bonds, or both a loan and bonds, for a project; - certain provisions applying to how bonds are to be paid would not be applicable to TRF loans; - a municipality could pay a TRF loan back early			
Use of SHF, tolling, annual report						
Sec. 26, Use of State Highway Fund						
498 515	68-416	(b)(3)	the Secretary could use moneys in the State Highway Fund for the purposes outlined in Sec. 1			
Sec. 27, Tolling feasibility						
498 515	68-20,120	(b)	the Secretary could recommend a new tolled project if a feasibility study produces a "favorable result"			
Sec. 28, Annual report from KDOT						
498 515	68-2315	(b), (i)	would require the Secretary's annual report to include certain information relating to projects selected under Sec. 1 and recommendations for statutory changes necessary to complete the program outlined in Sec. 1			
Bonding						
Sec. 29, Bonds - Authorization for KDOT to issue bonds to 18% of projected revenues						
498 515	68-2320	(c)	expands KDOT's bonding authority to allow the Secretary to issue bonds to a limit of 18 percent debt service payments out of projected state highway fund revenues for any year; defines terms; specifies how projected rates for variable rate interest and projected SHF revenues will be calculated			
Sec. 30, Bonding - Term						
498 515	68-2321	(a)	bonds issued under the 18% bonding cap and refunding bonds could have terms of up to 25 (rather than 20) years			
Sec. 31, Bonding - Refunding						
498 515	68-2328	(a)	amends KDOT's authority to refund bonds to allow it to refund both bonds and interest			
Sec. 32, Bonding - Bond issuance						
498 515	68-2331	(a)	technical amendment to delete a reference to the 1999 transportation plan's statement of legislative intent, to be replaced by Sec. 1			

Which bill(s)	Sec.	Subsection	Changes from current law	Fee		Last time fee was raised
				before	after	
Transportation Revolving Fund						
Sec. 33, Transportation Revolving Fund authorization						
498 515	75-5063		authorizes creation of separate accounts within the Transportation Revolving Fund for major highway enhancement projects			
Sec. 34, Transportation Revolving Fund definitions						
498 515	75-5064	(c), (e), (k), (l), (n)	defines "major highway enhancement project"; amends other definitions to reflect major projects; makes technical amendments			
Extending the modernization surcharge						
Sec. 35, Division of Vehicles modernization surcharge, extending to more vehicles						
498 515	75-5160	(b)	extends the Division of Vehicles modernization surcharge to apportioned fleet vehicles; removes the sunset on the surcharge	\$4	\$4	2008
Fuel tax						
Sec. 36, Inventory tax when fuel tax rate changes						
498 515	79-3408c	(a), (b)	inventory tax to equal the amount of change in the fuel tax, each January 1, refund if tax decreases			
Sec. 37, Inventory tax on LP-gas motor fuels, when tax rate changes						
498 515	79-3491a	(a), (b)	inventory tax to equal the amount of change in the LP-gas motor fuel tax, each January 1, refund if tax decreases			
Sec. 38, LP-gas motor fuel tax, alternative method of computation and payment						
498	79-3492b	(b), (c)	raises this fuel tax by about 17% in 2013, another 11% in 2014 (overall increase of about 30%) (similar to increases in other fuel taxes)	\$46 - \$5376	\$60 - \$1,225	2002
Sec. 38, LP-gas motor fuel tax, alternative method of computation and payment						
515	79-3492b	(b), (c)	reduces this fuel tax by about 21.7% starting in 2013 (similar to decreases in other fuel taxes)	\$46 - \$5376	\$36 - \$4,207	2002
<i>Note: 515 as printed left out several columns of information on pp. 61-63. The missing columns are in the official record of the bill with the Revisor.</i>						
Sec. 39, 24- or 72-hour motor fuel permits						
498	79-34,118		increase fee for the 24-hour permit by \$3.50 (\$2 in 2013, \$1.50 in 2014)	\$13	\$16.50	2003
			increase fee for the 72-hour permit by \$3.50 (\$2 in 2013, \$1.50 in 2014)	\$25	\$28.50	2006 (new)
Sec. 39, 24- or 72-hour motor fuel permits						
515	79-34,118		decrease fee for the 24-hour permit by \$2.50 in 2013	\$13	\$10.50	2003
			decrease fee for the 72-hour permit by \$2.50 in 2013	\$25	\$22.50	2006 (new)

Which bill(s)	Sec.	Subsection	Changes from current law	Fee		Last time fee was raised	
				before	after		
Sec. 40, Motor-vehicle fuels tax, increase and index							
498	79-34,141	(a), (b), (c)	increase motor fuels taxes in 2013:		(4)		
			motor-vehicle fuels other than E-85	\$0.24	\$0.28	2002	
			special fuels (diesel)	\$0.26	\$0.30	2002	
			LP-gas	\$0.23	\$0.27	2002	
			E-85	\$0.17	\$0.21	2006	
			increase motor fuels taxes in 2014 (and remove the 2020 sunset date on motor fuels tax):				
			motor-vehicle fuels other than E-85		\$0.31		
			special fuels (diesel)		\$0.33		
			LP-gas		\$0.30		
			E-85		\$0.24		
			<i>Note that the "after" amount does not reflect any further increase based on indexing, in (d)</i>				
		(d)	adjust the tax rates each January 1 starting in 2013 to reflect changes in the Consumer Price Index				
Sec. 40, Motor-vehicle fuels tax, decrease							
515	79-34,141	(a), (b)	decrease motor fuels taxes in 2013 (and remove the 2020 sunset date on motor fuels tax):				
			motor-vehicle fuels other than E-85	\$0.24	\$0.19		
			special fuels (diesel)	\$0.26	\$0.21		
			LP-gas	\$0.23	\$0.18		
			E-85	\$0.17	\$0.12		
Sec. 41, Distribution of proceeds of motor fuel taxes							
498 515	79-34,142		maintains the distribution of motor fuels taxes at the current ratio: 66.37% to the State Highway Fund, 33.63% to the Special City and County Highway Fund				
			note: in 498, Sec. 42 is a repeat of Sec. 41				
Sales tax							
Sec. 42, Sales tax exemptions							
515	79-3606	(a)	removes the sales tax exemption for motor-vehicle fuels starting 1/1/2013				
Sec. 43, Disposition of sales tax proceeds							
515	79-3620	(e)	all revenues collected from sales taxes on motor-vehicle fuels are to be credited to the State Highway Fund, starting 1/1/2013				
Sec. 43 (498), 44 (515), Repealer (specific sections repealed differ)							
Sec. 44 (498), 45 (515), Effective upon publication in the statute book							
			(1) or 1/8 of the annual license fee, whichever is larger				
			(2) or 1/6 of the annual license fee, whichever is larger				
			(3) the fee for a dealer full-privilege license plate increased by \$0.50 in 2009				
			(4) increases would be "not less than" the "after" amount because of the indexing provision in (d)				
KLRD, 3/8/2010							



KANSAS
DEPARTMENT OF TRANSPORTATION

Senate Transportation Committee
March 10, 2010

Agenda

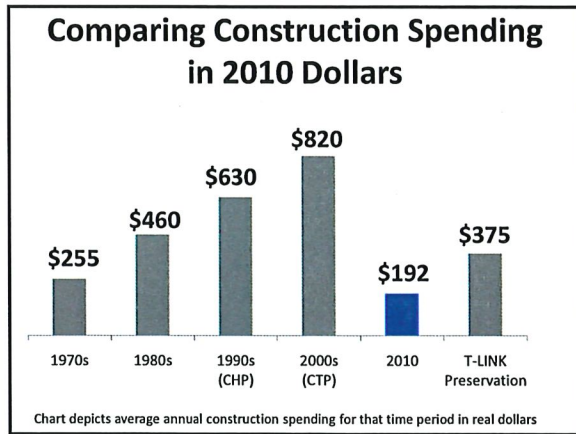
- Introduction, Legislation & Policy -- Deb Miller
- Financial Issues-- Joe Erskine

Friday's Announcement

- Governor announces **\$28 million reduction** to the State Highway Fund
- As a result, **\$87 million** worth of light and heavy action maintenance **projects** will be **cut**
- Originally planned 1,600 **miles of preservation work**, now 700 miles— **less than half**.

2010 Revenue Losses

Receipt Losses	-\$52 M
CTP Debt Transfer	-\$25 M
Loan Repayment	-\$31 M
KHP	-\$36 M
SCCHF Transfer	-\$5 M
Governor's 1 st Allotment	-\$30 M
Governor's 2 nd Allotment	-\$50 M
March Reduction	-\$28 M
TOTAL	-\$257 M



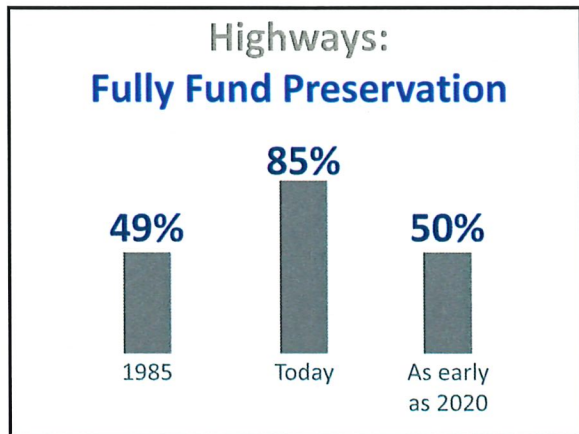
Where we are today

- In 3 years, KDOT has lost **\$504 million**
- Federal Funding:
 - Federal Highway Trust Fund is **broke**
 - SAFETEA-LU Expired. **Extension passed** this month
 - House passed **HIRE** legislation
 - **Big uncertainties** remain for future funding
- **Recovery** projects are **underway**



Legislation

<p style="text-align: center; color: green;">SB 498</p> <ul style="list-style-type: none"> • Fills 48% of T-LINK Gap • Decrease MFT, add sales tax 	<p style="text-align: center; color: blue;">SB 515</p> <ul style="list-style-type: none"> • Fills 60% of T-LINK Gap • Increase & index MFT
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Highways: Project Selection

- **Legislation:** “**selection** of projects which will allow for the **flexibility** to meet emerging and **economic** needs.”
- **Why it matters:**
 - Allows the state to **capture** more economic **opportunities**
 - We can address the greatest needs first

Selection Factors by Work Type

	Engineering Data	Local Consult	Economic Impact
Preservation	100%		
Modernization	80%	20%	
Expansion	50%	25%	25%

Highways: Project Selection

- **Why it Matters**
 - **Links projects** to State’s **economic priorities**
 - Get’s Kansas **best return on it’s investment**
 - **Regional priorities** served
 - Serves **rural** and **urban** areas

New Approaches to meet Needs

- **Legislation:**
 - “the incorporation of **practical improvement** designs”
 - “allow **local govts.** to **exchange** federal aid **funds** for state funds”
- **Why These Matter:**
 - Gives the State and local governments the freedom to meet **more needs with less money**

Local Roads

- Special City County Highway Fund needs increased funding
- Local Roads Priority Network



Transit

- **Legislation:** “provide for a public transit program”
- **Improvements being made:**
 - Regional approach to **improve** rural services & **efficiency**
 - Revised rural & urban funding formulas
 - Create a **commuter corridor** transit funding program



Rail

- **Legislation:** “provide for a railroad program”
- **Improvements being made:**
 - **Expand program** to allow local govts., shippers & industrial parks to be eligible



Aviation

- **Legislation:** “provide for aviation program.”
- **Improvements being made:**
 - Strategic approach to improve **air ambulance coverage** & enhance **economic development**



Multimodal Economic Development Program

- **Legislation:** “provide a multimodal economic development program for transportation-sensitive economic opportunities at local or state level”
- **Why it Matters:**
 - Communities given option to seize time-sensitive **economic opportunities**
 - Opens program to all **modes**

Other Areas of Discussion

- Passenger Rail
 - Amtrak Feasibility Study
 - Press Conference on Thursday
- Bike/Ped
 - T-LINK determined it was a local issue

Comparing SB 515 and SB 498 with the T-LINK Recs
Average annual numbers over 10 year program (in millions)

Category	No Program	T-LINK Rec	SB 515	% of Gap filled	SB 498	% of Gap filled
Preservation	\$377	\$463	\$463	100%	\$463	100%
Highways Modernization	0	43	23	53%	17	40%
Highways Expansion	0	358	191	53%	141	39%
Priority Network	0	30	16	53%	11.6	39%
Local Economic Development	0	20	10.6	53%	7.8	39%
Local Roads KLINK Resurfacing	6	7	6.5	50%	6.4	40%
Local Roads Geometric Improvement	0	10	5.5	55%	3.9	39%
Local Roads CCL Payments	3	5	4.1	55%	3.8	40%
Modes Transit	6	18	12.3	53%	10.7	39%
Modes Aviation	3	6.6	4.9	53%	4.4	39%
Modes Rail	0	8.3	4.4	53%	3.2	39%
TOTAL Program	\$395	\$969	\$741	60%	\$673	48%
Direct to Local - SOCHP <small>(SB 515 includes local sales tax)</small>	150	183	189	116%	197	142%

Final Thoughts

“There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction.”

-- John F. Kennedy

Funding & Finance Agenda

- Preservation Gap for first 3 years (assuming delayed program)
- Cash Flow/Debt Management Strategy to fill 3 year Preservation Gap
- T-EDL (Transportation - Economic Development Loans)
- Tolling Considerations
- Funding Scenarios
- Other Policy Revenue Enhancements

Preservation Gap

(refer to Gap Chart in packet)

\$250+ Million Gap

(Aggregate for FY 2011-2013)

- Amount required to maintain current system condition
- Does not include any future transfers from SHF to SGF
- Based on assumption of steady federal funding and current state revenue projections
- Addresses preservation-only spending- i.e., no new construction (modernization, expansion, modes, local support, etc.)

Cash Flow/Debt Management Strategies

- 18% Debt Service Cap
- Build America Bond Program
 - To maximize benefit, requires authority to issue 25 year bonds
 - Part of ARRA Program (program expires end CY 2010)
 - 35% federal interest payment subsidy
 - Use of a \$300MM BAB creates approx. \$20 Million debt service savings to Kansas with 25 year bond issue
 - Over \$60 Billion BAB's have been issued nationwide

Cash Flow/Debt Management Strategies (Cont'd)

- Implement **Flexible Debt Management Tools** for KDOT
 - Authority to issue **25 year term debt from any date of issue**
 - Authority to refund both principal and interest, **taking advantage of market conditions** (while ensuring positive net present value transactions)
 - Note: IRS guidelines require maximum debt term to track with life of underlying improvement, thus protecting against irresponsible refunding
- KDOT has **expertise** and track record for successful debt management
- SHF remains a **highly rated** issuer of bonds

Debt Management Savings

In the last 10 years, KDOT has **saved nearly \$100 Million** for the taxpayers through active Debt Management using diversification and timely refunding.

- In 1999, KDOT sold \$200 million in unhedged Variable Rate Debt. This transaction has produced a Net Present Value (NPV) **savings of \$40 million.**
- Refunding of the 2002 A series bonds created a NPV **savings of \$21.5 million.**
- Refunding of the 2002 B/C series created a NPV **savings of \$30 million.**
- During November 2003, KDOT restructured the Department's debt and refunded \$324 million in outstanding debt which produced a NPV **savings of \$3 million.**

Transportation – Economic Development Loans (T-EDL)

(TLINK Executive Summary Report-January 2009)

To open financing options for local communities, allow the Secretary of transportation to review transportation-related economic development opportunities and authorize the use of debt financing with repayment streams flowing from the development revenue.

T-LINK recognized that communities—even growing communities—struggle to fund improvements to serve new development. Current financing options are difficult and cumbersome for communities to use. Therefore, T-LINK recommends combining into a single piece of legislation approaches similar to the economic development and transportation specific elements found in STAR Bonds, Transportation Development Districts (TDD's) and Tax Increment Financing (TIF).

Transportation – Economic Development Loans (T-EDL)

- Administered through the **Transportation Revolving Fund (TRF)**
- Loans for local governments to fund transportation improvements to **serve economic development**
- Authorizes the **SHF to bridge the debt service gap** between construction and when new, incremental revenues begin to flow
- Authorize revenues from **CIDs, TDDs, TIFs**, in addition to other pledged sources, to service the T-EDL loan payments
- **Feasibility Study** Required
- Projects Approved on **Project by Project Basis** by Secretary of Transportation, with consultation from Secretaries of Commerce and Revenue

Tolling

T-LINK Positions:

- Kansas should consider toll financing where **practical**;
- Any new toll revenues should be used for **roads and highways**;
- Tolling practices should **not require 100% of costs** to be covered by tolling revenue.

Current T-WORKS Bills

(beginning January 1, 2013)

	SB 515/ HB 2618 Sales Tax on Motor Fuels
Motor Fuel Tax	-\$c
Indexing Motor Fuel Tax	NO
Car Registration	\$20
Truck Registration	\$100
Sales Tax on Fuel	YES
State Sales Tax	NO
Bonds Issued	\$2.0B
KDOT New Revenue	\$3.4B
% of T-LINK Gap Filled	60%
Change in SCCHF Distribution	NO
SCCHF Net Difference	-\$235M
City and County Sales Tax on Fuel Revenue	\$588M
City and County New Revenue Total	\$384M
Total New Revenue	\$3.8B

Current T-WORKS Bills

(beginning January 1, 1013)

	SB 515/ HB 2618 Sales Tax on Motor Fuels	SB 498/ HB 2617 Increase and Indexing Motor Fuel Tax
Motor Fuel Tax	-5¢	7¢
Indexing Motor Fuel Tax	NO	YES (+7.9¢)
Car Registration	\$20	\$20
Truck Registration	\$100	\$100
Sales Tax on Fuel	YES	NO
State Sales Tax	NO	NO
Bonds Issued	\$2.0B	\$2.0B
KDOT New Revenue	\$3.4B	\$2.77B
% of T-LINK Gap Filled	60%	48%
Change in SCCHF Distribution	NO	NO
SCCHF Net Difference	-\$235M	\$471M
City and County Sales Tax on Fuel Revenue	\$588M	-
City and County New Revenue Total	\$384M	\$471M
Total New Revenue	\$3.8B	\$3.2B

Policy Revenue Enhancements

(all numbers in millions)

	Avg. Annual	TOTAL FY 2011 to FY 2020
Transfers Out		
Kansas Highway Patrol transfer (FY 2010 = \$36 Million)	40	400
Revenue		
SGF Loan Repayment (2 years)	31	61
Passage of Primary Seatbelt Law (1 time)	11	11
Net Savings to State Highway Fund in Millions		\$472

T-WORKS Program Summary

Prepared for the Senate Transportation Committee
March 10, 2010



Table of Contents

T-WORKS Program Elements.....	3
T-WORKS Financial and Debt Management Tools.....	6
T-WORKS Bills Funding Summaries.....	11
T-LINK Recommended Gap Chart.....	12
T-WORKS Sales Tax on Motor Fuel Bill.....	13
T-WORKS Indexing Motor Fuel Bill.....	14

Supplemental Funding Resources

Map of Transportation Funding in Surrounding States.....	15
Policy Funding Menu.....	16
Motor Fuel Gallon Tax.....	17
Car & Light Duty Vehicle Registration Fees.....	18
Truck Registration Fees.....	19
Sales Tax on Motor Fuels.....	20
Indexing Motor Fuels Tax.....	21

T-WORKS Program Elements

Solid Process

With over 60 meetings held across the state and more than 1,000 Kansans participating in the process, KDOT has done significant work assessing the transportation needs of the state and developing strategies to meet those needs. The result of these efforts can be found in the plan known as T-Works, which is summarized below.

Highways: Expanded Selection Process

Kansans clearly believe that transportation improvement projects should be linked to economic opportunities. Past programs have generated thousands of jobs and added billions of dollars in economic output for the State. And, by incorporating economic impact analysis as a factor in project selection, the State has the potential to generate even greater returns.

There are three transportation project types with each type serving a different transportation need. Correspondingly, each project type has a specific project selection approach, as outlined below:

- **Expansion projects** – adding something new. This category includes adding lanes and interchanges. These projects would be selected using economic analysis, local consultation and engineering factors.
- **Modernization projects** – improving the existing roadway. This includes things like adding shoulders, flattening hills, straightening curves, and improving intersections. These projects would be selected using local consultation and engineering factors.
- **Preservation projects** – taking care of what we have. The bulk of this work includes pavement rehabilitation and reconstruction and bridge repairs and replacements. These projects would continue to be selected solely based on engineering factors such as pavement condition or roadway geometrics.

Kansans have called for projects to be selected more frequent than every 10 years. The expanded selection process would be used to select projects every few years to allow communities to capture emerging economic opportunities. And this process calls for a portion of the funds to be set aside for projects that are needed immediately to seize new economic opportunities.

KDOT presented the expanded process this fall during local consultation meetings across the state and has posted materials online for people to offer comments. Overall, the response to this approach has been positive.

Highways: Fully Funded Preservation System

Kansans have stressed that preserving the State's transportation system should be the top priority. Kansans have invested billions of dollars to get the system in good shape and to let it deteriorate would be wasteful. In the 1980s, less than half of the State's highways were in good condition; today 85 percent are in good condition. KDOT cannot fully fund needed preservation efforts with existing revenues.

Highways: Addressing Capacity Needs, Utilizing Practical Improvements

The last two transportation programs enabled the State to address many of its modernization needs (widening shoulders, flattening hills etc.). However, the State continues to have growing capacity needs, which is why T-WORKS calls for shifting more funds to expansion projects to address those needs. Expansion projects, which involve adding lanes or interchanges, can be very expensive. KDOT recognizes the need to work with communities to make sensible choices about which routes need to be improved to 4-lanes and which routes could be improved using less expensive alternatives such as adding passing lanes. Practical improvement approaches, such as adding passing lanes, can be effective in improving traffic flow in rural areas where there may not be high overall traffic counts, but significant truck traffic is congesting the highway. Other practical improvements can include matching shoulder type and width to traffic volumes. T-WORKS calls for utilizing practical improvements where possible.

Local Roads: Priority Network

Funding of the Special City County Highway Fund (SCCHF) is critical for local roads. In addition to increased funds for the SCCHF, T-Works creates incentives for local governments to work towards creating a sustainable network of local roads by having some additional dollars targeted for roads and bridges on the priority network. The priority network would be created by local officials in collaboration with KDOT.

Local Roads: Fund Exchange Program

To provide local governments more flexibility, it is recommended to create a fund exchange program that would allow local governments to sell or swap their federal funds for state funds that carry fewer prescriptive requirements.

Transit: Regional Approach Improves Efficiency

With more than 180 transit providers and 12 Kansas counties without access to public transportation, there is a need to improve efficiency in order to expand service in rural areas. Under the proposed regional approach, costs would be streamlined through the establishment of 10-15 districts with a lead agency in each district. KDOT would contract directly with each lead agency, and the lead agencies would be required to provide a specific level of service in each region. The lead agencies would use

one-call dispatching and would be able to sub-contract with other transit providers. Pilot projects are already underway and are doing well.

Transit Funding

Demand for transit is growing rapidly both in urban areas and in rural areas. Kansans depend on these services to get to work and to access medical services. More funding is needed to meet this demand, which is why T-Works recommends an increase in transit funding. In addition to providing more funds, it is proposed to revise the funding formulas for rural and urban transit.

The proposed formula for rural transit includes the following variables: Population, Ridership and Mileage. This funding would be based on regional areas (currently the Coordinated Transit Districts). For the rural providers, funding formulas would be recalculated annually.

The recommended formula for urban transit includes the following variables (with the weighting per variable): Population (40%), Ridership (40%) and Mileage (20%).

T-Works recommends the use of a stand-alone discretionary commuter funding program to establish or enhance innovative and sustainable commuter services.

Rail

T-Works recommends increasing short-line rail funding which is critical for shipping agriculture products, and expanding the program to make shippers, local governments and industrial parks eligible to participate in it.

Aviation:

Recognizing the importance both to economic development and emergency air services, T-Works recommends creating an aviation priority network, which would prioritize airport projects to fill gaps in the network so Kansans will have access to air ambulance service despite weather conditions. T-WORKS also recommends increasing funding to address growing aviation needs.

Multimodal Economic Development Program:

During the Comprehensive Transportation Program funding for the economic development program averaged \$7 million annually and was used to support highway and bridge projects. Each year applications far exceeded funding. The previous program selected projects annually, which didn't allow communities the flexibility to meet emerging needs. The proposed new program would be funded at \$20 million annually, would reserve a portion of the funds for projects that need immediate action and would be open to all transportation modes. Unlike the previous program, projects would be selected continuously to allow communities the opportunity to capture emerging needs.

T-WORKS Financial and Debt Management Tools

18% Debt Service Cap:

Rather than authorize a specific amount of debt as has been done in the past, an alternative is that the legislature impose a debt service to revenue restriction. This restriction would allow the Agency to issue debt so long as the SHF's total annual debt service expense does not exceed 18% of Adjusted Total Agency Revenues (ATAR). ATAR includes all annual agency revenues less extraordinary cash inflows and Special City and County Highway Funds. It is the intent of KDOT and T-LINK that debt issued under this approach be used for expansion/enhancement type projects and not for light preservation/maintenance.

Debt Service Cap: Advantages

- **Flexibility** - The policy would offer the Agency flexibility in the timing of debt issuance allowing for unanticipated economic development projects to be undertaken that may not otherwise receive funding due to the absence of issuance authority.
- **Planning** - Relating future debt service to revenues will require the Agency to follow a long-term planning horizon. Though the Agency currently plans on this horizon, the legislatively imposed requirement to do so will provide investors with further assurance and positively influence the Agency's cost of borrowing.
- **Active Management** - The policy would enable the Agency to more efficiently manage its debt portfolio by timing debt issuances when market conditions are most desirable or when unforeseen emerging needs occur.

Debt Service Cap: Secure Financial Policy

- The 18% debt service to revenue test is considered by industry analysts to be a fiscally responsible ceiling in the management of debt and provides stronger coverage than is required by KDOT's bond covenants.
- Following a cap of 18% with prudent management of other leverage measures should allow the Agency to retain its current high credit ratings of Aa2, AAA, and AA on long term debt by Moody's, S&P, and Fitch respectively.

- The relatively low annual debt service obligation afforded by the 18% cap would again offer the Agency a degree of flexibility in year-to-year construction spending.

Debt Service Cap: Legislative Questions

In the September 29th meeting of the Special Interim Committee on Transportation, the following questions were raised regarding the cap:

1. What happens, or are the consequences, if KDOT were to issue additional debt over the cap?
2. Under the proposed cap would the Agency be able to continue issuing Variable Rate Demand Obligations (VRDOs)?

In response to these questions, draft bond legislation was prepared and thus provide the following responses:

1. Under the proposed legislation the test for issuance of new bonds would be at the time of issuance. The test would include provisions to estimate revenues into the future and variable rate debt for the life of the bonds assuming traditional growth patterns for revenue and recent variable rate debt interest rates.
2. Issuing debt that causes debt service to exceed the 18% ceiling would be the same violation of a statute (a reportable event for the auditors) as issuing more than \$1.272 billion of new money bonds for the CTP.

Debt Service Cap: Other States' Policies

Missouri currently manages their Highway Debt not to exceed 20% of the annual total road and bridge fund, not including federal revenues. Many other states use a specific dollar amount as a cap of debt or use an amount as a rolling limit.

Build America Bonds:

The American Recovery and Reinvestment Act (the "Act") created a new form of bonds known as Build America Bonds ("BABs"). These are taxable state and local government bonds that include a federal subsidy for either the bond issuer or the bondholder. The purpose of the BABs is to assist state and local governments in financing capital projects at lower borrowing costs and to thereby stimulate the economy and create jobs. There is no volume limitation on the amount of eligible Build America Bonds that can be issued. Currently, the program is only available for bonds issued prior to January 1, 2011.

The Act created two types of BABs. The first type of BABs provides a Federal tax credit to bondholder equal to 35% of the interest payable by the issuer ("Tax Credit BABs"). The second type of BABs provide a direct Federal subsidy that will be paid to state or local governments in an amount equal to 35% of the interest ("Direct Payment BABs").

Year-to-date more than \$72 billion of BABs were issued representing 8% of the total \$705 billion of investment grade taxables to-date. The State of California brought the largest (\$5.23 billion) of BAB to the market during April, 2009. The New Jersey Turnpike Authority followed with a \$1.38 billion offering.

Due to current market conditions, BABs become most advantageous the longer the life of the bond. Currently, the majority of BABs are being issued with a maturity of not less than 25 years.

Build America Bonds: Application in Kansas

As stated above, in order to maximize the savings that BABs offer, bonds should be no less than 25 years in length. Currently KDOT is statutorily limited to issuing debt for a length not to exceed 20 years. Therefore, in order to issue BABs and receive the largest benefit possible Legislative action would be required.

In most of the scenarios presented you will find \$300 million in BABs in late calendar year 2010. The Agency has been advised that there are significant savings if the issuance is at least \$250 million. Therefore, KDOT is showing \$300 million in BABs which would allow Preservation to be fully funded, under current revenues, through the beginning of FY 2014 and the Agency to remain below the proposed 18% Debt Service Cap.

KDOT believes that taxpayers would be best served by issuing Direct Payment BABs. Currently, most BABs being issued are Direct Payment.

Debt Management Savings:

Over the last 20 years KDOT has taken an aggressive policy toward debt management. Due to this aggressive policy KDOT has saved nearly \$100 Million for the taxpayers.

- In 1999, KDOT sold \$200 million in unhedged VRDOs (2000 B/C series). This transaction has produced a Net Present Value (NPV) savings of \$40 million.
- The 2002 A series of bonds were refunded with a NPV savings of \$21.5 million.
- The 2002 B/C series were refunded with a NPV savings of \$30 million.
- During November, 2003 KDOT restructured the Department's debt and refunded \$324 million in outstanding debt which produced a NPV savings of \$3 million.

Flexible Debt Management Tools Needed:

- 18% Debt Service Cap.
- Authority to issue 25 year term debt from any date of issue.
- Authority to refund both principal and interest, taking advantage of market conditions (while ensuring positive net present value transactions).
 - Note: IRS guidelines require maximum debt term to track with life of underlying improvement, thus protecting against irresponsible refunding.
- KDOT has expertise and track record for successful debt management.
- SHF remains a highly rated issuer of bonds.

Transportation – Economic Development Loans (T-EDL):

The Transportation-Economic Development Loan Program was conceptualized in response to a compelling need local communities spoke about to T-LINK. T-LINK heard communities—even growing communities—struggle to find financing options for improvements to serve new development. The T-EDL program would capitalize on the success of the current Transportation Revolving Fund (TRF) and provide expanded flexibility and repayment options to borrowers. T-EDL is unique in that it would allow repayment streams to stem from revenues generated from Community Improvement Districts (CIDs), Transportation Development Districts (TDDs) and Tax Increment Financing including property tax, local sales tax and transient guest taxes.

Traditional bonding for new transportation infrastructure is difficult, if not impossible if the proposed method of repayment is incremental revenue from the proposed improvement because of the large time delay from the issuance of the bonds to when incremental revenues begin to flow. The proposed T-EDL program would provide a solution to that problem while the infrastructure and development is under construction.

T-EDL: Project Selection

Projects would be selected on a project by project basis. Due to the complex nature of projects and funding sources each project will need to be evaluated on its own merits including its value to the overall state highway system.

T-EDL: Use of Funds

Currently, TRF loans can pay for any bridge, culvert, highway, road, street or combination. However, this list may be expanded for T-EDL to include things such as:

- Sidewalks, curbs, gutters
- Utilities (water, gas, electricity)
- Sanitary and storm sewers
- Parking facilities
- Landscaping, shelters, lighting, green spaces
- Acquisition of real property (but not eminent domain)

Tolling:

T-LINK recommended that Kansas should look for opportunities to improve the highway system with the use of toll financing where practical; new toll revenues generated in Kansas should be spent to operate, maintain and improve Kansas roads and highways; and tolling practices should not be limited to those in place today that require 100 percent of construction, operation and maintenance costs to be covered by revenues.

The extent to which tolling is viable as a funding mechanism is still under review but legislative action is required to ensure KDOT has the authority to use tolling if and when it might be practical.

T-WORKS Bill Funding Summaries

(beginning January 1, 2013)

	SB 515/ HB 2618 Sales Tax on Motor Fuels	SB 498/ HB 2617 Increase and Indexing Motor Fuel Tax
Motor Fuel Tax	-5¢	7¢
Indexing Motor Fuel Tax	NO	YES (+7.9¢)
Car Registration	\$20	\$20
Truck Registration	\$100	\$100
Sales Tax on Fuel	YES	NO
State Sales Tax	NO	NO
Bonds Issued	\$2.0B	\$2.0B
KDOT New Revenue	\$3.4B	\$2.77B
% of T-LINK Gap Filled	60%	48%
Change in SCCHF Distribution	NO	NO
SCCHF Net Difference	-\$235M	\$471M
City and County Sales Tax on Fuel Revenue	\$588M	-
City and County New Revenue Total	\$384M	\$471M
Total New Revenue	\$3.8B	\$3.2B

Traditional Program Expenditure Gap Chart Recommended Lettings

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		10 yr Program		Total
								2018	2019	2020		
Under Current Revenues												
CTP Lettings	-	-	-	-	-	-	-	-	-	-	-	-
Major Mod	112	70	-	-	-	-	-	-	-	-	-	182
Preservation	215	232	330	334	391	416	440	426	382	420		3,586
Total	327	302	330	334	391	416	440	426	382	420		3,768
T-LINK Recommendations												
Preservation - Pay As You Go (1R)	194	201	208	215	223	233	243	254	265	277		2,313
Pay as you go Preservation Gap	133	101	122	119	168	183	197	172	117	143		1,455
Heavy Preservation (Reconstruction and Priority Bridge)	194	201	208	215	223	233	243	254	265	277		2,313
Heavy Preservation Gap	(61)	(100)	(86)	(96)	(55)	(50)	(46)	(82)	(148)	(134)		(858)
Modernization	36	37	39	40	41	43	45	47	49	51		429
GAP - In Aggregate	(97)	(137)	(125)	(136)	(96)	(93)	(91)	(129)	(197)	(185)		(1,287)
Expansion	300	311	321	333	344	360	376	393	411	429		3,577
GAP - In Aggregate	(397)	(448)	(446)	(469)	(441)	(453)	(467)	(522)	(608)	(614)		(4,864)
New Modes	20	21	21	22	23	24	25	26	27	29		238
GAP - In Aggregate	(417)	(468)	(467)	(491)	(464)	(477)	(492)	(548)	(635)	(643)		(5,102)
Local -Includes Priority Road Network, ED, KLINK,CCL, andGI	54	56	58	60	62	65	68	71	74	77		644
GAP - Annual Cumulative	(471)	(524)	(525)	(551)	(525)	(542)	(560)	(619)	(709)	(720)		(5,746)
Running Total Aggregate Gap	(471)	(995)	(1,521)	(2,071)	(2,597)	(3,133)	(3,698)	(4,317)	(5,026)	(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		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.



SB 515/ HB2618 Sales Tax on Motor Fuel 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		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.

REVENUE SCENARIO:
5¢ MFT Decrease, \$20 Car Reg. Increase, \$100 Truck Reg. Increase and Bond \$2,000MM

**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		0	0	(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		-	-	101	251	261	271	281	292	1,457	304	315	2,076
Net New Revenue		-	-	95	245	272	282	293	305	1,492	316	329	2,137
Policy Revenue Enhancements	B	-	-	-	-	-	-	-	-	-	-	-	-
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)	(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		\$ 294	\$ (12)	\$ 323	\$ 453	\$ 411	\$ 406	\$ 401	\$ 396	\$ 2,673	\$ 392	\$ 388	\$ 3,453
Aggregate Debt Service		\$ 184	\$ 184	\$ 186	\$ 197	\$ 221	\$ 196	\$ 182	\$ 262		\$ 278	\$ 292	
Debt Service to ATAR		D	13.7%	14.5%	14.7%	14.1%	14.9%	12.9%	11.7%	16.6%	17.2%	17.8%	
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										61.91%			60.09%
Percentage of Modernization, Expansion, Modes & Local Met										56.05%			53.09%

- 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



SB 498/ HB2617 Indexing Motor Fuel Tax Program beginning 1/1/2013

3-20

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

Annual Incremental Revenue					
		<u>Marginal</u>			
<u>Funding Source</u>	<u>Unit Increment</u>	<u>Revenue to</u>	<u>Current Kansas Rate</u>	<u>National Average</u>	<u>Regional Average</u>
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	5.30*	5.09%	5.55%

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

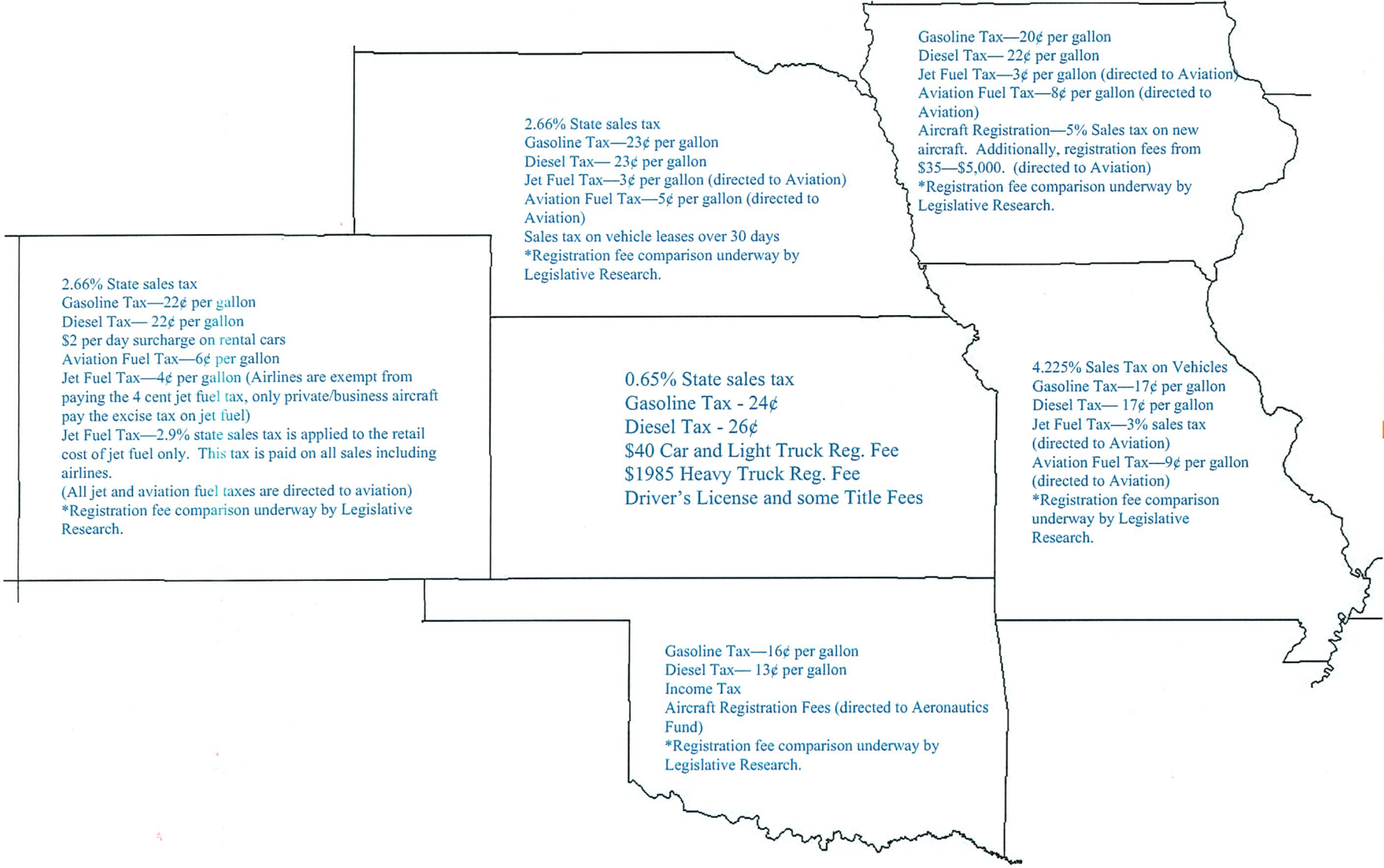
REVENUE SCENARIO:
14.9¢ MFT Increase, \$20 Car Reg. Increase, \$100 Truck Reg. Increase, Bond \$2,000MM

Fiscal Year	Rate Increase	2011	2012	2013	2014	2015	2016	2017	2018	8 Year Total	2019	2020	10 Year Total
MFT per gal. (cents)	\$0.07	0	0	0	0	0	0	0	0		0	0	
New MFT		0	0	30	95	129	131	133	134	652	136	138	926
Increase Due to Indexing	0.079			0	5	21	42	64	88	221	114	141	475
Less: MFT to SCCHF	A	0	0	(10)	(34)	(51)	(58)	(66)	(75)	(294)	(84)	(94)	(471)
Net MFT to SHF		\$ -	\$ -	\$ 19.8	\$ 66.9	\$ 99.8	\$ 114.8	\$ 130.7	\$ 147.7	\$ 579.6	\$ 165.6	\$ 184.7	\$ 929.9
Car Reg. fee (dollars)	20	0	0	10	10	0	0	0	0		0	0	
Truck Reg. fee (dollars)	100	0	0	50	50	0	0	0	0		0	0	
New Registration Revenue		0	0	19	55	72	73	75	76	369	77	79	525
Net New Revenue		0	0	39	121	172	188	205	224	949	243	263	1,455
Bonds	Issue	300	0	250	250	200	200	200	200	1,600	200	200	2,000
Less: Debt Service	\$2,000	B	(6)	(12)	(22)	(42)	(60)	(76)	(92)	(108)	(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		\$ 294.0	\$ (12.0)	\$ 266.8	\$ 329.3	\$ 311.5	\$ 311.8	\$ 313.0	\$ 315.3	\$ 2,129.7	\$ 318.6	\$ 323.1	\$ 2,771.4
Aggregate Debt Service		\$ 184	\$ 184	\$ 186	\$ 197	\$ 221	\$ 196	\$ 182	\$ 262		\$ 278	\$ 292	
Debt Service to ATAR	C	13.8%	14.5%	15.4%	15.4%	15.7%	13.4%	12.1%	16.9%		17.3%	17.6%	
Total Debt Outstanding	D	\$ 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										49.34%			48.23%
Percentage of Modernization, Expansion, Modes & Local Met										60.32%			58.69%

- A Special City and County Highway Fund (SCCHF) and State Highway Fund (SHF) currently receive 33.63% & 66.37% respectively of MFT.
- B Annual debt service is 8% of additional debt. Bonds are assumed to be issued at mid-year.
- C ATAR is Adjusted Total Agency Revenues which excludes bond proceeds, SCCHF revenues, and extraordinary cash receipts.
- D 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.
- E 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

Surrounding States Transportation Funding Comparison



Transportation Policy Funding Menu

All amounts in millions.

	Average Annual	TOTAL FY 2011 to FY 2020
Transfers Out		
Kansas Highway Patrol transfer (FY 2010 = \$36 Million)	40	400
Revenue		
SGF Loan Repayment (2 years)	31	61
Passage of Primary Seatbelt Law (1 time)	11	11
Net Savings to State Highway Fund in Millions		\$472

Motor Fuel Gallon Tax

\$0.01 per gallon - \$17 Million

Considerations

- Traditional State Highway Fund revenue source.
- User fee.
- As vehicles become more fuel efficient revenues will decline and purchasing power will continue to erode.

Review of Surrounding States' Policies

All surrounding states use a motor fuel gallon tax to support transportation infrastructure. The federal government also uses this type of tax to fund highways.

Car & Light Truck Registration Fees

\$10 per vehicle - \$25 Million per year

Considerations

- User Fee.
- Traditional State Highway Fund revenue source.

Review of Surrounding States' Policies

Legislative Research to provide this information.

Truck Registration Fees

\$100 per Truck - \$16 Million per year

Considerations

- User Fee.
- Traditional State Highway Fund revenue source.

Review of Surrounding States' Policies

Legislative Research to provide this information.

Sales Tax on Motor Fuels

5.3% - \$230 Million per year
(if average price equals \$2.50/gallon)

Considerations

- Sales tax on motor fuels would require the Department of Revenue to develop new procedures and processes because motor fuel is currently taxed at the first point of distribution not at the point of final sale.
- If the tax is applied at the first point of distribution there are 2 options for applying a sales tax:
 - create a retail or wholesale price for purposes of calculating the amount of sales tax; or
 - base the tax on the actual wholesale price.
- Current law would divide this between the State General Fund and the State Highway Fund (SHF) and therefore would have to be amended to direct all sales tax on motor fuels to the SHF.
- Research provided by the Department of Revenue indicates that applying sales tax to fuels is possible but would require new software to be installed on all pumps around the state.

* A procedural/legal question will need to be addressed on whether the sales tax can or should be applied on either the federal or state motor fuel excise taxes.

Replacement of Motor Fuel Tax by Sales Tax

The imposition of sales tax on motor fuel could be substituted for a portion of the current motor fuel tax rate if the entire sales tax were directed to the SHF.

- Currently, a penny of gas tax produces \$17 million therefore we could reduce the motor fuel tax on gasoline between 13 and 14 cents per gallon and hold the SHF revenue neutral.
- If the motor fuel tax on gasoline is replaced by sales tax, the amount of money currently distributed to cities and counties through the Special City & County Highway Fund (SCCHF) would decrease. In order to hold the cities and counties harmless either a portion of the sales tax would need to be distributed through the SCCHF or the amount of motor fuel tax allocated to the fund would need to increase.

Special Considerations of Sales Tax on Special Fuels (Diesel)

- Currently, truckers are effectively taxed on diesel where they consume the fuel, not where they buy it. Truckers pay or are rebated tax differences between the point of purchases and the reported point of consumption through the International Fuel Tax Agreement (IFTA).
- Since sales tax is generally applied at the point of sale, the application of the sales tax on all diesel fuel purchased in Kansas, might affect the purchase decision of truckers who could choose to purchase the fuel in other states.
- An alternative would be to apply a sales tax equivalent at the wholesale level which could be handled within IFTA.

Review of Surrounding States' Policies

No surrounding states apply sales tax to motor fuel. Nationwide, six states use a standard sales tax on motor fuel including: California, Hawaii, Illinois, Indiana, Michigan and Virginia. Some states do apply sales tax on top of state and federal excise taxes. Some states do have local sales tax applied and some states do not.

Indexing Motor Fuel Tax

Directly correlated to Inflation

Considerations

- User fee.
- Indexing has the power to help the State Highway Fund (SHF) maintain its purchasing power. Currently, State Highway Fund revenues are estimated to increase at 1.4% per year while inflation is projected at 4%.

Application in Kansas

Indexing to the CPI

Kansas could index motor fuel tax to a published index such as the Consumer Price Index (CPI) and, in fact, has done so in the past. Indexing to a published index such as the CPI has several advantages. It is a known index that taxpayers trust. It is not highly volatile; generally changes in the CPI are more gradual than some other indices more closely tied to construction or energy prices.

Indexing to the Wholesale Price of Fuel

Indexing to the Wholesale Price of Fuel allows the State Highway Fund to capture revenues as the price of fuel increases. In states that index to the wholesale price of fuel the Department of Revenue, or equivalent, sets the average wholesale price of fuel for a 6 month or 1 year period, thus setting the tax rate. In Kansas, only the Legislature has the authority to set tax rates and thus, the wholesale price of fuel would have to be undertaken by legislative action each year.

Review of Surrounding States' Policies

- No surrounding states currently index motor fuel tax.
- Kansas law required indexing from 1983 to 1989 however, it never triggered an increase.
- Maine and Florida index motor fuel to the Consumer Price Index.
- Kentucky, North Carolina and West Virginia index motor fuel to the average wholesale price of fuel.