

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 3:45 p.m. on March 15, 2010, in Room 548-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:

Reynaldo Mesa, Commissioner, Garden City, Kansas

Rick Sowers, Mayor, Dodge City, Kansas

Steve Phillips, on behalf of Kansas Association of Airports

Alice Amrein, Johnson County Transit

Ann Smith, Director, Riley County Area Transportation Agency

Lyle Martin, Transportation Coordinator, Four County Mental Health Center Connections

Pat Hubbell, on behalf of Short Line Railroads

Bob Totten, Public Affairs Director, Kansas Contractors Association

Brian Hansen, Vice President, Kansas Contractors Association

Eugene "Corky" Beachner, President, Beachner Construction Company, Inc.

Mary Lou Reece, President, Reece Construction Co., Inc.

Mary Sullivan, CEO, Amino Brothers Construction Company

Ed Desoigne, Executive Director, Heavy Constructors Association of the Greater KC Area

Edward R. Moses, Director, Kansas Aggregate Producers Association and Kansas Ready Mixed Concrete Association

Kent Eckles, Business & Industries

Thomas Palace, Executive Director, Petroleum Marketers & Convenience Store Association

Gratz Peters, Retailer/Convenience Store in Southeast Kansas

Tom Whitacker, Executive Director, Kansas Motor Carriers Association

Others attending:

See attached list.

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

Testimony received from the proponents was grouped by: city governments; air, transit, and rail service providers; contractors, transportation-related businesses and associations.

City Governments

Reynaldo Mesa, Commissioner, Garden City, and Rick Sowers, Mayor of Dodge City, testified, representing the Southwest Kansas Coalition, in favor of Transportation Works for Kansas Program (T-WORKS). Mr. Mesa stated that transportation is the lifeline for our survival in Southwest Kansas. No region in the State is forced to travel further to access a four-lane highway for retention and recruitment of industry. Roads in rural Southwest Kansas can no longer meet their transportation needs and it's the Coalition's opinion, that any comprehensive transportation program should make improving roads and the further development of roads in the western half of Kansas a top priority.

Rick Sowers continued, stating that the Southwest Coalition believes that identifying an east-west four-lane corridor in southern Kansas could pay dividends to the region as well as the entire state. Rural congestion and urban congestion are very different and they should not have to compete for funds. The T-WORKS program should have some guarantee that rural Kansas will not be left out. According to Mr. Sowers, if the State does not implement a new comprehensive transportation plan, all the work the State has done over the

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last 20 years will be in vain because KDOT will not have the means to maintain our existing infrastructure, let alone the funding necessary to execute projects that will assist in the development of regional economies ([Attachment 1](#)).

Written testimony in support of [SB 498](#) and [SB 515](#) was submitted by:

Don Moler, Executive Director, League of Kansas Municipalities ([Attachment 2](#))

Ron Fehr, City Manager, Manhattan, Kansas ([Attachment 3](#))

### Air / Transit / Rail

Steve Phillips, on behalf of Kansas Association of Airports appeared in support of the next transportation program and associated revenue strategies ([Attachment 4](#)). He identified the following Kansas airport funding needs related to airport sustainability:

- 1) Preservation of existing airport pavements - \$6 million annually
- 2) Provide all-weather access for emergency medical services - \$3 million annually
- 3) Fund the remaining gap of total airport infrastructure needs - \$2 million annually

Alice Amrein, Johnson County Transit, testified as a proponent of [SB 498](#) and [SB 515](#) as it relates to the T-WORKS Program. According to Ms. Amrein, the various members of the Kansas Public Transit Association, which includes both urban and non urban operators, provided more than 11 million rides to Kansas citizens in FY 2009. For many who received these rides, they had no other transportation alternative. She noted that public transit needs increased levels of funding if we want to develop a more balanced transportation system that provides mobility options for all our residents ([Attachment 5](#)).

Ann Smith, Director, Riley County Area Transportation Agency presented testimony in favor of [SB 498](#) and [SB 515](#). She stated that the Flint Hills region of Kansas is experiencing dynamic growth with the return of the First Infantry Division to Fort Riley and the anticipated construction of the new NBAF facility at Kansas State University. It is imperative that public transit services in the Flint Hills region become a more coordinated and efficient system if we are going to keep pace with the needs of this growing workforce. State funding, according to Ms. Smith, is a vital component in any transit funding equation, and [SB 498](#) and [SB 515](#) provide funding to transit ([Attachment 6](#)).

Lyle Martin, Transportation Coordinator at Four County Mental Health Center Connections, dba, Connections in Independence, Kansas, appeared supporting [SB 498](#) and [SB 515](#), as they relate to a new transportation plan. According to Mr. Martin, public transit is much needed in the rural market of Southeast Kansas, particularly in Chautauqua, Elk, Montgomery, and Wilson counties. In October 2008, approximately 1,000 rides were provided, utilizing 15 drivers and eight vehicles. In comparison, October 2009, had approximately 10,240 rides provided, utilizing 60 drivers and 36 vehicles. The continued need of transportation is extremely warranted in this area of Kansas. Included with Mr. Martin's testimony, is a table providing data showing total county population, percent of residents that are disabled, and percent of residents below the poverty line ([Attachment 7](#)).

Pat Hubbell, on behalf of Short Line Railroads, appeared as a proponent of [SB 498](#) and [SB 515](#) as they relate to a new transportation program, specifically any rail program associated with such a program. He stated that short line railroads account for about 41 percent of the nearly 4,780 miles of rail line across the state, and are critical to the economic vitality of many rural Kansas communities and the state's agricultural sector.

The state's freight rail loan/grant program under the Comprehensive Transportation Program (CTP) provided resources, in addition to matching contributions by short line railroads using the program, for essential track rehabilitation projects throughout the state. During the T-LINK meetings across the state, shippers and community leaders stressed the importance of continuation of the program and the fact that short line railroads are a critical component of the state economy. ([Attachment 8](#))

Written testimony in support of [SB 498](#) and [SB 515](#) was submitted by:

Tim Rogers, Director, Salina Airport Authority ([Attachment 9](#))

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### Contractors / Businesses / Associations

Bob Totten, Public Affairs Director for the Kansas Contractors Association testified in support of **SB 498** and **SB 515**. According to Mr. Totten, his organization, which was founded in 1923, represents more than 300 companies who are involved in the construction of highways, dams, roads and water treatment facilities in all 105 counties in Kansas and the Midwest. The bills would allow the present construction industry to continue as it has in the past 20 years. A survey of their membership shows most have reduced their workforce by 20 percent, and that was before KDOT's most recent cuts announced last week. With members bidding on work in Oklahoma or Nebraska, fewer Kansans will be employed, and fewer people will be able to pay sales tax, property tax, or income tax in the future. They need the work and the state needs an employment base to get back to a better economy (Attachment 10).

Brian Hansen, Vice President, Dustrol, Inc. and Vice President of the Kansas Contractors Association, presented testimony in full support of a new transportation program using **SB 498** or **SB 515**. He stated the following reasons to support a new highway program:

- 1) Economic development - a good transportation system addressing the local economic needs
- 2) Safety - reducing the number of fatalities and serious injury crashes through road improvements
- 3) Preservation - preserve what we have with new preservation techniques that are less costly
- 4) Jobs - without passage of a new program in the near future, there will be significant reductions to the workforce, adding to the unemployment roll and further depleting a greatly reduced State Unemployment Fund

He added that quick and timely passage of the next transportation program is important to his industry and Kansas communities. We can't depend on Washington to bail us out of this situation (Attachment 11).

Eugene "Corky" Beachner, President, Beachner Construction Company, Inc., appeared in favor of **SB 498** and **SB 515**. He stated that most of their work has been centered in Kansas but last year due to the cutbacks in KDOT's budget, they have had to move some of their construction efforts to Oklahoma, as their road program is in better shape than it is here in Kansas. He noted the following for consideration in a new transportation plan:

- 1) An adequately funded program used fairly throughout the six KDOT transportation districts
- 2) Use of System Enhancements/Community Improvements programs to maintain high local support
- 3) Only let projects in the amount of \$40 million or lower - keeping projects small provides greater opportunity for Kansans to get the jobs and hire Kansans to do the work
- 4) Continue to use the lowest and best bid concept for letting public work - the lowest bid procurement process has worked for the past 80 years

Mr. Beachner concluded with encouragement to get a transportation program passed as soon as possible to help the economy (Attachment 12).

Mary Lou Reece, President, Reece Construction Co., Inc. presented testimony encouraging passage of a highway bill and the funding to assure it. She stated that her company began in Kansas in 1926, and employs 100 full-time employees in communities throughout the state. According to Ms. Reece, by allowing smaller contracts and using exclusively the lowest and best bid method of contractor selection, makes it possible for Kansas contractors to participate (Attachment 13).

Mary Sullivan, CEO of Amino Brothers Construction Company, appeared in support of a comprehensive transportation program. She noted that her company has been a Kansas Contractor for more than 75 years. Without a new program they will be forced to lay off employees, and can no longer be a provider of good paying jobs. She indicated that a new transportation program should be funded effectively and justly for all the districts in Kansas. Improvements to community and their involvement are crucial and she requested some way to keep communities involved in the process (Attachment 14).

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Ed Desoigne, Executive Director of the Heavy Constructors Association of the Greater Kansas City Area, spoke in favor of action on transportation funding this session. He stated that Kansas has one of the best transportation systems in the nation, but during the 1980's it was one of the worst systems. Now, twenty plus years later, after two sizeable transportation programs, it is at the top. It wouldn't take long for that to change and that is reason number one to consider a revenue increase. The second reason to consider a funding increase is jobs, and specifically jobs in the construction industry. The third reason is, we don't just invest in transportation today, we also do it for tomorrow ([Attachment 15](#)).

Edward R. Moses, Managing Director, Kansas Aggregate Producers Association and Kansas Ready Mixed Concrete Association, appeared in support of **SB 498** and **SB 515** as it relates to a transportation program. Mr. Moses stated that Kansas traffic fatality rates have dropped as a result of the previous two transportation programs with estimations of more than 1,000 lives saved. Providing safe transportation is a legitimate function of government.

He continued stating that transportation provides economic stimulus and long term sustainability. He indicated that every dollar spent on construction converts to three dollars of economic activity. An example, as a result of the previous programs, the cement mills located in Southeast Kansas are able to transport cement to Wichita for \$10 to \$15 less per ton than prior to these programs. The savings to the Wichita market over the last 20 years of approximately \$90 million, is one of the reasons Wichita's building costs have remained competitive with Tulsa and Oklahoma City. Public financing is the only way these projects can be had. He concluded that it is always difficult to support additional revenue measures, however, if they are properly dedicated to good public investment, citizens will be supportive ([Attachment 16](#)).

Written testimony in support of **SB 498** and **SB 515** was submitted by:

Troy Sporer, Vice President, Sporer Land Development, Inc. ([Attachment 17](#))

Curt Mauler, Vice President, L & M Contractors, Inc., Great Bend, Kansas ([Attachment 18](#))

Kip Spray, President, Venture Corporation, Great Bend Kansas ([Attachment 19](#))

Dewey Fore, Vice President Sales, Midwest, Ashgrove Cement Company ([Attachment 20](#))

Vern Hopkins, Vice President, Asphalt, Paving & Construction (APAC)-Kansas, Inc., Shears Division ([Attachment 21](#))

James R. Hanni, Executive Vice President, AAA Allied Group ([Attachment 22](#))

The Chairman called upon opponents of **SB 498** and **SB 515**.

Kent Eckles, Vice President of Government Affairs, Kansas Chamber of Commerce, presented testimony in opposition to **SB 498** and **SB 515**. Mr. Eckles stated that in their Annual CEO Poll conducted in November 2009, they asked the following question: "What is most important to the profitability of your business?" The results showed 43 percent indicated that lowering taxes on business is a top issue facing their profitability.

He continued noting in protecting existing funding streams, their members find it very disheartening they are already providing hundreds of millions of dollars in annual revenues for infrastructure spending and the State continues to use the State Highway Fund (SHF) as a savings account for other government spending. According to Mr. Eckles, until the State gets its State General Fund in order, our members question the wisdom of embarking on a massive 10-year tax-and-spend proposal. The Chamber is not opposed to enacting a comprehensive transportation program, but their membership strongly believes any "program" should focus on preservation and maintenance and not increase the cost of doing business ([Attachment 23](#)).

Thomas Palace, Executive Director of Petroleum Marketers & Convenience Store Association of Kansas (PMCA of Kansas) appeared in opposition to **SB 498** and **SB 515** in regard to motor fuel tax increases. He stated PMCA members desire a safe, efficient highway system, especially since they transport flammable material over the highways of our state. The increase in motor fuel taxes is one of several tax increases that the Kansas Legislature is considering that will have a direct impact on the convenience store retailers in Kansas. He noted consumers won't change what they buy, they will change where they buy. It is no secret that there is a tax disparity for retailers that compete on the border.

He provided a spread sheet to show what the price of fuel would be in the next 40 years in comparison to



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surrounding states, if **SB 498** were enacted. Also included for review, an article in regard to a Quik Trip on the Kansas side, moving 100 feet away in Missouri, better for their business since customers won't have to pay the higher Kansas taxes on cigarettes and gas. Mr. Palace concluded that this bill appears to fund a new comprehensive transportation plan, but in reality (as history shows) this is simply a funding mechanism to set up a reserve that highways may use - as long as the legislature does not need the money (Attachment 24).

Gratz Peters, convenience store retailer in Southeast Kansas (SEK), testified in opposition to **SB 498** and **SB 515**. He stated that his stores are in 17 SEK communities and four communities in Oklahoma and Missouri. According to Mr. Peters, they see first hand the effects of the tax disparities from the other side of the Kansas boarder. If the motor fuel tax and/or sales tax increase, many Kansans will cross borders to purchase fuel, not to mention tobacco purchases, groceries, alcohol, home improvements, and even cars (Attachment 25).

Tom Whitacker, Executive Director for the Kansas Motor Carriers Association (KMCA) presented testimony in opposition to certain provisions of **SB 498** and **SB 515**. He noted the trucking industry has been hit particularly hard by the severe downturn in the U.S. economy. The KMCA cannot support additional revenue enhancements for a new transportation program until they can be assured that the taxes paid will be used for transportation and not as a rainy day fund for the State General Fund.

Mr. Whitacker continued stating they cannot support a transportation plan that funds additional dollars for railroads, transit and aviation on the backs of highway users. Additional concerns include provisions relating to tolling, registration fee increases on semi-trailers, indexing of the motor fuel tax to the Consumer Price Index and removing the sales tax exemption from motor fuels. He indicated that the KMCA does support the provisions of **SB 498** and **SB 515** related to cash flow and debt management strategies, including 18% debt service cap, the authority to issue 25 year bonds, the use of Build America Bonds, and the authority to refund both principal and interest (Attachment 26).

Written testimony in opposition of **SB 498** and **SB 515** was submitted by:

Bob Alderson, Attorney, Casey's General Store Inc. (Attachment 27)

Derrick Sontag, State Director, Americans for Prosperity - Kansas (Attachment 28)

Dan Murray, State Director, National Federation of Independent Business-Kansas (Attachment 29)

The Chairman announced the hearings on **SB 498** and **SB 515** would continue at the next scheduled meeting.

The meeting was adjourned at 6:15 p.m. The next meeting is scheduled for March 16, 2010.





# Southwest Kansas Coalition

## Senate Transportation Committee

### RE: Transportation Works for Kansas Program

March 15, 2010

**Statements Provided by: Reynaldo Mesa, Commissioner, Garden City  
and  
Rick Sowers, Mayor, Dodge City**

Chairman Umbarger and members of the Senate Transportation Committee:

Thank you for the opportunity to testify on the Transportation Works for Kansas Program. I am Reynaldo Mesa and I represent the City Commission of the City of Garden City which is part of the Southwest Kansas Coalition. This Coalition is comprised of the members of the elected governing bodies from Dodge City, Garden City and Liberal. We are united around a common set of issues that impact the region. In the spirit of cooperation, we will share the duties of providing the Committee testimony today.

The Southwest Kansas Coalition is an effort to identify and agree upon a set of regional issues and develop strategies to address those issues. Our coalition has identified transportation as such a vital component to the region's economy that a set of priorities on projects has been developed that we would like to see incorporated into the Transportation Works for Kansas Program.

Transportation infrastructure is critical to the safety of the region's residents and travelers. Improving that infrastructure through the development and adoption of a comprehensive transportation plan is a key component in our efforts to grow our regional economy. In our opinion, any comprehensive transportation program should make improving and further developing roads in the western half of Kansas a top priority. Furthermore, we believe that the State should work to cultivate regional partnerships, such as the Southwest Kansas Coalition, to more effectively identify and address regional priorities as it sorts through how to best design the Transportation Works for Kansas Program.

The Transportation Works for Kansas Program should utilize State and Federal funding to support regionally established priorities. The members of the Southwest Kansas Coalition have developed a set of priorities on a number of projects in Southwestern Kansas that would immediately improve the State's transportation infrastructure. These projects include: immediately improving US-54/400 to four lanes from Kingman to Mullinville with a plan to improve US-54 from Mullinville to Liberal; the improvement of US-50 to four lanes between Garden City and Dodge City; and the addition of passing lanes on us US-83 from the Oklahoma state line to I-70.

Southwest Kansas has remained relatively stable through the economic downturn that has overtaken Kansas primarily because of the industries our economy relies on, oil and gas as well as agriculture, have remained active and productive. Roads in Southwest Kansas can no longer meet our transportation needs. No region in the State is forced to travel further to access a four-lane highway necessary for retention and recruitment of industry. Safety concerns are being created by bottle necks from the large amount of truck traffic traveling on US-50 between Garden City and Dodge City as well as on US-83 between the Oklahoma State line and I-70.

With the changing agricultural economy and the loss of rail infrastructure, rural Kansas is increasingly reliant on

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Attachment 1





# Southwest Kansas Coalition

the highways to deliver Kansas agriculture products to market. That is putting more and more trucks on our highways running next to smaller cars. With the shrinking population and regionalization of services it is putting more and more of our area residents on the roads for doctor appointments, vehicle repairs, and shopping in general. It is going to change even more. If our infrastructure does not keep up our economy will suffer, our communities will have difficulty getting the goods and services they require, but most importantly the roads will not be safe.

The Southwest Kansas Coalition believes that identifying an east-west four lane corridor in southern Kansas could pay dividends to the region as well as the entire state. Having the resources of the southern part of the state accessible via a four-lane road would give the state more options and flexibility in expanding and courting new businesses to Kansas.

While we are supportive of most of the aspects of the Transportation Works for Kansas legislation as well as its timing, we do have some concerns. In the 89 and 99 plans there was language to guarantee that money was spent in each of the Kansas counties. With all of the miles of roads in Kansas it would be easy to spread dollars so thinly that we would not significantly impact or improve the truly vital routes to each region. Every county has needs and we cannot overlook that but likewise we cannot overlook the impact a major corridor has to every county in the region.

The Transportation Works for Kansas Program needs to have the flexibility to respond to emerging needs but it must also give every part of the state an opportunity to grow and meet its own emerging needs. Rural congestion and urban congestion have are very different and they should not have to compete for funds. The Transportation Works for Kansas program should have some guarantee that rural Kansas will not be left out.

This is the time to implement the Transportation Works for Kansas program. The reality is that if the State does not implement a new comprehensive transportation plan, its infrastructure will feel the results of the loss of expected funding to KDOT over the last several years. The legislature has made it a point of focus to maintain roads based on the assumption that the economic impact of that focus will last well into the future. Unfortunately, if a new plan is not in place, all of the work that the State has done over the last 20 years will be in vein because KDOT will not have the ability to maintain our existing infrastructure, let alone the funding necessary to execute projects that will assist in the development of regional economies.

Thank you Chairman Umbarger and members of the Senate Transportation Committee, once again for allowing us to stand before you today to address the construction of a new comprehensive transportation plan. I now stand open for any questions you may have.



League of Kansas Municipalities

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Phone: (785) 354-9565  
Fax: (785) 354-4186

(Written Testimony)

**To:** Senate Transportation Committee  
**From:** Don Moler, Executive Director  
**Re:** Support for a New Comprehensive Transportation Program  
**Date:** March 11, 2010

First I would like to thank the Committee for allowing the League to submit written testimony concerning our support for a new comprehensive transportation program. We are submitting written testimony to allow time for our members, and others, to testify concerning the benefits of the past comprehensive transportation programs, the challenges we are facing from the current economic situation, and the negative statewide long-term impacts should a new program not be forthcoming.

We applaud the efforts of the Senate Transportation Committee to craft a new comprehensive transportation program in these difficult economic times. The League has been at the forefront of the past two comprehensive transportation programs, and we understand the many challenges which are faced in putting together a program of this importance.

Clearly the excellence of Kansas roads and highways, along with the related infrastructure, has contributed to the success of the State of Kansas over the past 20 years. We fully support the adoption and implementation of a new comprehensive transportation program. Essential to this goal, we believe, is adequate funding to allow for a new program to succeed.

We all know that the infrastructure needs of our State cannot be ignored regardless of the economic climate. We believe that the past two comprehensive transportation programs have demonstrated a proven investment in the State, and its citizens, while also allowing for the jump-starting of the Kansas economy.

The two previous comprehensive transportation programs have proven to be economic successes in communities large and small by creating significant benefits and opportunities for growth in communities throughout the State. Ultimately we believe that the economic vitality of Kansas is directly linked to an excellent transportation system.

In summary the League fully supports the adoption and implementation of a new comprehensive transportation program.



March 11, 2010

Dear Chair Umbarger and Honorable Members of the Senate Transportation Committee:

I understand that the Senate Transportation Committee is conducting hearings this week on SB 498 and SB 515. The City of Manhattan supports both of these bills and other efforts to implement a new Comprehensive Transportation Program (CTP). This is a top legislative priority for the City because safe, efficient transportation is essential for economic development and near term incremental tax revenue for the region and state.

Manhattan and the Flint Hills Region are growing. The City of Manhattan's population of 52,284 has grown almost 17% since 2000. Fort Riley growth is expected to continue through 2012 to a peak population of over 55,600 soldiers, families and civilians. Last year Manhattan and the State of Kansas were announced as the site for the \$650 million National Bio and Agro-Defense Facility (NBAF). In addition to attracting over 300 world-class scientists, NBAF will be a magnet for bioscience-related private developments that desire proximity to the lab. This development creates tremendous opportunities for our region and state, but it also places new demands on our transportation infrastructure.

We need continuing support from the State of Kansas to meet our ongoing transportation needs. We are aware of the difficult budgetary challenges facing the state, which is why we advocate for the state to explore ways to capture the state revenues generated from economic development projects to assist with local transportation needs. A new transportation plan must manage growth, ensure public safety, and align transportation to support the Kansas economy.

Enclosed is a joint resolution signed by leaders in Geary, Pottawatomie, and Riley Counties that voices our unified support for a new CTP to help meet military growth and economic development needs. Thank you for your support, and please let me know if you have any questions.

Sincerely,

Ron Fehr  
City Manager

Enclosure

10025  
RRF/lep

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phone 785-587-2404 \* fax 785-587-2409 \* fehr@ci.manhattan.ks.us  
www.ci.manhattan.ks.us

Senate Transportation  
3-15-10  
Attachment 3

## RESOLUTION

### **A RESOLUTION ENDORSING TRANSPORTATION IMPROVEMENTS FOR THE GREATER FORT RILEY COMMUNITIES AND COUNTIES IN KANSAS CONCERNING THE ENACTMENT BY THE KANSAS LEGISLATURE OF A NEW STATE-WIDE COMPREHENSIVE TRANSPORTATION PROGRAM**

**WHEREAS**, one of the major responsibilities of governments is to plan for their immediate and long-term transportation needs;

**WHEREAS**, the troop deployment at Fort Riley and the associated population growth throughout the Flint Hills region is increasing travel demands on area streets and highways that already serve large traffic volumes, e.g. K-18 west of Manhattan Regional Airport has an average daily traffic volume of 18,390 verses 16,600 on Interstate 70 a few miles south; and

**WHEREAS**, on July 10, 2008, the U. S. Census Bureau released its population estimates for July 1, 2007 indicating the City of Manhattan's population estimate at 51,707 marking the second consecutive year above the 50,000 mark which will trigger a status change for the Manhattan area from the current micropolitan designation to a principal city of a new metropolitan area with a 7/1/2007 metro area (Geary, Riley, Pottawatomie counties) population of 113,629 further indicating a rapidly growing area; and

**WHEREAS**, many current small "demand response" transit providers work to meet the transportation needs of primarily elderly and disabled clients along with some general transportation provisions, increased funding for improved transit in the region and moving toward fixed route systems need to be planned for and implemented given only a small free fixed route system existing on the Fort Riley base for military personnel; and

**WHEREAS**, the Fort Riley expansion, is creating new military, commercial, charter, air cargo and general aviation air travel demand at the Manhattan Regional Airport (MHK) on K-18 which has added 3 additional daily flights this year alone launching new service to Denver to augment the 3 existing daily flights to Kansas City; and

**WHEREAS**, the growth that has already occurred relative to the military expansion at Fort Riley and projected to continue building until 2012 is currently straining transportation infrastructure necessitating improvements not only to facilitate the growth surge, but also to remedy existing deficiencies evident in the existing street and highway network, which will likely remain the theme for many years; and

**WHEREAS**, the undersigned representatives of Fort Riley Area Units of Government and Business Organizations (hereinafter "Greater Fort Riley Communities"), have conducted the necessary investigations to identify many of the transportation capital improvements that are needed in the Greater Fort Riley Area by collaborating through the development of the Flint Hills Regional Growth Plan; and

**WHEREAS**, these specific transportation capital improvements are vital to the well being of the Greater Fort Riley Communities and to its long-term growth and development; and



**WHEREAS**, the failure to undertake these transportation capital improvements will impede and may prevent the economic needs and goals of the Greater Fort Riley Communities from being accomplished; and

**WHEREAS**, the Flint Hills region is challenged to find sufficient funding to address its current infrastructure needs, with rapid development generating additional pressure to construct local street systems, make localized improvements, e.g. intersection expansions, on major road networks serving the increased travel demand; and

**WHEREAS**, the Greater Fort Riley Communities are unable to finance such capital transportation improvements without substantial assistance from the State of Kansas and the Kansas Department of Transportation; and

**WHEREAS**, the State of Kansas and the Department of Transportation cannot sufficiently address the transportation needs of The Greater Fort Riley Communities and other cities and counties across the state without the enactment of a new Comprehensive Transportation Program by the Kansas Legislature.

**NOW, THEREFORE, BE IT RESOLVED BY THE GREATER FORT RILEY COMMUNITIES, AS FOLLOWS:**

**Section 1. Priority Transportation Projects.** After careful investigation of the transportation needs in the Greater Fort Riley Communities, the following transportation capital improvements are hereby declared to be vital to the future economic growth and development of the Greater Fort Riley Region and the to the health, safety and welfare of our citizens:

- (1) K-18 Improvements and Upgrade to Freeway Status (from the Kansas River near Fort Riley to Manhattan) [Geary and Riley Counties/Manhattan]
- (2) US-77 and Rucker Road improvements [Junction City/Geary County]
- (3) US-24 Improvements, Corridor Study, and Upgrades between Wamego and Manhattan as well as the Tuttle Creek Boulevard improvements through Manhattan [Pottawatomie and Riley Counties/Manhattan]
- (4) K-18 and Spring Valley Road improvements [Junction City/Geary County]
- (5) Scenic Drive Improvements (K-18 to Anderson Avenue), including intersection with new Miller Parkway [Manhattan/Riley County]
- (6) McCall Road Improvements and Extension (US-24 to 4<sup>th</sup> Street) [Pottawatomie and Riley Counties/Manhattan]
- (7) Marlatt Road Improvements (K-113 to US-24) [Riley County]
- (8) Marlatt Road Extension east across the Blue River to connect with US-24 [Riley and Pottawatomie Counties]
- (9) Four-lane U.S. 24 from existing four-lane near Tuttle Creek Dam to intersection of US-77 (4 miles East of Riley) [Riley County]
- (10) Establish Public Fixed Route Regional Transit System and Implement a regional rural transit provider system [Geary, Riley, Pottawatomie Counties; Manhattan, Junction City, Fort Riley, Wamego]

**Section 2. New Comprehensive Transportation Program.** The Greater Fort Riley Communities hereby endorse and support the enactment of a new Comprehensive Transportation Program by the Kansas Legislature of sufficient scope and magnitude to address the specific transportation capital improvements set forth in Section 1.

**Section 3.** Copies of this resolution and any supporting documentation shall be sent to: Governor Kathleen Sebelius; Transportation Secretary Deb Miller; State Senators and State Representatives of the Greater Fort Riley Communities Region; members of the KDOT T-Link Transportation Task Force; all area news media outlets; League of Kansas Municipalities; the Kansas Association of Counties; the Kansas Chamber of Commerce; the Fort Riley Commanding General and Garrison Commander; and, the Kansas Congressional Delegation,.

**PRESENTED** by The Greater Fort Riley Communities on September 17, 2008.



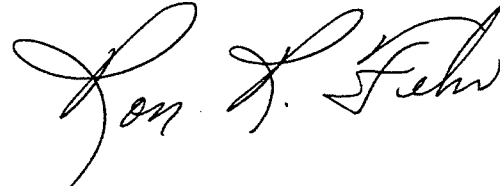
Bruce McMillan  
For the Flint Hills Regional Task Force



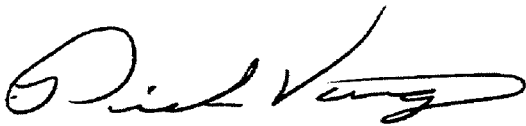
Rod Barnes  
City Manager for the City of Junction City



Rebecca Bossemeyer  
County Clerk for Geary County



Ron R. Fehr  
City Manager for the City of Manhattan



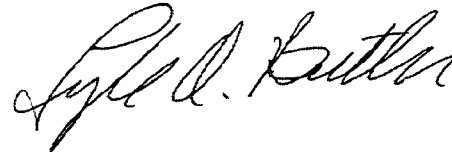
Rich Vargo  
County Clerk for Riley County



Merl Page  
City Manager for the City of Wamego



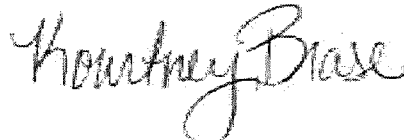
Robert Reece  
County Administrator for Pottawatomie County



Lyle Butler  
Manhattan Area Chamber of Commerce



Tom Gleason  
Junction City Chamber of Commerce



Kourtney Brase  
Wamego Chamber of Commerce



Testimony of the Kansas Association of Airports  
In support of Senate Bill 498 and Senate Bill 515  
Submitted to the Kansas Senate Transportation Committee  
Presented by Steve Phillips  
Monday, March 15, 2010

The goal of this testimony is to convey the needs of our Kansas Airports in hopes of helping this committee develop the next transportation program and associated revenue strategies. Today I hope to reiterate last year's testimony as well as provide a summary of the recently completed Kansas Airport System Plan.

Last year I stood before you and emphasized three areas of interest related to airport sustainability. The System Plan shares the same objective. Pavement preservation continues to be the top priority when talking about airport needs. The Kansas Division of Aviation estimates a 6 million dollar annual need to preserve Kansas airport pavements over the next ten years.

Priority number two addresses the lack of all weather access across the state and the importance of air ambulance service to rural Kansans. Technological advances allow for aircraft navigation by satellite signal. GPS approaches do not require maintenance of expensive radio transmitters which can be a burden to some communities. Completing the network of all weather coverage will require a ten year sustained effort of 3 million dollars per year.

Finally, the system plan identifies deficiencies in infrastructure specific to each airport. The current Kansas Airport Improvement program primarily addresses pavement maintenance. This limitation prohibits infrastructure enhancements triggered by today's design standards. The system plan identifies 2 million dollars per year necessary to begin to address infrastructure needs.

The T-Link Taskforce has recognized the value of the system plan data and adjusted their recommendation in support of funding the 11 million dollar total airport annual need.

Senate Transportation  
3-15-10  
Attachment 4



## KANSAS AIRPORT FUNDING NEEDS

February 2010

**Background** – Beginning in 1999, the Kansas Airport Improvement Program (KAIP) was funded at \$3 million per year to improve the declining pavement conditions at Kansas' 143 airports. Significant improvements have been made in pavement quality since that time, but Kansas still falls far short of its goal of providing each Kansan access to an air ambulance within 30 miles during bad weather. Construction inflation since 1999 has greatly reduced the improvements that can be funded with the \$3 million annual budget.

The Kansas Department of Transportation's Division of Aviation recently completed an Airport System Plan. The purposes of the Kansas Airport System Plan (KASP) are to assess the needs of the state's airports; help justify funding for needed airport improvements; and provide information for governmental and other entities concerning the value, use, and needs of the state's public use airports.

The following is partial list of needs that can be identified using the system plan data:

- Instrument approaches for 52 county airports
- Improvements in instrument approaches that are out-of-date
- Investment in Automated Weather Observation Systems
- Contingency funds for airport improvements needed for local economic development projects

### Needs for New Comprehensive Transportation Plan

**Need 1. Preservation of existing airport pavements.** Protect the investment made by KDOT over the last 10 years, adjusted for inflation and construction costs. **\$6 million/year**

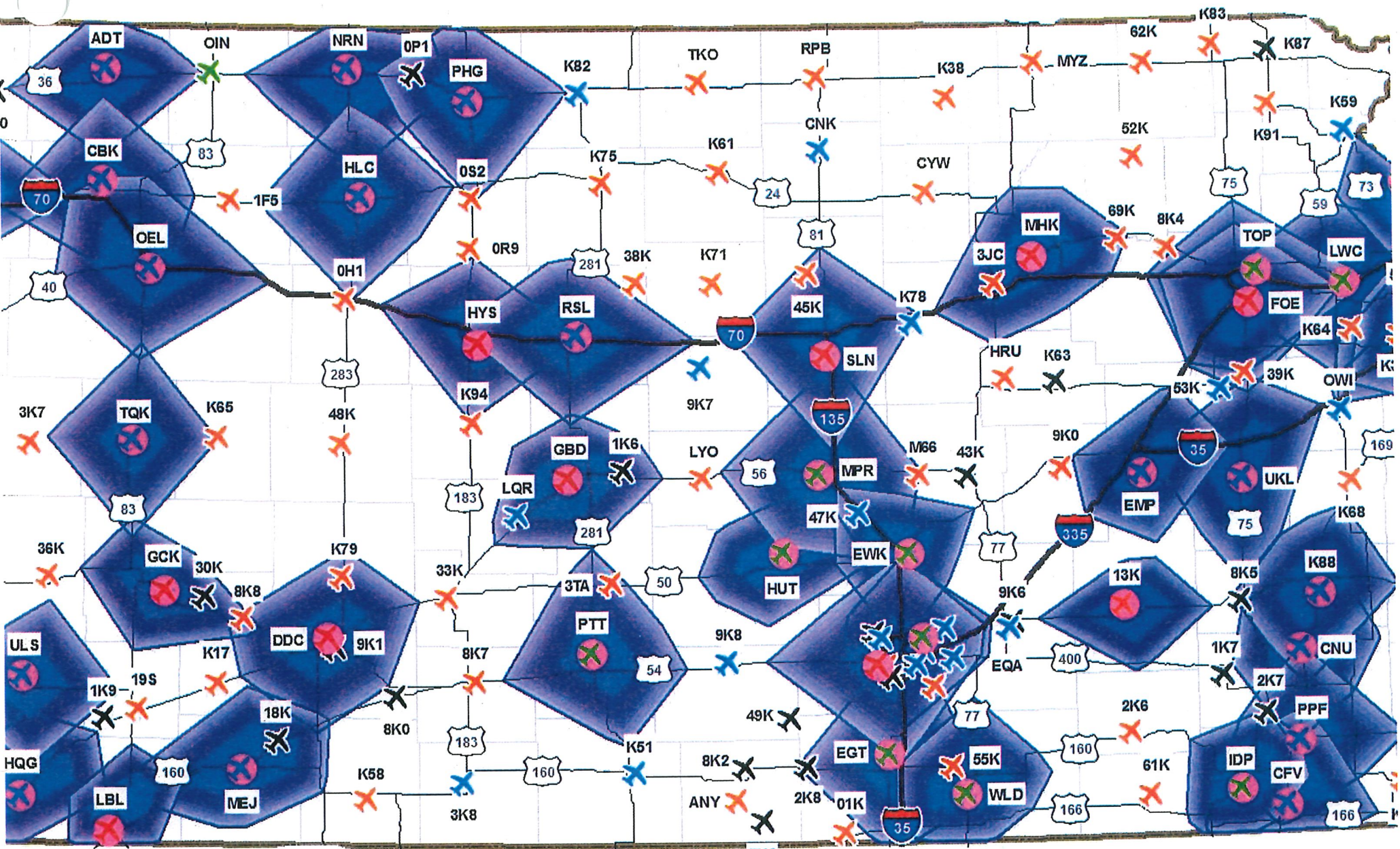
**Need 2. Provide all-weather access for emergency medical services** within 30 miles of every Kansan. Improve 5 airports per year for 10 years. **\$3 million/year**

**Need 3. Fund the remaining gap of total airport infrastructure needs** following KDOT's recently completed Airport System Plan. The System Plan identifies current airport design standard deficiencies specific to each airport. **\$2 million/year**

### PERSPECTIVE

1. Kansas spends: \$2/Federal Dollar Spent on Highways.  
10 cents/Federal Dollar Spent on Airports.
2. KDOT's Aviation Budget is .0022 of its total budget. Less than one-quarter of 1%.
3. Aviation fuels sold in Kansas are subject to the state sales tax, and these monies go to the general fund.





7K6





TESTIMONY BEFORE  
SENATE TRANSPORTATION COMMITTEE

REGARDING SENATE BILLS 498 and 515  
RELATED TO TRANSPORTATION WORKS

March 15, 2010

Mr. Chairman and Committee Members:

Good Afternoon, my name is Alice M. Amrein, Transportation Director for Johnson County Government in Olathe, Kansas. I am here to testify in support of Senate Bills 498 and 515 related to Transportation Works for Kansas. Not only will I be discussing urban transit issues as they relate to our continued growth and economic vitality, I will also be representing the other several hundred transportation providers throughout the state that are members of the Kansas Public Transit Association.

Thank you for this opportunity. In FY 2009, the various members of the Kansas Public Transit Association, that includes urban and non-urban providers, both large and small operators, provided over **11 million** rides for Kansas citizens taking them to work, medical and dental appointments, school, shopping and other daily life enhancing and sustaining activities. For many who received these rides, they had no other transportation alternative. Many have given up the keys to their personal automobiles, can't drive due to their disability, or they choose not to drive for social, economic or environmental reasons. Whatever the reason, it is our **BUS**iness to get them where they need to go.

As a direct result of both the 1989 and 1999 Comprehensive Transportation Programs, we have all enjoyed economic development, employment opportunities and the ability to travel safely on our roads, bridges and highways around the state. Funding for public transit increased from \$1 million per year to \$6 million with the passage of the 1999 Program. **Over a ten year period that was \$60 million out of an approximate \$3.3 billion program.** While we are very grateful for the increased levels of funding for public transit, we believe the level of investment must increase if we want to develop a more balanced transportation system that provides mobility options for all of our residents.

By 2020, 49% of the US population will be older adults; many will be unable to drive. In fact, one-fourth of today's 75+ age group do not drive. Public transportation and related travel options represent a lifeline for older adults, linking them with family, friends, and a changing society. As the baby boomers age they are going to experience an increased need and expectation for increased mobility options that provides access to a lifelong community which allows them to "age in place". We need increased transportation funding to begin creating and building these robust and comprehensive transit systems throughout our state.

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Senate Transportation  
3-15-10  
Attachment 5

Public transit plays a vital role in recruitment of the employment base. Viable public transit also provides mobility options for visitors to move in and around this metropolitan area. Transit also has an opportunity to play a critical and crucial role in access to healthcare, energy savings, economic development and re-development, affordable housing and the environment.

Transportation works and without continued funding, many of our transit strategies will not be able to be deployed, critical infrastructure will not be maintained or built and that will have a very profound impact on our State economy.

Again, thank you for this opportunity to discuss our support of Senate Bills 498 and 515.

Respectfully submitted,

*Alice M. Amrein*

Alice M. Amrein, CCTM  
Transportation Director

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## Riley County Area Transportation Agency

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-Courteous  
-Reliable  
-Safe

Mr Chairmen and Committee Members:

My name is Anne Smith; I am the Director of the Riley County Area Transportation Agency (aTa Bus) in Manhattan.

The Flint Hills region of Kansas is experiencing dynamic growth. The return of the First Infantry Division to Fort Riley and the anticipated construction of the new NBAF facility at Kansas State University is and will continue to inject millions of dollars into our State economy.

Along with this growth we are experiencing a significant increase in the demand for public transit services. Between the years 2007-2009, Riley County aTa Bus has seen its ridership increase by nearly 80%.

In partnership with KDOT, Riley County, and the City of Manhattan, Riley County aTa Bus is planning to implement fixed route public transit for the City of Manhattan.

It is imperative that public transit services in the Flint Hills region become a more coordinated and efficient system if we are to keep pace with the needs of this growing workforce. KDOT's leadership in spearheading the regional transit approach to rural public transit service has been pivotal. Ease of movement throughout the Flint Hills region is crucial to the region's economy. Riley County aTa Bus is working with KDOT to begin the implementation of this project.

State funding is a vital component in any transit funding equation. Not only are the dollars vital, but the ability to use State funds to leverage Federal monies is critical. Without State funding to transit, many providers could not make up shortfalls locally and would be forced to reduce services or worse, cease operations altogether.

Kansas Senate bills 498 and 515 would provide funding to transit. The opportunity to access additional State transit funding would have a significant effect on my agencies efforts to keep pace with the demand for services both short and long term.

Thank you for the opportunity to testify in support of Senate Bills 498 and 515. I would be happy to stand for questions at the appropriate time.

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**TESTIMONY BEFORE  
SENATE TRANSPORTATION COMMITTEE**

**KANSAS SENATE BILLS 498 and 515  
RELATED TO NEW TRANSPORTATION PLAN**

**March 15, 2010**

Mr. Chairman and Committee Members:

I am Lyle Martin, Transportation Coordinator at Four County Mental Health Center, dba, Connections in Independence, Kansas. My testimony today will describe Four County Mental Health Center's support of House Bill 498 and 515 and will provide information about how transportation is much needed in the rural market of Southeast Kansas, particularly in Chautauqua, Elk, Montgomery, and Wilson counties.

Four County Mental Health Center realized that many consumers were not attending medically necessary appointments, consequently diminishing their productivity in the community, because they had no transportation or they could not afford the local Cab service. Four County Mental Health Center started Connections Transportation Program in April 2007. In that first month of operation Connections provided 10 rides to medically necessary appointments. The following year, in April 2008, 283 rides were provided. In October 2008, approximately 1,000 rides were provided, utilizing 15 drivers and 8 vehicles. In May of 2009 we received the first Grant vehicles and started providing rides to access community resources. In October 2009, approximately 10,240 rides were provided, utilizing 60 drivers and 36 vehicles. This is a growth rate of ten-fold in the past year. The continued need of transportation is extremely warranted in this area of Kansas.

We currently operate nine KDOT vehicles, three vehicles are under the 5310 Grant, specializing in transportation for the elderly and disabled, and six vehicles are under the 5317 New Freedom Grant, specializing in transportation for the disabled. Transportation is provided to Four County patients and other elderly and disabled in Chautauqua, Elk, Montgomery and Wilson Counties. The most recent U.S. census estimates for 2008 shows 3,007 residents in Elk County, 3,953 in Chautauqua County, 34,395 residents in Montgomery County and 9,698 in Wilson County. The table below provides data from the U.S. Census Bureau QuickFacts.

<i>County</i>	<i>Disabled</i>	<i>Below Poverty Level</i>
Chautauqua	1,040 or 26%	569 or 14.4%
Elk	720 or 23%	480 or 15.6%
Montgomery	7,600 or 22%	4,987 or 14.5%
Wilson	2,090 or 21.5%	1,299 or 13.4%
<b>Total</b>	<b>11,450 or 22.4%</b>	<b>6,286 or 12.32%</b>

According to the Kansas County Transit Demographics for 2008, in the four counties listed above, there are 1,557 households that do not have a vehicle and 6,745 households with only one vehicle available.

Four County and Connections appreciates the current transportation funding that we are receiving through KDOT and we are pleased that we will be able to help more individuals with additional funding. Thank you for the opportunity to testify in support of House Bill 498 and 515. I would be glad to stand for questions at the appropriate time.

**SERVING THE COUNTIES OF  
CHAUTAUQUA, ELK, MONTGOMERY AND WILSON**

Senate Transportation  
3-15-10  
Attachment 7

Mr. Chairman and Committee Members:

Good afternoon, I am Pat Hubbell. I welcome the opportunity to testify in support of a new comprehensive transportation program, and specifically any rail program associated with such a program. Having been involved with transportation issues for over 35 years, I would like to stress the importance of continuing the state's efforts in providing the traveling public and businesses with a first class multimodal transportation network. The success of both the Comprehensive Highway Program and the Comprehensive Transportation Program have significantly contributed to improved highways, public transportation, airports, and railroad lines throughout Kansas. These improvements have led to increased economic development activities for all sectors of our business community and an improved quality of life for our citizens.

An integral part of this multimodal transportation network is railroads, and short line railroads in particular. In Kansas, short line railroads account for about 41 percent of the nearly 4,780 miles of rail line across the state. Most rail freight shipments that begin or end their journey in Kansas depend on short line railroads that connect shippers to the national Class I railroad network which moves Kansas products across the United States and to ports for global distribution. In 2009, short line railroads moved 167,000 carloads, an equivalent of 668,000 trucks. About 14.5 million tons of freight is transported on Kansas short line railroads each year. Short line railroads are critical to the economic vitality of many rural Kansas communities and the state's agricultural sector.

The state's freight rail loan/grant program under the Comprehensive Transportation Program provided resources, in addition to matching contributions by short line railroads

using the program, for essential track rehabilitation projects throughout the state. To date, nine short line railroads in Kansas have used the program for 42 projects that replaced crossties, ballast, rail, and other track components. These projects have resulted in improved operating efficiencies for the railroads, improved service for shippers and improved safety.

During T-LINK meetings across the state, shippers and community leaders stressed the importance of continuation of the program and the fact that short line railroads are a critical component of the state economy. The loss of a short line railroad can have a devastating impact to a community's economic vitality. T-LINK has called for the continuation of the program at higher funding levels and expanding the program to allow local governments and shippers to participate in the program.

The long term opportunity for expanding existing business economic development activity, as well as capitalizing on the economic benefits to be gained from emerging business sectors, cannot be overlooked. To be competitive with other states in attracting and retaining business, Kansas must continue to have a seamless multimodal transportation network that provides for the efficient and safe transport of raw materials and finished products. I urge you to support legislation that will create a new multimodal transportation program for the state of Kansas.

Thank you for the opportunity to testify before the Committee. I will be happy to answer questions at the appropriate time.



**TESTIMONY BEFORE THE KANSAS  
SENATE TRANSPORTATION COMMITTEE**

**REGARDING SB 498, SB 515 AND THE  
NEED FOR A NEW COMPREHENSIVE  
TRANSPORTATION PROGRAM FOR KANSAS**

**BY**

**TIMOTHY F. ROGERS, A.A.E.  
EXECUTIVE DIRECTOR  
SALINA AIRPORT AUTHORITY**

Chairman Umbarger and committee members. I am Tim Rogers, the executive director of the Salina Airport Authority. I was a member of the Transportation 2000 task force and was privileged to serve as co-chair of the T-LINK Task Force. Today I would like to express my support for a new multi-year, multimodal Kansas transportation program.

Including funding for airport improvements in a new multimodal transportation program is essential. A well developed system of airports provides Kansas citizens the benefits of more effective economic development and access to essential medical services.

Airports that are developed and maintained to the standards of KDOT's Kansas Aviation System Plan provide communities opportunities to retain and attract new jobs. Economic development efforts are enhanced when a community airport can support business aviation flights.

Developing and maintaining Kansas airports to KDOT standards also assures that Kansas citizens have access to essential medical services. Air ambulance flights for the critically ill or injured during poor weather conditions are only possible at airports that can accommodate such flights. The KDOT Kansas Aviation System Plan sets out the means to provide all Kansas citizens timely access to air ambulance service.

At the November 17, 2009 meeting of the T-LINK Task Force, the need for State funding of Kansas airport improvements was identified at \$11 million annually. The need is based upon the 2009 KDOT Kansas Aviation System Plan and input from aviation stakeholders.

State of Kansas funding for airport improvements will be matched by local and federal funds to meet the goal of providing Kansans a system of airports that are part of a multimodal transportation system that supports our State's economic growth and provides access to emergency medical services.

I strongly support the Kansas Legislature's efforts to adopt and fund a new multimodal transportation program.

Respectfully,

Timothy Rogers, A.A.E.  
Executive Director  
Salina Airport Authority

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**SALI** Senate Transportation  
Inds 3-15-10  
Attachment 9

# KANSAS CONTRACTORS ASSOCIATION



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Great Bend, Kansas

BRIAN HANSEN, Vice President  
Towanda, Kansas

JAKE KLAVER, Treasurer  
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MARY SULLIVAN  
Kansas City, Kansas

## Testimony

By the Kansas Contractors Association

before the Senate Transportation Committee regarding  
SB 498 and SB 515—Funding the Transportation Program

March 16, 2010

Mr. Chairman and members of the Senate Transportation Committee, I am Bob Totten, Public Affairs Director for the Kansas Contractors Association. Our organization, which was founded in 1923 represents over 300 companies who are involved in the construction of highways, dams, roads and water treatment facilities in all 105 counties in Kansas and the Midwest.

Today, I want to thank you for allowing me to testify in support of these two measures which create a program to fund a long range transportation program. Our association is very interested in this program as we work in partnership with KDOT on the construction of necessary roads and bridges throughout Kansas. Several individuals have submitted testimony about this bill to this committee and there will be four members of our association will follow me that will visit with you about these measures.

Senate Transportation  
3-15-10  
Attachment 10

The main thrust of our testimony today will be about the need for our industry to have work so that the workers we have are employed. The bills before would allow the present construction industry in Kansas to continue as it has in the past 20 years. In previous testimony from KDOT Secretary Deb Miller, she told you that in the past 3 years, KDOT has had to cut over a half billion dollars in construction work. Using US Department of Labor figures, that would mean over 23,000 jobs were not created due to the cuts made at KDOT. I would suggest that our unemployment rate in Kansas would not be as high if those jobs had been created. In addition, I can only speculate the economy of Kansas would be better off if the cuts would not have happened.

A Public works program that is suggested in these two measures will have the same effect as we saw in the early 90s after the 1989 program was passed. The success of that program was highlighted in an article from US News and World Report which is attached to my testimony. It indicates our surrounding states were still in the economic doldrums but Kansas was not because it had people working in the highway program.

To emphasize that point, I have brought with me several posters about highway projects throughout the state. The posters are attached to the testimony. In District 1 in Riley county from the Geary county line to Ogden on K-18. This project employed over 80 people with a payroll of over \$760 thousand dollars. The average worker made almost \$18 dollars an hour.

The second poster is of a project on US 183 from I-70 North to 55<sup>th</sup> Street north of Hays. Payroll was about \$640,000 dollars and the average wage paid was \$20.13 an hour.



These projects are similar to many that have occurred in the past 20 years. It demonstrates that a lot of people are employed on the job and they are well paid.

To further illustrate the point of the impact, I have attached a letter from Jake Klaver of Klaver Construction of Kingman, Kansas. This letter was sent several years ago on two projects in Wabaunsee county but it details how much his company spent on food, lodging and other materials while his crews were working on a job building a culvert in NE Kansas. Klaver spent over 119 thousand dollars on ready mix, almost \$24,000 on motels and \$11 thousand dollars on food. That basic situation happens on every highway job our members do.

I have a personal story to tell you when I had a good construction job one summer in NE Kansas. When I graduated from Highland Park high school, I worked a summer as a yard helper and flag person. We were not as well-trained as they are now...but I can tell you I earned enough money to pay for my books and tuition for the Fall and Spring semesters at KU. I have attached the checks for my tuition for that Spring semester. Education was a lot cheaper then but the ratio of paychecks to tuition is about the same.

Being a flag person is not a hard job and I believe any of you could do the job if necessary...and the point I am making is that you can make good money if you want to through a public works program similar to the highway program. I recall that my hourly rate was about 20% more than my other high school friends that summer and I think the ratio is about the same today.

I want to go back to unemployment a second. I surveyed our membership about what is going on in their companies. Almost all of our members indicated they

have reduced their work force by about 20 % and that was before the announcement of the most recent cuts a week ago Friday. It gives me the impression that things are only going to get worse.

Especially when I hear members are bidding on work in Oklahoma or Nebraska to get work. That means fewer Kansans will be employed which means fewer people will be able to pay sales tax, property tax or income tax in the future.

Our members are greatly concerned about these bills before you and they urge you take action immediately on a new program. They need the work and the state needs an employment base to get back to a better economy.

I thank you for your time this afternoon. I will be glad to answer any questions at the appropriate time .

# How Kansas created good jobs without busting the budget. (highway program)

Article from:

U.S. News & World Report

Article date:

October 12, 1992

Author:

Hage, David

More results for:

how kansas created jobs without busting the budget

**Kansas'** 4% unemployment rate is **the** fourth-lowest in **the** nation and is due primarily to **the** state's \$2.6 billion highway program. Since Aug 1991, **the** program has **created** 3,400 construction **jobs**.

It's lunchtime in Topeka, Kan., and there's no recession at **the** Country Boy restaurant. Pickup trucks are swinging in and out of **the** parking lot, construction workers are wolfing down ham and beans, and **the** cash register is chiming a steady, prosperous tune.

Anyone who doubts that infrastructure spending can jump-start an economy should visit **the** Jayhawk State, where a \$2.6 billion highway program has **created** 3,400 construction **jobs** since August 1991 and helped trim **the** unemployment rate to 4 percent, fourth-lowest in **the** nation. Says Stanley Scudder, who faced joblessness three years ago and now runs a bridge-building firm with 30 workers, "My company wouldn't exist **without the** highway bill. Period."

Along Interstate 70 in north Topeka, 150 workers in hard hats and festive T-shirts are pouring concrete and hammering up bridge supports on a sunny September morning. All owe their **jobs** to **the** state highway program, says Don Clarkson, vice president of Clarkson Construction Co., **the** project's general contractor. A foreman estimates that Clarkson has \$25 million worth of trucks, graders and pavers on **the** 10-mile construction site. Were it not for **the** highway program, Clarkson says, he might be unloading some of that equipment. Instead, he's thinking about buying more.

Ironically, **Kansas's** highway make-over wasn't sold as medicine for a sick economy. It was passed by **the** state legislature in 1989, a year before America skidded into recession, and was primary conceived to fix up **the** state's 135,000 miles of patched and pitted blacktop. **Kansas** faced **the** same glaring infrastructure needs that **the** rest of **the** nation now faces: Some 30 percent of its bridges had outlived their 50-year life expectancies, and freeways in major cities such as Wichita were carrying three to four times **the** traffic loads for which they were designed.

Boosting incomes. Then serendipity struck. As **the** nation slid into recession during **the** second half of 1990, highway money began to course through **the Kansas** economy. Road expenditures leapt from \$293 million in 1989 to \$429 million in 1991, sending a torrent of dollars through

checkbooks and cash registers. In what economists call **the** multiplier effect," construction workers started buying boots and tools, contractors leased new equipment and engineering firms started placing help-wanted ads. As **the** highway money worked its way through **Kansas's** economic bloodstream, personal income climbed at 2.4 percent, more than twice **the** national average last year.

But fiscal stimulus isn't **the** only lesson from Topeka. In a time of tax revolts and deficit deadlock, **Kansas** lawmakers figured out **how** to finance a massive public-works program -- and get voters to pay for it. About half **the** program is financed by user fees, including a 7-cent hike in **the** gasoline tax. An additional fourth comes from a quarter-cent increase in **the** state sales tax. Only a fifth involves debt -- about \$600 million in bonds to be paid off over **the** next 20 years. **The** total tax increase will work out to about \$100 per person during **the** program's peak years in **the** mid-1990s. "There was no smoke and mirrors," says Transportation Secretary Michael Johnston, who co-sponsored **the** bill as a state senator in 1989. "When we laid out **the** needs and **the** cost, voters in my district didn't even hiccup."

Can **the** nation travel down **the** same road as **Kansas**? Deb Miller, **the** chief planner for **Kansas's** Transportation Department, is wary of claims that infrastructure is an economic cure-all. For one thing, other Americans might not be as passionate about roads as **the** residents of **Kansas**, a state of small towns, lonely prairies and **the** nation's fourth-largest highway network. "When you live in a rural community, it's not uncommon to drive 40 miles for dinner at night," says Miller. "People can get very emotional about roads." But, she adds, a productive asset financed thoughtfully is a sound investment anywhere. "One of **the** big mistakes we've made in **the** American economy is we didn't spend enough on long-term investments. We've got to catch up sooner or later."

ACD LLC  
 Ace Concrete Cutting, Inc.  
 Advanta Bank Corp  
 Airgas-Mid South Inc  
 Alltel  
 American Riggers Supply Inc  
 Ameripride Linen & Apparel Service  
 Amoco Oil  
 Applied Const Technology, Inc.  
 Arbor Ink - Sunflower Signs  
 Ash Grove Resources LLC  
 Bayer Construction Co Inc  
 Bella Fence Company  
 Bill Hamilton Trucking, LLC  
 BJS 66  
 Blackburn Mfg Co  
 Blixt C&D Landfill LC  
 Blue Cross Blue Shield of Kansas  
 Bob's Glass Shop Inc  
 Capital City Oil Inc  
 Carl Schmitthöner Pilot Car  
 Carter-Waters LLC  
 Casey's General Store  
 Claycamp Construction Inc  
 Concordia Tractor Inc  
 Corey Galayan Trucking LLC  
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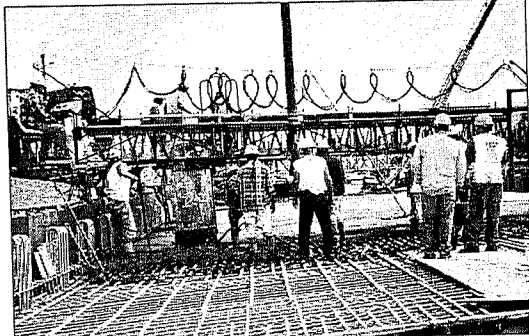
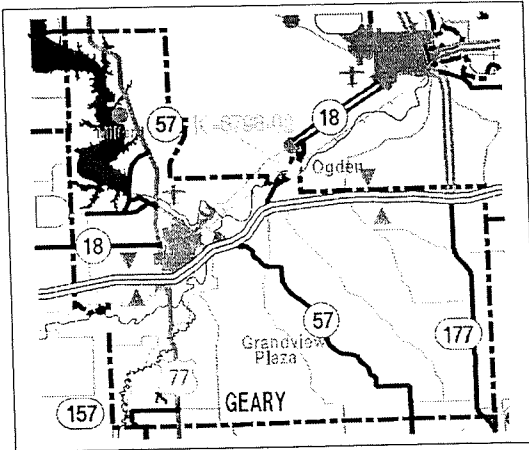
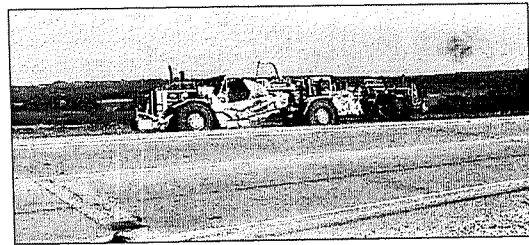
# Kansas Highway Construction Benefits Hundreds of Businesses & Jobs

District 1-K-18 in Riley Co. From Geary Co line Northeast to South of Walnut Street in Ogden



Crow Trucking  
 Crowe's Equipment Inc  
 CR's Tire & Muffler  
 Dara's  
 Don's Tire & Supply  
 Ed's Radiator  
 Embarq  
 Embarq Communications, Inc.  
 Emerson Construction, Inc.  
 Everetts Inc.

Highway construction jobs created by Kansas' multi-year transportation programs have a ripple effect in the economy. During the past two programs, more than 100,000 construction jobs were created or sustained. Additionally, road projects create and retain local jobs beyond the construction crews. Shown here are the many companies that received business through this KDOT project.



Martin Tractor Company Inc  
 McHenry's Electric & Supply  
 McPherson Concrete Inc  
 Midway Wholesale  
 Midwest Concrete Materials  
 Montgomery Communications Inc  
 Murphy Tractor and Equipment  
 Napa Auto Parts of Manhattan  
 Napa Auto Parts of Wamego  
 NES Traffic Safety  
 Ouachita Pine  
 Orscheln Farm & Home  
 Perry Fulsom Construction, Inc  
 Postmaster  
 Powell Brothers Plumbing  
 Powerplan  
 Progressive Contractors Inc  
 Quality Gas & Shop  
 Quill Corporation  
 R. Tech Tool & Machine, Inc  
 Rail Road Depot  
 REED Company, LLC  
 Road Builders Mach & Sply Co Inc  
 Roberson Lumber Company Inc  
 RSC Equipment Rental, Inc.  
 Sac & Fox Truck Stop

Salina Steel Supply Inc  
 Salisbury Supply Co Inc  
 Schwab-Eaton PA  
 Shell Oil  
 Shell Travel Center  
 Shilling Construction Co Inc  
 Short Stop  
 Sloan Meier Hancock-Eng Surveyor PA  
 Standard Plumbing  
 Steve Johnson Companies  
 Steve's Country  
 Thomas McGee LC  
 Tri-Star Seed Co  
 Truck Parts & Equipment Inc  
 Universal Lubricants Inc  
 Vanguard Precast  
 Visa  
 Wal-Mart  
 Water's True Value  
 West Stop West Q17  
 Whearty Trucking  
 Whitewing Construction Co Inc  
 Wildcat Concrete Services Inc  
 Your Dollar Store  
 Zep Mfg Co  
 Zurich North America

Gross payroll*	\$761,784
Total man hours	42,485
Average wage per hour	\$17.93
Total number of people employed	80
Percent of employees with health insurance	60%

\*includes benefits

Farmers Coop Assn - Manhattan  
 Feyh Farm Co  
 Fireman's Fund Inc  
 First National Bank - Wamego  
 Flint Hills RECA  
 Frankfort Area Sanitation Inc  
 Fulsom Brothers Inc  
 GCR Truck Tire Center  
 Geary Community Hospital  
 Geary County Treasurer  
 Geary Grain Inc.  
 George A Lanxon Piling Sales  
 Gudenkauf Tree Service  
 H&L Electric Inc  
 Home Depot  
 Hostetter Construction Co. Inc.  
 ING  
 Interstate Battery Sys NE KS  
 Interstate Grinding LLC  
 J & J Contractors Inc  
 J & J Metal Products Inc  
 Jerry Whitney - JW Pilot Car

JMJ Concrete Pumping  
 John Gottschamer - Heartland Pilot Car  
 Johnny Reb's  
 KanEquip Inc  
 Kansas City Concrete Pipe Co  
 Kansas Contractor's Association  
 Kansas Dept of Transportation  
 Kansas Employment Security Fund  
 Kansas Land Improvement Contractors Association  
 Kaw Valley State Bank - Wamego  
 KDOA - Div of Water Resources  
 KDOR - Div of Motor Vehicles  
 Kennedy Oil Co  
 K-Hill Engine Service Inc  
 Kolde Concrete Pumping  
 Laser Specialists Inc  
 Lawson Products  
 Liberty Food Store  
 Lockton Insurance  
 Logan Contractors Supply  
 Manhattan Mercury



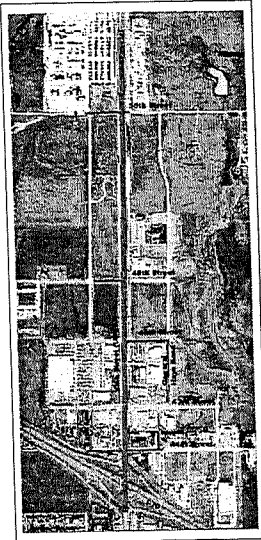
**EBERT**  
 Construction Company, Inc.



**KANSAS CONTRACTORS ASSOCIATION**

District 1-K-18 in Riley Co. From Geary Co line Northeast to South of Walnut St. in Ogden

24/7  
Advanced Auto Parts  
Advantage Glass Plus  
Amino Brothers Co Inc  
Applebees  
Aramark Uniforms  
Arby's  
ArrMaz Custom Chemical Inc  
ASC Portables  
Auge's Repair & Towing  
Baymont Inns & Suites  
Berry Tractor Co.  
Best Radiator Repair  
Best Western Vagabond  
Big D's Small Tool Repair  
Budget Host Villa  
Carlos O'Kelly's  
Carlson-Baughman Company  
Carrico Implement  
Carstar Collision Specialist East  
Carter Waters LLC  
Caseys  
Casual Graphics  
Cen's  
Comfort Inn  
Days Inn  
Dickhut Seed Co



# Kansas Highway Construction Benefits Hundreds of Businesses & Jobs

District 3—K-8240-01—US-183, I-70 N 1 mile to 55th Street in Hays

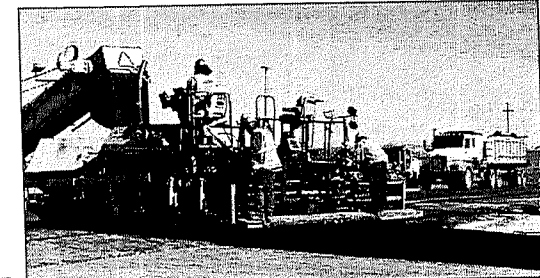
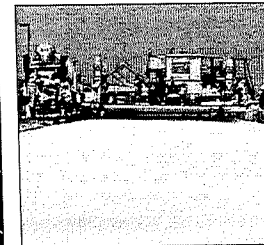
Dillons  
Dons Electric & Rewind  
Don's Electric & Rewind  
Dustrol Inc  
E & P Financing LP  
Econo Lodge  
Ellis County Solid Waste  
Excell Diamond Blade  
Farber Bag & Supply Co  
Fastenal  
FedEx  
Foley Tractor-Great Bend  
Fulom Brothers Inc  
G.W. Van Keppel Co  
Gibs Auto Supply  
Grand Rental Station  
Greene's Auto Upholstery  
Grossnickle Transport Inc  
Hajoca Corporation  
Hays Car & Truck Alignment  
Hays Chevrolet  
Hays Fire Equipment Sales & Service  
Hays Ford/Toyota  
Hays Mack Sales & Service  
Hays Pressure Washer Sales & Service  
Hays Ready Mix  
Heartland Building Center  
Hess Services Inc.  
Highway Technologies Inc  
Hilti Inc  
Holiday Inn  
Home Depot  
Home Lumber Co of Hays  
I-70 Truck Repair  
Insurance Planning  
Interstate Grinding LLC  
Kansas Coating & Cutting LLC  
Kansas Land Tire  
Kansas Truck Center  
Kayton Electric Inc  
Klaver Construction Co Inc  
Krob Trenching Inc  
Kuhn's True Value  
Laforge  
Lampton Welding  
Lang Diesel Inc.

In 2006-2007, the City of Hays was fortunate to receive System Enhancement monies to improve US Hwy 183 (Vine Street) north of the interstate. This project turned a two-lane asphalt roadway into a four-lane concrete street with median beautification. The City of Hays has seen significant growth north of Hays thanks to the improved roadway. New businesses have located there as well as many existing businesses that upgraded and moved to the new area of town. Once again Corridor Management was incorporated into this project to improve safety by using controlled intersections to move traffic.

Brenda Herrmann  
Director of Public Works, Hays, KS

Leon's Welding & Fabrication  
Lewis Chrysler  
M & D Inc  
M&C Concrete Accessories Co Inc  
McDonalds  
McPherson Concrete  
Midland Marketing  
Midwest Energy  
Moore Sand Pit  
Motel 6  
Murphey Tractor Co.  
Nextech Inc  
Northwest Distributors  
Oldham Sales  
Orschlen Farm & Home

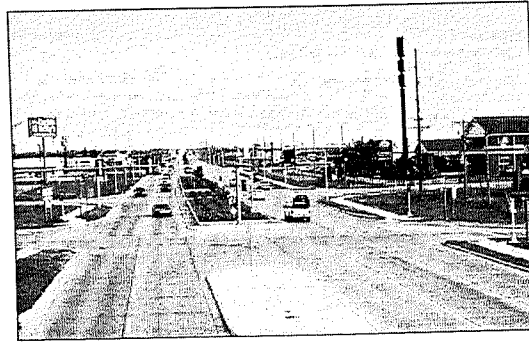
Parker Oil Company Inc  
Pizza Hut of Plainville  
Price Line Trucking  
Professional Fire Equipment Company  
Professional Technical Services  
Pulls Lock & Key  
Quartzite Quarry  
Realm Construction Inc  
Riedels Garden Center Inc  
Ronsafe Traffic Systems Inc  
RSC Equipment Rental  
S & W Supply Co Inc  
S&S Supply  
Safeite Auto Glass  
Simpson Farm Enterprises Inc.



Sinclair Oil  
Sleep In  
Snyder Bridge Company  
State Glass Company  
Steel Fabrications  
Stone Sand Co  
Stripe & Seal  
Sunflower Sign Co  
Super 8  
Tech Junkies LLC  
Thirsty's  
United Rentals  
UPS  
US Seeding & Mulching  
Vagabond Motel Inc  
Vern Herrman Sale  
Victor L Phillips Co  
Walmart  
Water Products  
Westlake True Value  
Westlake True Value  
White Star  
Whitewing Construction Inc  
Wiskey Creek

Gross payroll*	\$640,546
Total man hours	32,068
Average wage per hour	\$ 20.13
Total number of people employed	107
Total employees with health insurance	53%

\*includes benefits



APAC Kansas  
Shears Division

Oldcastle<sup>®</sup>  
Materials

apac

KANSAS  
DEPARTMENT OF TRANSPORTATION

KANSAS  
CONTRACTORS  
ASSOCIATION

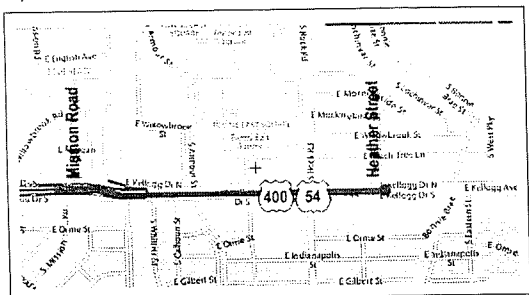
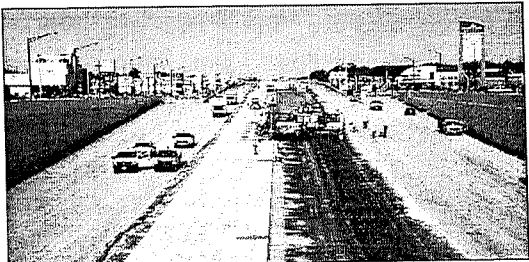
A & E Analytical Laboratories  
 A T & T  
 A-Plus Auto & Truck Repair  
 A-Plus Inc  
 A.S.P. Enterprises, Inc.  
 AAA Portable Services LLC  
 ACT Concrete Placement LLC  
 Aston Mobile Industries Inc  
 Airgas  
 Allied Environmental Consultant  
 Allied Laboratories  
 American Fence Company Inc  
 American Mobile, Inc.  
 American Rigger's Supply  
 Andeel & Andeel Properties LLC  
 APAC-Kansas Inc/Shears Division  
 Associated Lumber & Supply Inc  
 Associated Material & Supply  
 Atkinson Road Boring  
 Atlas Electric LLC  
 Atlas Spring & Ayle Co  
 Austin Dist & Manufacturer  
 Automotive Supply Inc  
 B & C Truck Electric Service  
 Berry Material Handling  
 Berry Tractors  
 Best Supply Co., Inc  
 Black & Decker, Inc.  
 Bob Bergkamp Const. Co.  
 Bage Iron & Metal Co., Inc.  
 Builders Choice Concrete  
 C & D Recyclers Of Kansas  
 C & H Trucking LLC  
 Car Color  
 Carl Vincent Service  
 Carlson Hydraulics  
 Carlson Systems  
 Casquest  
 Carter-Waters Corporation  
 CDR  
 Central Key & Safe Co  
 Central Plains Steel Co  
 Ciffman and Sons  
 City Blue Print  
 City Of Eastborough  
 City Of Wichita

# Kansas Highway Construction Benefits Hundreds of Businesses & Jobs

## District 5—US-54 Kellogg Rock Road Interchange-Mission Road to Heather St.

Clark Farm & Home Store  
 Coleman Materials  
 Concrete & Material Placement  
 Concrete Enterprises, Inc  
 Concrete Materials Company  
 Consolidated Electric Dist.  
 Construction Anchors Inc  
 Contech Construction Prod  
 Cook's Heating & Air Condition  
 Cornejo & Sons Inc  
 Cornejo Materials  
 Cox Communication  
 Cranmer Grass Farming Inc  
 Creative Design Resolutions  
 Creative Form Liners, Inc.  
 Cullum & Brown  
 Cummins Central Power, LLC  
 D & D Equipment & Sales  
 Dave Bevezeman  
 Dave's Pumping Service, Inc  
 Decker Electric  
 Del City Wire Co., Inc  
 Diamond Blade Warehouse

Highway construction jobs created by Kansas' multi-year transportation programs have a ripple effect in the economy. During the past two programs, more than 100,000 construction jobs were created or sustained. Additionally, road projects create and retain local jobs beyond the construction crews. Shown here are the many companies that received business through this KDOT project.

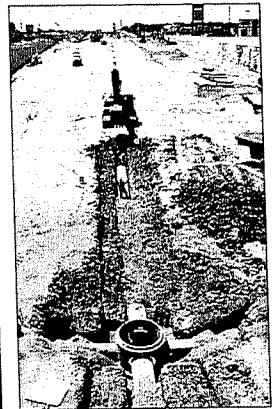
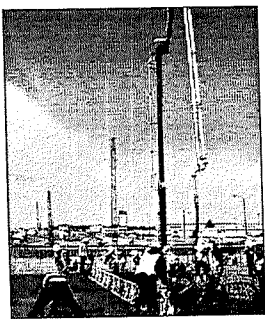


McMaster-Carr Supply Co.  
 Metal Pros, LLC  
 Mid-Continent Safety  
 Mid-States Supply Company Inc  
 Midwest Steel Fabricators  
 Miscellaneous Vendors  
 Murdoch Companies Inc  
 Murdoch Electric & Supply  
 Northeast, Inc.—Wichita, 2055  
 Nu-Tonel Company  
 Ocedad Associates, P.A.  
 Orschelus  
 Overhead Door Co  
 Paving Maintenance Supply  
 PB Holdale Company Inc  
 Penny's Concrete  
 Phillips Southern Direct  
 Pioneer Materials  
 Powrplan  
 Pressure Washer Sales & Service  
 RBH Industrial  
 Reinforced Earth Co  
 Rental Service Corp  
 Rice-Fanter  
 Richmond Electric Co.  
 Rigging Loh  
 Riley's Builder Supply Inc  
 Roberts Truck Center  
 Robin Curran's Catalog  
 RSC Equipment Rentals  
 Rubber, Belting And Hose  
 S & D Equipment

Safelite Autoglass  
 Salisbury Supply Co., Inc  
 Sam's Club  
 Schmidt's Welding Supply  
 Schnabel Foundation Company  
 Sharpspring Spectral Co  
 Shelley Electric Inc  
 Sherwin & Williams  
 Sod Shop  
 South West Butler Quarry  
 Star Lumber & Supply Co  
 Stephenson Trucking  
 Steve Johnson Companies  
 Stutzman Refuse Disposal Inc  
 Summit Financial Resources LP  
 Super 8 Motel  
 Terri Farrar  
 The Tap of Kansas Inc  
 Timber Products Inc  
 Tire Centers, Inc  
 Trailer Parts Supply  
 Tree Top Nursery & Landscape  
 Truck Parts & Equip Inc  
 Truck Stuff, Inc  
 TSC Stores  
 United Rentals  
 Univar USA, Inc  
 Us Machinery  
 Utility Maintenance Contractor  
 Valley Feed & Seed  
 Victor L. Phillips Company  
 Vests Materials  
 Waste Connection  
 Water Energy  
 White Ind. Technology Inc  
 White Star Machinery & Supply  
 Wichita Concrete Pipe Co  
 Wichita Fasteners  
 Wichita Stamp & Seal  
 Wichita Tractor Co  
 Wichita Water Department  
 Wichita Wanson Company  
 Wichita Wastewater Works Co  
 Wichman-Bush Tire  
 Wildcat Painting, Inc.  
 Windshield Shop  
 Zep Manufacturing Co

Ditch Witch  
 Don Burrow  
 Dondlinger & Sons Construction  
 Dudley Williams & Associates  
 Dynamic Fastener  
 Easton Sod Farms  
 Edward Vna  
 Elico Corporation  
 ELLS Construction Spedallists  
 Ernstmann Tree Care  
 Farber Bag  
 Fastenal Company  
 First Grade  
 Florence Ruck Co  
 Foley Supply  
 Foley Tractor Company  
 Frank Black Pipe & Supply  
 Fulum Brothers  
 Galeton Gloves  
 Gabel Surveying  
 Garden Wise  
 GE Capital  
 Geotechnical Services Inc  
 Granger Inc  
 Griffith Steel Erection Inc  
 Griner and Schmitz Inc  
 GT Midwest  
 Habala Concrete Tools  
 Hamm  
 Hampel Oil Distributors  
 Harp Well & Pump Service  
 Harlan Construction LLC  
 Hazen Construction Services  
 Heartstone  
 Herzog Environmental  
 Hill Inc.  
 Home Depot

Id Dulux Paint Centers  
 Industrial Splicing & Sling LLC  
 Intraux Card Center  
 J L Unruh, LLC  
 JCI Industries  
 JD Factors, LLC  
 John Deere Landscapes  
 Justus Fabricating Inc  
 Kansas Blue Print Co Inc  
 Kansas Building Products  
 Kansas Concrete Cutting  
 Kansas Fire Equipment Company  
 Kansas Gas Service  
 Kansas Paving  
 Kenco Corporation  
 King Construction Inc  
 Klaver Construction Co  
 Koch Bag  
 Kris-Davis Company  
 L A Jacke Pilot Car Escort Ser  
 Labor Max Staffing  
 Lafarge North America  
 Lampton Welding Supply  
 Landmesser Tools Company  
 Laser Specialists  
 Lee Mathews Equipment  
 Lewis Street Glass Co  
 Locke Supply  
 Lockton Companies  
 Lowe's Business Account  
 Lowe's Companies, Inc  
 Luxco Brick & Stone Co  
 MG Concrete Accessories  
 Magill Truck Lines, Inc.  
 Martin Marietta  
 Martin Tractor Co, Inc.  
 Maximum Outdoor Equipment



Prime Contractor's Project Payroll**	
Gross payroll	\$4,021,971
Total man hours	168,380
Average wage per hour	\$23.89
Total number of people employed	100
Total employees with health insurance	85%

\*\*Through 9/11/09

**WILCOX**  
 construction

**KANSAS**  
 DEPARTMENT OF TRANSPORTATION

**KANSAS CONTRACTORS ASSOCIATION**

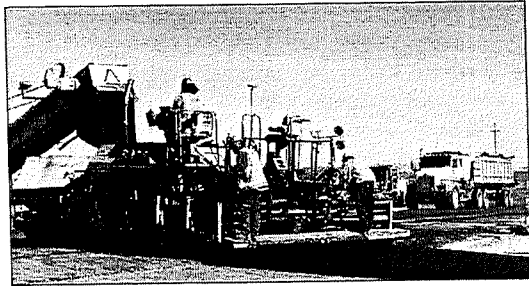
District 5—US-54 Kellogg —Rock Road Interchange-Mission Road to Heather Street



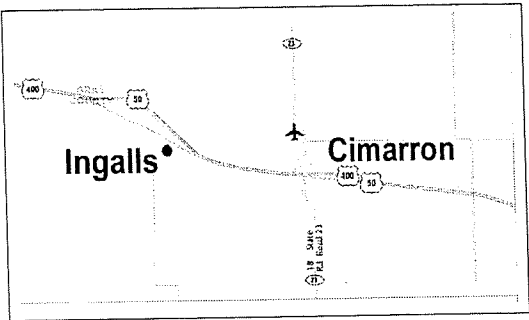
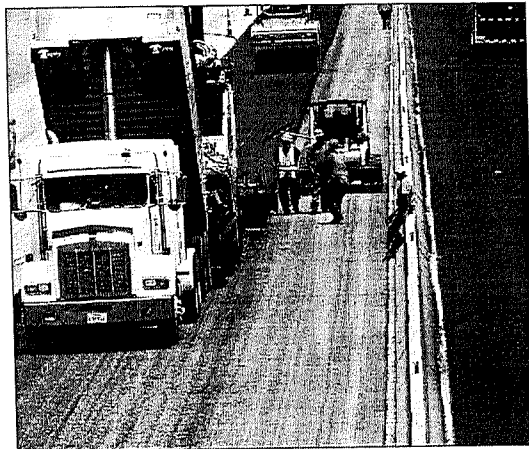


# Kansas Highway Construction Benefits Hundreds of Businesses & Jobs

District 6—K-9324-01—US-50 from Finney County Line to Cimarron



Highway construction jobs created by Kansas' multi-year transportation programs have a ripple effect in the economy. During the past two programs, more than 100,000 construction jobs were created or sustained. Additionally, road projects create and retain local jobs beyond the construction crews. Shown here are the many companies that received business through this KDOT project.



- Best Western Red Baron
- Dustrol Inc
- Eastern Colorado Aggregates
- Fastenal
- High Plains Energy
- Klotz Sand
- Koch Materials
- L & D Trucking
- Miller Truck Lines
- Robinson Oil Company
- Super 8 Garden City
- United Rentals
- Victor L Phillips Co

Prime Contractor's Project Payroll	
Gross payroll*	\$115,264
Total man hours	5,281
Average wage per hour	\$ 21.83
Total number of people employed	23
Percent of employees with health insurance	53%

\*includes benefits

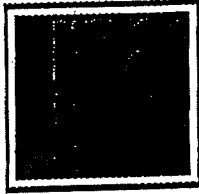
District 6—K-9324-01—US-50 from Finney County Line to Cimarron-Gray County



APAC Kansas  
Shears Division



KANSAS  
CONTRACTORS  
ASSOCIATION



# **KLAVER CONST. COMPANY, INC.**

February 4, 2002

Rep. Vern Osborne  
State Capitol Building  
Room 110-S  
Topeka KS 66612

Re: KDOT Projects in Wabaunsee County

Dear Rep. Osborne:

We are writing to encourage your support of significant highway funding during the current legislative session. We realize the budget shortfalls the state is facing this year create a daunting job for the legislature, but would like to point out what a strong highway program means to the state and, more specifically, to your district.

During the year 2001, our company was involved in two Wabaunsee County KDOT projects, on which we spent, conservatively, \$154,721. As a subcontractor, our company did the box culvert construction which represented only a small portion of each job. This sum can be broken down as follows: \$119,589 on ready-mix concrete; \$23,905 on motels; \$11,227 on meals; and an untold but significant amount on fuel at local outlets (we don't break out fuel by job). We want to emphasize that this money was spent entirely within your district.

We think it is important to note that we are a relatively small company (annual sales of about \$10 million) and primarily a subcontractor. Knowing that we are such a small part of the highway construction industry in Kansas, one can easily understand what a significant impact the total highway program has on the state's economy as a whole.

We understand this is a difficult time for Kansas and that there are many worthy programs competing for limited dollars. We ask, however, that during your deliberations you keep in mind that funds spent on highway construction are not only an investment in the future, they also significantly and positively impact the local economies which are the beneficiaries of the projects, and this in turn multiplies itself many times throughout the state's economy as a whole. Last, but certainly not least, a robust highway program creates jobs which in turn create taxpayers.

P. O. Box 272  
Kingman, Kansas 67068  
(316) 532-3183  
(316) 532-2924 Fax



ROBERT EUGENE TOTTEN  
1122 WEST CAMPUS ROAD  
LAWRENCE, KANSAS 66044

119

DAY TO THE ORDER OF *University of Kansas* *March 9 1970*  $\frac{83-42}{1011}$  \$ *255.00*  
*Two hundred fifty five and 00/100* DOLLARS

FIRST NATIONAL BANK OF LAWRENCE  
LAWRENCE, KANSAS

MEMO. *133 429* *Robert Eugene Totten*

⑆1011⑆0042⑆ *VI 37845 0000 03500*

ROBERT EUGENE TOTTEN  
1122 WEST CAMPUS ROAD  
LAWRENCE, KANSAS 66044

115

DAY TO THE ORDER OF *University of Kansas* *February 5 1970*  $\frac{83-42}{1011}$  \$ *170.50*  
*One hundred seventy and 50/100* DOLLARS

FIRST NATIONAL BANK OF LAWRENCE  
LAWRENCE, KANSAS

MEMO. *133 429* *Robert Eugene Totten*

⑆1011⑆0042⑆ *VI 37845 017050*

*DUSTROL INC.*

P. O. Box 309 • Towanda, Kansas 67144-0309 • 316-536-2262  
FAX 316-536-2789

Testimony before the  
Senate Transportation Committee regarding SB 498 and SB 515

By Brian Hansen, Dustrol Inc. of Towanda, Ks

March 15, 2010

Mr. Chairman and committee members:

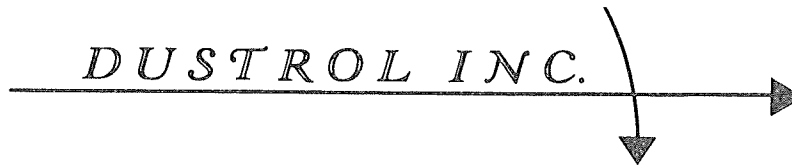
I am Brian Hansen, Vice President of Dustrol, Inc. Towanda, Kansas, a milling, in place recycling, paving contractor that manufactures its own specialized equipment for use in the highway preservation. Not only are we a Contractor and Manufacturer we are a 100% employee owned ESOP. I am also current Vice President of the Kansas Contractors Association. Our company and the KCA are in full support of passing a new transportation program using SB 498/ SB515. There are several reasons to support a new highway program and I will address four of the most important issues.

First and foremost is **Economic development**. To continue the growth we have seen in Kansas over the past twenty years we

Senate Transportation

3-15-10

Attachment 11



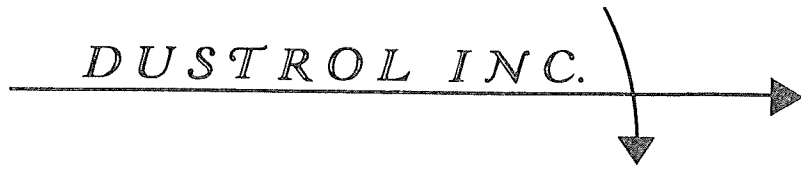
P. O. Box 309 • Towanda, Kansas 67144-0309 • 316-536-2262  
FAX 316-536-2789

must have a good transportation system which supports economic development. We liked the designation of System Enhancements which was a category in the past two programs but whether or not you call it System Enhancements or something else...we encourage the next program to address the economic needs of the local community. Kansas cannot grow by standing pat on its past laurels and we need to make sure the next program addresses economic development throughout the state.

Another matter of equal importance is **safety**. Reducing the number of fatalities and serious injury crashes on the state highway system through the use of roadway improvements should remain one of our top priorities. We have made some great gains in this area in the past and it must continue so that we can provide adequate safety measures for our children and grandchildren.. The taxpayers of Kansas expect it and the public demands we have a safe and efficient highway system.

### Thirdly **Preservation**

We must preserve what we have. Most people think of a road as something that will last forever but we all know that is not the case. We urge you to make sure there is adequate funding in the program for preservation. The contractors in this state along with our partners at KDOT are ready and willing to help preserve



P. O. Box 309 • Towanda, Kansas 67144-0309 • 316-536-2262  
FAX 316-536-2789

the highway system..it takes you to find the funding to make it happen.

Many new and innovative processes are available today that were not around many years ago and I am sure many new pavement preservation techniques will be developed in the future. Through the use of these new processes we can make sure our highway program will be around for the next generation at a cost that is less expensive than it has been in the past.

**Fourth JOBS**

In the last several years our company has had the opportunity to employ nearly 100 full time and 100 seasonal people in Kansas. We also employ about that same amount of employees outside the state. However, this year is different. We have already reduced our permanent employees by 20% and will not call back many of our long time seasonal employees. Many of these have been long term, dedicated, reliable employees that have given great value to our company over the years. Without the passage of a New Kansas Highway Program in the near future, we will have to reduce our workforce more significantly. These employees will stay on the unemployment rolls and further delete a greatly reduced State unemployment fund. To keep our workforce from dropping any further we have, reduced our current employee



# *DUSTROL INC.*

P. O. Box 309 • Towanda, Kansas 67144-0309 • 316-536-2262  
FAX 316-536-2789

hours, put on a wage freeze and are looking at holding employee benefits stagnant if possible. We not only have reduced our workforce but have greatly curtailed our capital outlays for equipment. Most companies in this industry will not make any capital outlays for equipment and materials without reassurance of a long term highway program. Our company, like many others in the highway industry in Kansas has never had to take such drastic measures before.

So that is why, the quick and timely passage of the next transportation program is important to our industry and important to the communities you serve. We can't depend on Washington to bail us out of this situation. We must do a large part of this by ourselves.

Overall, we need a new transportation program for Economic Development, safety, preservation and jobs.....jobs .....jobs. Let's put people back to work.

Thank you for letting me address you today and we look forward to working closely with you in the passage of the next new Kansas highway program.



## BEACHNER CONSTRUCTION COMPANY INC.

### *Highway and Heavy Contracting*

BOX 128 • ST. PAUL, KANSAS 66771 • PHONE 620-449-2286  
• FAX #620-449-8550 •

Submitted Written Testimony For the Senate Transportation Committee

on SB 498 and SB 515

March 15, 2010

by Eugene "Corky" Beachner, President of Beachner Construction Company

St. Paul, Kansas

Mr. Chairman and Members of the Committee:

I am submitting testimony in support of SB 498 and SB 515. I am President of Beachner Construction Company located in St. Paul, Kansas. Beachner Construction is primarily a bridge contractor although our company also handles other construction opportunities as they arise. In addition to our construction company, my brothers and I also own various farm operations throughout the state of Kansas.

Obviously, because of our farm operations and construction company, we are in support of a new transportation program and we believe it should be passed as quickly as possible. Over the past years, we have been fortunate to employ approximately 400 employees in the highway industry. Most of our work has been centered in Kansas but last year due to the cutbacks in KDOT's budget, we have had to move some of our construction efforts to Oklahoma as their road program is in better shape than it is here in Kansas.

Unfortunately because of that move and the fact we are doing less business in Kansas, we have had to reduce our work force in Kansas. Our decision is similar to what other Kansas construction companies have had to do due to the recent reductions at KDOT. I have been told more than 1 in 4 construction workers are unemployed...and I believe it as there are a lot of people looking for work these days.

In the time my brothers and I have been in business, we have noticed a few things that apply to the construction arena and I wanted to share them with you. 1) I urge you to work hard and quickly on a new

EQUAL OPPORTUNITY EMPLOYER

Senate Transportation

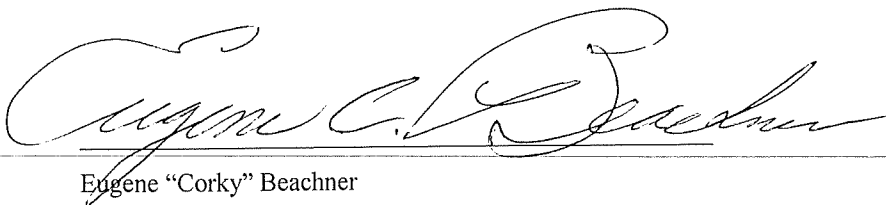
3-15-10  
Attachment 12

transportation program; one that is adequately funded so that it can be used fairly throughout the six KDOT transportation districts in Kansas. It is important in my opinion that all parts of the state benefit from a highway program...not just one area. That is what happened in the previous 2 transportation programs and I think a similar effort will do the same for the future. 2) To aid in making sure all communities feel a part of the program, I encourage your committee to consider the use of System Enhancements or some form of Community Improvements program to maintain high local support for a new program.

By adding such a segment, you can insure that everyone has an equal shot at getting a local priority project for their community. If you leave everything up to KDOT, communities will rarely see their most worthwhile project ever built. KDOT sometimes has a different set of priorities when it comes to road projects and if you leave it up to the engineers, local projects will never get done. 3) I urge you to have KDOT only let projects in the amount of \$40 million dollars or lower. Getting projects too expensive encourages out of state contractors to take the work and that really is not the essence of the Kansas road program. If we are using Kansas tax dollars to pay for a program, then we need to insure Kansans are employed not folks from Wisconsin. By keeping the projects small, there is a greater opportunity for Kansans to get the jobs and hire Kansans to do the work. 4) I urge you to continue to use the lowest and best bid concept for letting public work. It is an objective way of using tax payer dollars. Using any other way encourages fraud and corruption. The lowest bid procurement process has worked for the past 80 years and there is no reason to change it now. By using the lowest bid process, the taxpayers are assured they are getting the best bang for their buck and at the least cost.

One last item, I want to encourage you to get a public works program passed as soon as possible to help the economy. We need to get people working and the sooner people are working, the sooner they will be paying income tax, sales tax and property tax...and that means our respective communities will have additional funds to use to take care of others.

Again thank you for your time today and I urge you to support the passage of a long range transportation program.



Eugene "Corky" Beachner  
President, Beachner Construction Co., Inc.  
St. Paul, Kansas

# REECE CONSTRUCTION CO., INC.

AN EQUAL OPPORTUNITY EMPLOYER

BRIDGES



CULVERTS

"GOOD ROADS"

Testimony to the Senate Transportation Committee  
SB 498 and SB 515  
March 15, 2010

by  
Mary Lou Reece, President Reece Construction Co., Inc.

of Salina, Ks. & Scandia, Ks.

Mr. Chairman and Honorable members of the Senate Transportation Committee:

Thank you for allowing me to speak today. I am President of a company that began here in Kansas in 1926. We have seen much in our state through the years. We are proud of our Kansas heritage and the part we have played through the years with KDOT & the Legislature to assure that Kansas WORKS. Our infrastructure is a vital part of making our economy work. As you know, it is essential in a state where our products, agricultural and otherwise are spread throughout the state to have a good and safe and economical highway system to make sure that our excellent KANSAS products are delivered to their markets and that our people can move around safely to our wonderful Kansas opportunities, educational and otherwise.

I would like to assure those of you sitting here that you are getting a GREAT value on the highway work that is being performed today. And truly, because of your past work, you have gotten a great value through the years in the infrastructure that YOU have been a part of building, along with companies like mine. This value has been nurtured with System Enhancements, with community input from around the state, by allowing smaller contracts that make it possible for your in state contractors to participate and by encouraging and using exclusively the lowest and best bid method of contractor selection.

We are a small contractor that has been a good citizen of this great state of Kansas for 84 years. We provide long term employment, we provide health insurance for our employees, we have a profit sharing plan that includes all of our employees. Our permanent employees live in Scandia, Salina, Wichita, Sabetha, Great Bend and many other communities around the state. I live in Wichita. We drive on our roads and bridges, we participate in our communities, we educate our kids in this state and we pay our taxes. We are good citizens of the entire state of

Kansas. We have under 100 employees but have had to scale that down by 25% this year because of the lack of a new highway program in Kansas. We have scaled back our equipment purchases and all of us are worried about our future.

I urge you, as the people who are setting the direction for the future of our state, as well as making the important decisions for where we are now, to pass a new highway bill and the funding to make it happen. There are a few things that the government DOES need to do. And infrastructure is one of those FEW things, for which you are directly responsible for our State's effectiveness. Noone else can take care of that.

As you already know, JOBS for Kansans is one of the great benefits of this kind of work. We provide good jobs for Kansans. This is the best and most cost effective ways to provide employment, constructive long term employment for this state.

We must **preserve** the asset we've built. We must build the additional roads and bridges to make this state work well as it includes communities statewide. We must pass a bill that is not reactive but looks to the future. The reason infrastructure and roads and bridges have been a popular item in this state is that we have included all of our communities and system enhancement projects that people see in the places where they live & work & drive, in addition, we must pass a bill that will get our agricultural and other products from the land to the people. This has been and needs to continue to be a statewide issue and solution. All parts of our state must benefit. This can happen with relatively small projects, with lowest and best bid work, with System enhancements and with YOUR partnership with KDOT & the communities of our state to pass a highway bill and the funding to assure it.

Thank you.

Mary Lou Reece  
President  
Reece Construction Co., Inc.



**Mr. Chairman and Distinguished members of the Committee:**

**My name is Mary Sullivan, I am CEO of Amino Brothers Construction Company, a small family owned Business in Kansas City, Kansas.**

**Our company has been a Kansas Contractor for over 75 years. I am proud to be a small part of our highway system, a system that for our company alone has provided over 3000 jobs over the last 10 years. In 2009 alone, our annual payroll was \$4.8 million. What is so amazing is that over the life of the 1999 CTP Program the average payroll was \$3.7 million per year. What is even more remarkable is that in 10 short years one small company not only shaped and molded the lives of those we employed, but we were able to shape and mold the face of transportation across our great state.**

**All of you have heard the re sounding statistics. You know the value of construction dollars spent, you are also taxpayers and value the benefits of a successful transportation program. Yet, the Comprehensive Transportation Program has a face. It is the face of the single mother with 3 small children who**

learned how to operate a roller on 7 Highway in Cherokee County. It is the weary face of a young man with no hope as his old car has now become his home and his new hope is a job driving a 40ton truck in Salina Kansas. It is the countless faces of every race, color, creed, male and female that have moved dirt for the new interchange in Wyandotte County, installed miles of pipe across the state of Kansas, flagged traffic in the most congested areas of Johnson County, and the least populated in Cowley county, drove a truck over a dusty haul road, shoveled countless yards of concrete ---these are the faces that mold and shape our great state of Kansas. These are the people that yearned for a better job. This program gave that hope, confidence and sense of worth. These are the benefactors of a transportation program. The common thread that binds, lawmakers, taxpayers, owners, and employees is this determination, this dream, this ambition, this passion that is the driving force—how we get there is the passage of a 2010 Transportation Program.

Without a new Transportation program our company will be forced to lay-off employees that have been with our company for over 25 years. We can no longer be a provider of good paying jobs. No longer are we hope for the unemployed as they now join those ranks, and no longer is there a legacy to pass on.

I would urge you to work diligently on a new Kansas Transportation Program, one that is funded effectively and justly for all the districts in Kansas.

Secondly, improvements to community and their involvement are crucial.

People need to belong and need to be part of the equation. I respectfully ask that in some way, some format we keep our communities involved. Growth and economic development for cities, towns, and counties are visible signs of the benefits of infrastructure. An example that everyone is aware of is the increased and continued economic growth is the Speedway in western Wyandotte County. It has and will continue to bring good paying jobs to the community.

We need continued growth. We need highway projects that will bring good jobs to the areas, we need to get people back to work, and we need those same workers to spend again. I urge to work hard to keep the work in Kansas with Kansas Contractors. While the urban areas of our state are subject to traffic congestion there is basis for larger projects to be promoted for these areas. However, there are many instances where the projects are too large in volume for Kansas Contractors to compete. Simply, the medium size contracts stay with Kansas Contractors. These same contractors hire locally, purchase

materials and supplies from local vendors, and bring the face of transportation to these projects.

In closing I would like to thank you for giving me the opportunity to speak with you today. I appreciate your time, your talents, and your dedication to such a very important piece of legislation that shapes and molds the future face of Kansas.

TESTIMONY OF EDWARD DeSOIGNIE  
BEFORE THE SENATE TRANSPORTATION COMMITTEE  
IN SUPPORT OF TRANSPORTATION FUNDING

Thank you Mr. Chairman. My name is Edward DeSoignie. I am the Executive Director of the Heavy Constructors Association of the Greater Kansas City Area. The Heavy Constructors represent over 150 companies in the heavy, highway and utility construction industry in the Greater Kansas City Area of Kansas and Missouri.

We thank you for the opportunity to appear and comment on transportation funding legislation before your committee. I will try and be brief and to the point. It is our belief that the Legislature needs to act positively on transportation funding during this session of the Legislature.

Our transportation system is presently one of the best in the nation. But it wasn't always that way. During the 1980's when I was on staff at KDOT it was one of the worst in the nation. Now, twenty plus years later, after two, sizeable transportation programs, it is at the top. But it wouldn't take long for that to change and see the investment we've made start going to waste. That is reason number one to consider a revenue increase.

The second reason to consider a funding increase are jobs and specifically jobs in the construction industry. Presently, unemployment in the construction industry is the highest many of us have ever seen in our lifetime. A highway building program will reduce the number of construction workers collecting unemployment insurance and start putting them to work bringing more revenue to the state. Without additional revenue the construction program in foreseeable future will be much smaller than in the past and we will likely see companies closing their doors permanently.

The third reason is, that we don't just invest in transportation for today, we also do it for tomorrow. The long-term economic impacts of transportation are even more important for Kansas. They provide for economic development and the movement of goods/people that are essential to a healthy Kansas economy. As a member of T-LINK, I can say that KDOT has a good project selection process that takes economic factors into account, to ensure state dollars are wisely invested.

Both of the funding bills under consideration echo what other states around the nation have done to solve their problems. These proposals allow for revenues to grow slowly over time helping us to keep up with inflation. Keep in mind that gasoline tax and registration fees revenues don't grow over time, while the cost of materials and labor to fix roads does continue to grow. Some of the concepts embodied in the bills, while a departure from the past for our state are nevertheless good, responsible public policy.

We urge you to take favorable action during this session. Thank you again for the opportunity to appear before you and provide comments.



**KRMCA**

Kansas Ready Mixed  
Concrete Association

**KAPA**

Kansas Aggregate  
Producers' Association

TESTIMONY

Date: March 15, 2010  
Before: The Senate Transportation Committee  
By: Edward R. Moses, Managing Director  
Kansas Aggregate Producers Association & Kansas Ready Mixed Concrete Association  
Regarding: SB 498 & SB 515 – A new transportation program for Kansas

Good afternoon Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before you today and provide our comments with respect to and in support of a transportation program. My name is Edward Moses, Managing Director, of the Kansas Aggregate Producer's Association and the Kansas Ready Mixed Concrete Association. The Kansas Aggregate Producer's Association and the Kansas Ready Mixed Concrete Association are trade associations comprised of sand & gravel, rock and concrete producers located throughout Kansas. Comprised of approximately 250 members our mission is to provide the 25-30 million tons of aggregate and the 2 million cubic yards of concrete consumed by Kansans every year.

Saves Lives

From 1990 to 2007 our traffic fatality rate has dropped from 1.9 to 1.4 fatalities per 100 million vehicles miles traveled (1). From these numbers it can be extrapolated that probably over 1,000 lives have been saved in Kansas as a result of the Comprehensive Highway Program (CHP) and the Comprehensive Transportation Program (CTP). Aside from the moral questions involved, it is difficult at best to put a number on the dollars it has saved; but in terms of health care costs avoided and economic productivity not lost the number must be substantial. Despite those who assert that transportation should only be considered on a "cost-benefit" analysis, it should be clear that providing good and safe transportation is a legitimate function of government.

Provides Economic Stimulus & Long Term Sustainability

As public policymakers you often hear that every dollar spent on construction converts to three dollars of economic activity. So I will not bore you with a bunch of numbers but rather give you some actual examples of how it works. The members of our associations the Kansas Ready Mixed Concrete Association, the Kansas Aggregate Producers Association and the Kansas Cement Council are the recipients of that economic conversion. First, the contractor pays the concrete producer for the concrete; and then concrete producer in turns pays the rock producer, the sand & gravel producer, and the cement mill for the raw materials. The rock producer, the sand & gravel producer, and the cement mills then turnaround and pay all sorts of peoples such as royalty owners, natural gas producers, freight

(Over)

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haulers, and so on and so forth. And, of course they all pay taxes. This in a nutshell is how public transportation provides stimulus both on a short term as well as a long term basis.

Good public transportation also provides long term sustainability and economic development as well. For example, as a result of the CHP and CTP the cement mills, located in Southeast Kansas are able to transport cement to Wichita for \$10 to \$15 less per ton than prior to these programs. This converts to a savings to the Wichita market of approximately \$90 million over the last 20 years, and is one of the reasons Wichita's building cost have remained competitive with Tulsa and Oklahoma City.

Another good example is our developing wind energy industry. As a result of our good transportation network Kansas has been very competitive in the growth of our wind farms. Not only because we have the wind but also because we have been able to remain competitive with our costs unlike other states who may have wind but no transportation. Once again, because we are able to economically access the necessary rock and cement from southeast Kansas to Western Kansas where it is needed. While this is hard to quantify, good transportation is one of the chief reasons for the Siemens plant in Hutchinson and the Tindall Precast facility in Newton. Tindall manufactures precast concrete parts for wind farms. Transportation does provide long term sustainable economic development.

#### Focus & Achievable Outcomes

Once we set a goal the first action after that is to agree on the best means of attaining that goal. When it comes to public transportation the goal can only be achieved when we as a society come together through our government to reach those goals. After all it is unrealistic to host a bake sale for highways. Public financing is the only way these projects can be had. It is no less true today than it was 90 years ago, when this Legislature recognized that publically funded transportation was good public policy by passing a 2 cent per gallon tax on a 10 cent per gallon product, the equivalent of 50 cents per gallon today. This measure, at the time was enthusiastically received by the public and supported by many of the organizations in opposition to it now. In our opinion the public has been and will continue to be supportive of good transportation. It is always difficult to support additional revenue measures; however, if properly dedicated to good public investment citizens will be supportive. Please note that no legislator ever lost an election by voting for both the CHP and CTP, while some who voted against have. Passage of a new Transportation program is both achievable and will be well received.

Thomas Jefferson once wrote that "the best time to plant a tree was thirty years ago". Such is true when comes to providing transportation investment. Kansas and transportation have been intrinsically linked since the days of the Santa Fe Trail to today's world leading agriculture and aviation industry. We urge you to "plant the tree now" by supporting a new transportation program for Kansas.

Thank you for your time and attention. I will be happy to respond to questions at the appropriate time.

(1) Source: U.S. National Highway Traffic Safety Administration, *Traffic Safety Facts*, annual. See <<http://www-nrd.nhtsa.dot.gov/CATS/index.aspx>>



PO Box 246, 431 US Hwy 83, Oakley, KS 67748

March 9, 2010

Senate Transportation Committee  
Kansas State Capitol  
300 SW 10<sup>th</sup> Ave  
Topeka, KS 66612

RE: Senate Bills 498 & 515

Mr. Chairman and Members of the Committee:

We are asking for the committee's support and passage of the next Comprehensive Transportation Program in 2010. In a family owned business in Northwest Kansas since 1961, Sporer Land Development has been active in heavy highway construction, currently employing 70 workers. We are convinced the last State Highway Bill had an enormous impact on the state's overall economic success leaving the state with 4% unemployment rate, the fourth-lowest in the nation, due primarily to the state's \$2.6 billion highway program beginning in 1991. Not to mention the extremely sound investment made to the 135,000 miles of roads and highways in our state. It is critical to state's economy for the committee to pass the proposed Transportation Plan for the next 10 years.

We hope the committee recognizes the past success of the System Enhancements in 1989 and 1999, any form of Community Improvements Program helps to insure a high level of local support for a new program.

Sporer Land continues to be in support of the current lowest and best bid policy currently in place with KDOT, insuring that all tax dollars are spent in the most economically way possible. The current lowest/best bid policy levels the playing field among contractors in our state, while helping to reducing fraud and waste. An important consideration to bill should be the size of the projects in the new program, so that Kansas contractors can bid on the work and not lose those very important construction dollars to out-of-state firms.

In the business for almost 50 years, our continued success and growth depends on the passing of the next program. Let's continue the sound investment in the nation's fourth-largest highway network, by passing a Comprehensive Transportation Program in 2010, while keeping construction workers on the job and our communities strong.

Sincerely,

*Troy Sporer*

Vice President  
Sporer Land Development, Inc.

Phone 785/672-4319 Cell 785/672-0230 Fax 785/673-3409  
Email: troy @ sporerland.com www.sporerland.com

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# L & M CONTRACTORS, INC.



Telephone (620) 793-8137

FAX (620) 793-5602

1405 K-96 • P.O. BOX 1171  
GREAT BEND, KANSAS 67530

Date: 11 March 2010  
To: Members of the Transportation Committee  
From: Curt Mauler, Vice President  
L & M Contractors, Inc, Great Bend, Kansas  
Re: Senate Bill 498  
Senate Bill 515

Mr. Chairman and Members of the Senate Transportation Committee:

This letter is written to request your support for a comprehensive transportation program. L & M Contractors is a bridge construction company that constructs structures throughout the state of Kansas and in northern Oklahoma. The company is a small family owned business started by my father nearly 40 years ago. We have experienced steady growth over the past 40 years and currently employ approximately 50 people.

The current reduction in transportation funding has not only affected our company and our ability to maintain current employment levels but also has affected the small communities in which we work. A majority of our projects are constructed in rural areas throughout Kansas. When a project is built in these rural areas our company purchases supplies at the local lumber yard, our employees eat at the local restaurants, and stay at local motels. The projects constructed and the money spent in these rural areas are directly related to the funding of the transportation program. Without this funding and your support of a future transportation program the influx of support to local businesses in these rural communities will cease. Often times these construction projects are the single most important cashflow activity these communities experience the entire year.

I would also like to express the importance of maintaining the current practice of awarding contracts to the lowest, responsible bidder. This allows for competitive prices and the most efficient use of available funds. The competitive bid process along with the letting of projects of a size and nature which allows smaller contractors to be a part of the bidding process are important considerations for any new program. Letting smaller projects allows more Kansas contractors and smaller construction companies like ours keep Kansas dollars in Kansas and Kansas taxpayers working.

Senate Transportation

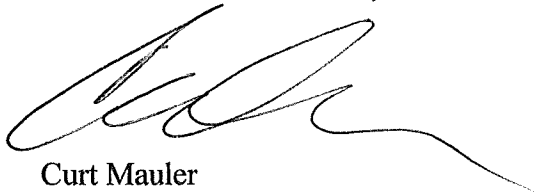
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The results of previous transportation programs are evident when driving anywhere throughout the state. The Kansas Department of Transportation has executed the previous program in a manner in which **all** areas of the state, **all** taxpayers of the state, and **all** contractors, both small and large, have benefited. The previous program included system enhancements that have had profound effects on local economies from west to east and north to south across the state of Kansas and included maintenance of previous highway infrastructure investments. Passage of a new fully funded transportation program which includes some of the same characteristic as previous programs is imperative. Without a new fully funded program, the roads and bridges of the state will deteriorate and the work of previous programs will be wasted. In addition without a transportation program, company's like ours will be unable to maintain current employment levels and put more people to work, communities that rely on the construction money spent in their local businesses will have to find other sources of revenue, and, perhaps most important, the businesses of the state that rely on the transportation infrastructure for movement of goods will find their efforts more difficult.

Your consideration in this matter is appreciated and your efforts towards passage of a new transportation bill are essential.

L & M CONTRACTORS, INC.



Curt Mauler  
Vice President



Post Office Box 1486  
 214 S. Hwy 281  
 Great Bend, Kansas 67530

WRITTEN TESTIMONY

Date: March 11, 2010  
 Before: Senate Transportation Committee  
 By: Kip Spray, President Phone 620 792 5921  
 Venture Corporation, Great Bend, Kansas  
 Regarding: Senate Bill 498  
 Senate Bill 515

Mr. Chairman and Members of the Committee:

I am submitting testimony in support of SB 498 and SB 515. I am President of Venture Corporation located in Great Bend, Kansas. Venture Corporation is primarily an asphalt company that produces Hot Mix Asphalt for use throughout the State of Kansas.

Obviously, our company is in support of passing a new transportation bill as quickly as possible. Over the past years, we have been fortunate to employ approximately 150 employees in the highway industry during the peak summer season. Last year, we moved a portable asphalt plant to Oklahoma in order to maintain the level of workers we employ, however to date, with the reduction of highway maintenance in Kansas, and the lack of projects available in Oklahoma our paving season will be dramatically shortened in 2010.

Our small family-owned business is only one of many in the state that rely heavily on the construction budget provided through KDOT.

I urge you to work hard and quickly on a new transportation program; one that is adequately funded so that it can be used fairly throughout the six KDOT transportation districts in Kansas. In addition, I encourage your committee to use System Enhancements or some form of



Community Improvements program to maintain high local support for a new program. It worked in the 1989 and 1999 program and I believe it would work again in 2010.

In our area, my fellow workers and I are hoping the Northwest Passage---a short, straight road from Hutchinson to Great Bend will be built. It has been on the drawing board since 1966 and our community believes it would help the whole area if it were completed

I also want to mention that our company believes the lowest bid policy currently in place with KDOT is the best provider for getting the lowest, competitive prices for the taxpayers of Kansas. It insures public tax dollars are spent economically and a decision on who gets the work is not a subjective decision. Such a system that does not use the lowest and best bid process is fraught with opportunities of fraud and we don't need that in our system.

One last item; down turns in our industry are inevitable, however the beauty of the construction industry is that it's the quickest way to put people to work, which in turn will be the quickest stimulant to a stagnant or downside economy. In other words, our industry will take people off the unemployment line and put them to work.

I appreciate your efforts on our state's behalf and if you have any questions, please do not hesitate to contact me.

Ash Grove Cement Co.  
11011 Cody St. #300  
Overland Park, KS 66210  
(913) 451-8900



**Testimony In Favor of Senate Bills 498 and 515 – Enacting a New  
Transportation Program for Kansas  
Dewey Fore, Vice President – Sales, Midwest  
Ash Grove Cement Company  
March 15, 2010**

Chairman Umbarger and Members of the Committee, on behalf of the Ash Grove Cement Company, a 128-year old cement manufacturer, with its home office in Kansas, that has operated its Chanute, Kan., facility for more than 100 years, is a strong supporter of enacting a new Kansas transportation program.

As the largest U.S.-owned cement manufacturer with plants in eight states, including Kansas, west of the Mississippi River, we are acutely aware that state revenues are in freefall because for the first time in the history of company, we furloughed hundreds of employees due to the adverse cement market conditions, which are a direct result of the poor state of the U.S. economy. So we understand the tough decisions each of you policy makers must weigh.

Today, we join a host of organizations, of which we are a member, in supporting Senate Bills 498 and 515. They include:

Kansas Ready Mixed Concrete Association/Kansas Aggregate Producers Association  
Kansas Associated General Contractors  
Kansas Contractors Association  
American Concrete Pipe Association  
Kansas Cement Association  
Heavy Constructors Association  
Missouri/Kansas American Concrete Pavement Association  
Chanute Chamber of Commerce  
Greater Kansas City Chamber of Commerce  
Overland Park Chamber of Commerce

While I am now a board member of the Kansas Chamber of Commerce and our company is a long-time member of the state's chamber, which was founded to support improving Kansas roads in the 1920s, we disagree with the chamber's opposition to such an important program to ensure that the Kansas roads and bridges are adequate to support all means of commerce. We are at the crossroads of America, and we do not want to see transportation and economic development opportunities diverted to other states due to inadequate investment in Kansas infrastructure.

We support these bills because we know that a comprehensive transportation program means jobs for Kansans. Our recent furlough at the Chanute plant cost the Kansas economy more than just the payroll and taxes our company and employees pay. It hurts the local vendors, shop owners and restaurant owners, too. We cannot predict whether a future furlough will occur due to adverse market conditions. We have already seen one Kansas cement plant shuttered permanently in Independence, affecting 100-plus local residents. We hope we will not see the same thing happen to another Kansas cement plant.

We know that comprehensive transportation program funding is an important consideration. Ash Grove supports a long-term approach to funding the program, supported by bonding and public/private partnerships, such as toll roads.

For Kansans and those from other states who visit Kansas, a comprehensive transportation plan will ensure that we have fewer traffic deaths, less traffic congestion, fewer car repairs, greater fuel efficiency, less pollution from idling and improved access to goods and services. And, if you return to the origin of the interstate highway system, a comprehensive transportation program supports our state's and our country's ability to mobilize to meet emergency needs in the case of a national disaster or a national defense crisis.

The two plans that were passed in the 1980s and 1990s were coincidentally well-timed. The national economy was weak, but the Kansas economy benefited from having a comprehensive transportation program in place, so the construction jobs that create economic benefits of \$3 to every \$1 spent were in place and the state was not in as deep of a hole as other states were at the time.

We know many of you are great supporters of transportation and that you are looking for ways to garner sufficient support among your colleagues. We encourage you to make these bills a top priority as you consider how to spark the Kansas economy, create jobs and generate additional tax revenues to bring this state out of the recession.

Thank you for the opportunity to express Ash Grove's support for Senate Bills 498 and 515. We appreciate your consideration of this important legislation.



**APAC-Kansas, Inc.**

**Shears Division**

1633 Sunflower Drive, Salina, KS 67401  
Mail: Post Office Box 1095  
Salina, KS 67402  
Tel: 785.823.5537, Fax: 785.823.1615

State of Kansas  
Senate Transportation Committee  
Dwayne Umbarger, Chair  
Topeka KS

March 10, 2010

Re: Senate Bill 498  
Senate Bill 515

Written Testimony

Mr. Chairman and Members of the Committee:

As KDOT goes, so does the State.

Road construction and transportation industry trends reflect a truth: funding for State projects strengthens the economic life of the communities in Kansas. Our industry sustained a \$257 Million Dollar cut in projects this year as well as \$500 Million cut in the last three years, measures that have staggered Saline County and the surrounding areas. Remember that this excise followed a moratorium on the lettings for December and January. For the next four lettings – March, April, May and June - there is only one project in Dickinson County (directly adjacent), and two in our extreme market area (Cloud and Clay Counties). It is clear that APAC's payroll, generated sales tax, and property taxes will decline again this year. The spiral encompasses the economic activity of our Salina employees furloughed this year for lack of work. Approximately twenty families left without income; twenty skilled and highly trained tradesmen, reducing our staff by 50% from last year and by 88% from our most active season in 1988.

**Safety First** *Always*

Senate Transportation

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**APAC-Kansas, Inc.**

**Shears Division**

1633 Sunflower Drive, Salina, KS 67401  
Mail: Post Office Box 1095  
Salina, KS 67402  
Tel: 785.823.5537, Fax: 785.823.1615

Kansas' best results happen through comprehensive highway planning. The matter at hand however addresses our short-term needs.

I strongly urge support of SB 498 and SB 515. Without an immediate response to the crumbling transportation funding structure, our community's economic stagnation becomes dire. We cannot wait for the next session. Our future depends on the leadership of our elected officials: choices now must produce positive results. Passing SB 498 and SB 515 allows the local governments to fund and build projects with monies collected specifically for infrastructure needs from individuals using our roads. For central Kansas, the local government and private sector are now our primary customers. By passing SB 498 and SB 515, projects at the local level will absorb some of the economic impact currently felt with the decline in KDOT contracts. The plan will be a positive force in our community as the last two comprehensive highway plans have proven to be.

Thank you for your time and attention.

Submitted by

V.G. Hopkins  
Vice-President  
APAC-Kansas, Inc., Shears Division  
Salina KS

**Safety First** *Always*



**TESTIMONY, SB 498**  
*Presented by James R. Hanni,*  
*Executive Vice President, AAA Allied Group*  
**March 15, 2010**  
**Senate Transportation Committee**

AAA is supportive of the transportation works for Kansas SB498 and would like to address the concepts for which we stand regarding transportation funding and safety. Passage of a transportation funding package of this nature is vital to the Kansas economy. It will produce thousands of jobs, improve the economy of our state and generate funds for state government, not for highway funding, but in sales and income tax revenues.

AAA believes the end-product of SB498 should significantly enhance safety, mobility and reliability to motorists who will continue to pay most of the costs, one way or another, and nearly 280,000 of Kansas motorists are AAA members.

Kansas has an outstanding track record of performance in two previous long-range programs and demonstrated the tremendous economic impact on our state's economy. KDOT has demonstrated to the public that transportation resources have been managed wisely and efficiently. Transportation improvements that come out of SB 498 should be based upon needs that are clearly identified and outcomes that are supported by research and assured through application of performance standards.

The taxes, fees and other revenue proposed and collected from motorists must be equitable and transparent. It is extremely important that these revenues and any other mechanisms paid by motorists be dedicated solely to meeting identified transportation needs and protected from diversion to other uses.

SB498 avoids applying the sales tax on motor fuels, which we support. A sales tax on motor fuel magnifies the impact of price swings for motorists. A pump price increase of one dollar becomes \$1.07 or more and also adds greater variability for KDOT, making their planning much harder. It is easier to predict gallons of gasoline use within a few percentage points, and much harder when predicting gas prices to project the total amount spent on gas in the year across Kansas.

It is noteworthy to remember that the gas tax is the largest single source of funding we have, and to consider that it has remained flat for many years while the cost of gas, as well as road construction, has gone up substantially. All the while, cars have become more fuel efficient and, thankfully, continue to do so. The last time the Kansas gas tax increased, July 1, 2003, it increased a penny on the state portion, from 23 to 24 cents, when gas was \$1.46 a gallon. The Federal gas tax has been 18.4 cents since 1997, when regular unleaded gas was about \$1.20 a gallon. Today, the average price for regular gas in Kansas is about \$2.70 a gallon. That means gas tax, as a percent of fuel cost, is 18.6 percent today, compared to 41 percent at the time of the last Kansas increase.





AAA also supports a strong emphasis on safety within transportation funding. Although progress is being made, the fact is that we lose nearly 400 of our citizens each year (more than one every day), incur thousands of injuries and crashes, and hundreds of millions of dollars of cost in property damage, medical, work loss and quality of life loss costs. In terms of number of crashes, it's largely an urban problem. In terms of fatalities and serious injury, it's largely a rural problem. From any other source, there would be a public outrage and demand for action. The costs are often hidden but real costs that can and should be significantly reduced through funding that addresses each of the elements of a crash: the roadway, the driver and the vehicle.

Emphasis in funding should be given to safer highway design, improved road conditions, such as adequate shoulders on more roads, better lighting, better signage for seniors, and system enhancements that are proven to reduce car crashes. Funds should be provided for cleanup of roadway debris. We need an increased focus on results and metrics in order to properly evaluate current safety programs so we invest in those projects and programs that are truly having an impact. Without good data, we can't measure what's working and employ only countermeasures that work in education, enforcement, engineering and emergency services.

Kansas has come a long way through the twenty years of the first two comprehensive transportation plans. We have improved our competitive position economically because of the forward-thinking vision and stewardship Kansas elected officials have demonstrated in the past. However, for example, 530 of our state bridges, alone, are functionally obsolete, 59 are structurally deficient, and half of local bridges are already beyond their 50-year life. Without a continuous strong preservation, modernization and enhancement program that provides the flexibility necessary to adapt to changing priorities and needs, the transportation investments our Kansas motorists and the general public have made will become much more expensive and dangerous in the near future.

SB 498 responds to the work of KDOT, the T-LINK initiative and the work of the joint legislative study group and we support it with the hope that these issues of safety, adequate funding and equitably allocated benefits and payments among road users will be guarded and strengthened in the process.

Testimony before the Senate Transportation Committee  
 SB 498 & SB 515 – Transportation Works for Kansas Program  
 Presented by J. Kent Eckles, Vice President of Government Affairs



Monday, March 15<sup>th</sup>, 2010

The Kansas Chamber of Commerce appreciates the opportunity to present testimony in opposition to Senate Bills 498 & 515.

There is absolutely no question access to highways is highly valued by both the business development communities and existing Kansas businesses. (See attached 2009 *Area Development Magazine's* Annual Corporate Survey results). As you can see, highway accessibility was ranked #1 when site location consultants asked their clients/business CEOs what's "important" or "very important" when they consider relocating their companies. You will also note that tax considerations garner four of the top ten spots in the same survey, all of which are on the table this session for increases, which of course makes the state less competitive amongst our peer states.

In our Annual CEO Poll conducted in November 2009, we asked 300 businesses of varying size (85% had less than 10 employees) and geographic location throughout Kansas the following question: "What is most important to the profitability to your business?" Results are the following:

<u>MENTIONED:</u>	2009	2008
Workers' Compensation	19%	4%
Unemployment Compensation	3%	1%
Managing health care costs	32%	23%
<b>Lower taxes on business</b>	<b>43%</b>	<b>35%</b>
Decrease regulation/mandates	18%	13%
Stop frivolous lawsuits/Tort reform	13%	13%
Limit growth of state government	17%	16%
Economic incentives for business	18%	13%
Reduce fuel and energy costs	20%	42%

(Each survey participant was allowed up to 2 responses)

As you can see, 43% indicated that lowering taxes on business is a top issue facing their profitability. Of the businesses that would consider leaving, 32% said taxes are the consideration while the issue of business climate jumped from 9% a year ago to 25% this year.

When we asked respondents what growth strategy the state should pursue, "reducing the cost of doing business" garnered 58% of the responses - the next answer is 34% lower. We also gave respondents the options of "increase spending on education" and "increase spending on infrastructure" and the results were 4% and 6% respectively. They would have been even lower had we told them tax increases would be necessary for either growth strategy.

Regarding protecting existing funding streams, our members find it very disheartening they are already providing hundreds of millions of dollars in annual revenues for infrastructure spending and the State continues to use the State Highway Fund (SHF) as a savings account for other government spending – spending for which revenues were not intended. To add insult to injury, they are being asked to provide MORE funding with no guarantee whatsoever new revenues will be protected from such a similar fate. According to KDoT, over \$1B has been raided from the

SHF since '99 alone and no doubt more since the inception of the 1989 plan. These continual raids of the SHF is a major factor in the Kansas Chamber testifying in favor SCR 1627 and SCR 1614, which would establish a constitutional budget stabilization fund. If the State had such a fund, it could be used in economic downturns such as these without having to resort to spending cuts, tax increases and additional raids of the SHF.

The bottom line is that until the State gets its State General Fund in order, our members question the wisdom of embarking on a massive 10-year tax-and-spend proposal. The entire reason revenues to the State are down is because businesses and individuals are suffering. Employers are not making money and there are tens of thousands of unemployed Kansans. Just this session alone employers and individuals alike are faced with the following increased tax burdens, which will no doubt put many more of them out of business and in the unemployment line respectively. Enacting any or all of the below will only serve to exacerbate the state's revenue problem and prolong the recession:

- Massive Unemployment Insurance Tax increases due to sheer number of unemployed
- Sales tax increase
- Cigarette and tobacco tax increase
- Sweetened beverage tax increase
- Loss of sales tax exemptions on business inputs
- Motor Fuels Tax increases
- Licensing and registration fee increases

When businesses aren't making money and the State has lost 72,500 jobs since June of 2008, The Kansas Chamber's members want to know where all these new "revenue enhancements" will come from?

In closing, we want to be very clear: The Chamber is not opposed to enacting a comprehensive transportation program, but our membership strongly believes any "program" should focus on preservation and maintenance and not increase the cost of doing business. Further, any such program should protect existing funding streams before asking tax-payers for more revenues, which history has shown get used for other purposes.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.



# Site Selection Survey

## ★ 2009 *Area Development Magazine's* Annual Corporate Survey – Top Business Factors

1. Highway accessibility
2. Labor costs (UI taxes included)
3. Occupancy & construction costs
4. Availability of skilled labor
5. State & local tax incentives
6. Availability of land
7. Energy availability & costs
8. Tax Exemptions
9. Proximity to major markets
10. Corporate tax rate
11. Expedited permitting
12. Availability of advanced IT
13. Right-to-Work state
14. Low union profile
15. Accessibility to major airport
16. Environmental regulations
17. Available buildings
18. Available long-term financing
19. Proximity to suppliers
20. Shipping costs





March 15, 2010

**Memorandum:**

To: Senate Transportation Committee  
From: Thomas M. Palace  
Re: Testimony Opposing SB 498 and SB 515

Mr. Chairman and Members of the Senate Ways and Means Committee:

My name is Tom Palace. I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 300 independent Kansas petroleum distribution companies and convenience store owners throughout Kansas.

We stand before you as an opponent of SB 498 and SB 515 with regard to motor fuel tax increases.

As a user of roads in Kansas, it is difficult to stand before you today and oppose an expanded highway system. As do all Kansans, our members desire a safe, efficient highway system. In fact, since our livelihood depends on transporting safely a flammable material over the highways of our state, our members are acutely aware of the necessity of good roads.

Over the past year and a half, PMCA has attended a number of meetings held by the Kansas Department of Transportation, the Kansas Legislature and the T-LINK committee. Additionally, we met with Secretary Miller to discuss the transportation plan before T-LINK was formed and asked to be a member of the committee. Unfortunately that call never came; so we participated by attending meetings to gather information on the new highway plan and funding for the new comprehensive highway plan. It was interesting to note that there was not one convenience store retailer or petroleum marketer on the committee, but rather the majority of members on the committee all stand to be benefactors of a new plan.

As I stand before you today, the increase in motor fuel taxes is one of several tax increases that the Kansas Legislature is considering when will have a direct impact on the convenience store retailers in Kansas. The taxes the legislature is considering include: sales tax increase, tobacco tax increase, cereal malt beverage, gallonage tax and soda pop tax --all of which are targeted at the convenience store retailer.

All these tax increases impact retailers, but more importantly, they impact the Kansas consumer. Tax increases have a negative impact upon every convenience store retailer in

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Senate Transportation  
3-15-10  
Attachment 24

the state. Consumers won't change what they buy; they will change where they buy: they will simply find a cheaper way to purchase their goods. More specifically, retailers who compete on the border are hit the hardest when tax increases in their home state are passed. They watch the exodus of their customers cross the state line without the wherewithal to do anything about the cost disparity. They simply can't lower their prices enough to be competitive.

### **Indexing**

SB 498 – indexing motor fuel, will raise motor fuel prices \$.07 cents over a two-year period and will adjust the tax based on the consumer price index (today 2.6%). However the bill does not put a ceiling on how high the tax could be. I have included a spread sheet to show what the price of fuel would be in the next 40 years. Looking at the chart, if SB 498 were enacted, the Kansas motor fuel tax would be 100% higher than Missouri and Oklahoma in a very short period of time.

#### ***Other concerns with indexing***

- Consumers are denied the opportunity to be heard when fuel tax rates are to be adjusted or increased.
- Taxation without representation
- Annual fuel tax increases will broaden the cross border sales and only force Kansas consumers to cross state lines to purchase lower taxed, less expensive motor fuel, further eroding highway funding.
- All taxes should be subject to legislative review.
- Encourages unnecessary expansion of highways to the detriment of a more balanced transportation system.
- User fees/motor fuel taxes are diverted from highway construction and maintenance. Construction and maintenance of bike paths, airport runways, mass transit and short rail should not be funded by motor fuel taxes.
- Government needs to incorporate a system so that taxes for highway construction cannot be stolen from the KDOT budget.

### **Removing the Sales Tax Exemption**

SB 515 – sales tax on motor fuel - has the potential to raise motor fuel taxes over 20 cents per gallon. Kansas currently has a border tax problem with Missouri and Oklahoma. Both states currently have significantly lower motor fuel excise taxes. Enactment of SB 515 brings the border tax issue to every county in the State because each city/county has different tax rates.

- Adding a tax on a tax will increase credit card fees borne by the merchant.
- Crude oil prices will spike causing the price of motor fuel at the pump to increase; there is no ceiling to the amount of increase.
- Sales tax added after the sale will confuse consumers.
- Mechanical pumps do not have the capability to compute sales tax.



- Fuel excise taxes should be dedicated to highway transportation only. This bill funds airports, bike paths walking paths and short rail.
- The loss of ancillary sales impacts the State General Fund when cross border sales occur, further eroding the Kansas revenue stream of tax dollars.

The National Association of Convenience Stores has reported that consumers are more sensitive to gas prices than other top economic concerns. Consumers will change their behavior to save a few cents per gallon. In fact it would not be uncommon for a person to drive 5-7 miles out of their way to save 2 cents. Price is the deciding factor when consumers choose to purchase fuel. If people are willing to drive 5-7 miles out of their way to save 2 cents per gallon, it is a pretty good guess that driving 10-15 miles out of their way to save 17 cents would not be out of the question.

It is no secret that there is a tax disparity for retailers that compete on the border. Recently one Kansas retailer decided to change its street address to a Missouri address. I am referring to the recent actions taken by the QuikTrip Corporation (see attachment). QuickTrip moved a store in Kansas City, Kansas 100 feet to the east so that it would have a Missouri address – at a cost of \$3.4 million. The loss to Kansas is estimated to be \$1.4 million in state and local taxes. The \$1.4 million is a financial loss that Kansas cannot afford. I would venture a guess that if more Kansas convenience store retailers had the corporate backing to be able to do the same thing QuikTrip did, they would give serious consideration to a similar move.

I have also attached a newsletter that I thought you should see as well. The newsletter is from the Missouri Petroleum Marketers and Convenience Store Association highlighting parts of Governor Parkinson's State-of-the-State Address. The Newsletter states "If Kansas balances their budget by increasing their state sales tax and state tobacco tax, it's all but certain that Missouri retailers near the Kansas border will benefit and see an increase in cross-border customer traffic."

Mr. Chairman, these two legislative proposals to fund a highway program are very unrealistic in today's economic climate. In the best of times these two proposals would be seen as overly optimistic. When the state is trying to find a way to fill a \$500 million budget deficit (and that number could increase) and at the same time considering numerous tax proposals to fund the budget deficit, how can we realistically consider another transportation plan that raises motor fuel taxes 33%-100%?

Additionally, it is not uncommon for the Kansas Legislature to steal from fee funded agencies and KDOT reserves. The Kansas Legislature must come up with a solution to this very serious problem. KDOT has reported that the state highway fund has losses of over a billion dollars because of state budget deficits. So, in essence, this bill appears to fund a new comprehensive transportation plan, but in reality (as history shows) this is simply a funding mechanism to set up a reserve that highways may use...as long as the legislature does not need the money.

PMCA opposes SB 498 and SB 515 and urges the committee to oppose this bill as well.

Year	Colorado		Nebraska		Missouri		Oklahoma		Kansas	
	Gasoline	Special Fuel	Gasoline	Special Fuel	Gasoline	Special Fuel	Gasoline	Special Fuel	Gasoline	Special Fuel
2010	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.240	\$ 0.260
2011	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.240	\$ 0.260
2012	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.240	\$ 0.260
2013	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.287	\$ 0.308
2014	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.318	\$ 0.339
2015	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.326	\$ 0.349
2016	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.339	\$ 0.358
2017	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.349	\$ 0.367
2018	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.358	\$ 0.377
2019	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.367	\$ 0.387
2020	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.377	\$ 0.397
2021	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.387	\$ 0.407
2022	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.397	\$ 0.418
2023	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.407	\$ 0.428
2024	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.418	\$ 0.439
2025	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.428	\$ 0.451
2026	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.439	\$ 0.463
2027	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.451	\$ 0.475
2028	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.463	\$ 0.487
2029	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.475	\$ 0.500
2030	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.487	\$ 0.513
2031	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.500	\$ 0.526
2032	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.513	\$ 0.540
2033	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.526	\$ 0.554
2034	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.540	\$ 0.568
2035	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.554	\$ 0.583
2036	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.568	\$ 0.598
2037	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.583	\$ 0.614
2038	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.598	\$ 0.630
2039	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.614	\$ 0.646
2040	\$ 0.220	\$ 0.205	\$ 0.239	\$ 0.233	\$ 0.176	\$ 0.176	\$ 0.170	\$ 0.130	\$ 0.630	\$ 0.663



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THE KANSAS CITY STAR

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Sunday, Jan 24, 2010

Posted on Tue, Aug. 25, 2009

## QuikTrip razes store on Kansas side, will open one 100 feet away in Missouri

The QuikTrip store on Southwest Boulevard is half in Missouri, half in Kansas.

Most customers might not have noticed or cared — until now.

The company on Monday started bulldozing the store at 27 Southwest Blvd. and will open a new store about 100 feet away. When it opens in late October, that store technically will be a Missouri business and customers won't have to pay the higher Kansas taxes on cigarettes and gas. They also will be able to buy liquor with stronger alcohol content than 3.2 beer.

"It's pure economics. We want that store to survive," said Michael Thornbrugh, spokesman for QuikTrip. "Quite frankly it was a mediocre store. This gives our customers more options. Gasoline is six cents higher in Kansas, and tobacco is about 50 cents more per pack or \$5 a carton."

The 15 or so employees will temporarily transfer to other area QuikTrip stores during the construction.

Thornbrugh said the company has done such a move before, including relocating a QuikTrip on Rainbow Boulevard to the Missouri side of the state line. But that store relocated blocks away, not feet away.

As for Kansas City, Kan., it will surely miss the tax dollars from the Southwest Boulevard location, which has been operating since at least the mid-1980s.

"It's unfortunate that this particular business has decided to move across the state line at a time when our city continues to make great progress," said Edwin Birch, spokesman for the Unified Government.

"Wyandotte County has attracted new and one-of-a kind business developments to our region as many business owners continue to see opportunities for growth in Wyandotte County and Kansas City, Kan."

But QuikTrip's Thornbrugh said changes may need to be made to keep some border businesses in Kansas City, Kan.

"They are great to work with but their hands are tied. It's unfortunate that the city and county has no say," he said.

To reach Joyce Smith, call 816-234-4692 or send e-mail to [jsmith@kcstar.com](mailto:jsmith@kcstar.com).

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Missouri Petroleum Marketers and Convenience Store Association (MPCA)

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**Petroleum Marketing and Convenience Store News from MPCA**

JANUARY 18, 2010

1. PACE 2010: General Information & Thank You PACE Sponsors & Exhibitors!
2. 2010 Membership Dues: Please Pay ASAP.
3. Kansas Budget Fix May Benefit Missouri Retailers.

### ***3. KANSAS BUDGET FIX MAY BENEFIT MISSOURI RETAILERS.***

**A. KANSAS GOVERNOR PARKINSON'S 1/11/10 STATE-OF-THE-STATE SPEECH.** The following are direct quotes from Kansas Governor Mark Parkinson's 1/11/10 State-of-the-State Address.

"That is because we face another budget hole of almost \$400 million. We are not \$400 million short of what we need to get these programs back to where they need to be. We are \$400 million short of what we need to keep most of these budgets at their already drastically cut levels.

"Here is my plan to come up with the \$400 million - we need to raise two taxes. We must take the cigarette and tobacco tax from 79 cents a pack and raise it to the national average of \$1.34. Not only will this allow us to raise revenue, it has the added benefit of reducing teen smoking. Study after study demonstrates that if you raise this tax, teen smoking will decline.

"We must also raise our sales tax by one cent for a temporary period of 36 months. A temporary increase of just one cent allows us to fund our programs at the minimum acceptable levels while we work our way out of this recession. I am then proposing that after the third year the tax retreat, leaving just two tenths of a cent in place that would be available to craft a moderate but necessary highway program."

**B. MPCA'S THOUGHTS.** Currently, Missouri has a state sales tax advantage over Kansas - 4.225% versus 5.3% - as well as a substantial state cigarette tax advantage - 17 cents per pack (\$1.70 per carton) versus 79 cents per pack (\$7.90 per carton).

If Kansas balances their budget by increasing their state sales tax and state tobacco tax, it's all but certain that Missouri retailers near the Kansas border will benefit and see an increase in cross-border customer traffic.

It's the very definition of short-sighted when state Legislators over-tax the very industries that will drive their economic recovery and development and implement tax policies that force their citizens to purchase goods and services in lower taxed border-states.

# Memorandum

**Identifying Information:** Tax Rates  
**Tax Type:** Motor Vehicle Fuel Tax  
**Brief Description:** Historical Tax Rates from 1925 to Present  
**Keywords:**

**Body:**

Kansas Department of Revenue, Research and Revenue Analysis

**Kansas Motor Fuel Tax Rates**

[Motor fuels tax is per gallon; trip permits are each; oil inspection fee is per barrel (50 gallons)]

Legislative Session Year	Effective Date	Fiscal Year	Gasoline	Gasohol	E-85 Gasohol	Diesel	LP-Gas	Compressed Natural Gas*	Motor Carrier Trip Permits	Inventory Tax	Oil Inspection Fee (bbl)
1925	5-1-25	1925	\$0.02								
1929	4-29-29	1929	\$0.03								
1935	7-1-35	1936	\$0.03								
1941	7-1-41	1942	\$0.03			\$0.03	\$0.03				\$0.03
1945	3-1-46	1946	\$0.04			\$0.04	\$0.04				\$0.03
1949	4-1-49	1949	\$0.04			\$0.04	\$0.04				\$0.03
1949	7-1-49	1950	\$0.05			\$0.05	\$0.05				\$0.005
1955	7-1-56	1956	\$0.05			\$0.07	\$0.07				\$0.005
1956	7-1-56	1957	\$0.05			\$0.07	\$0.05				\$0.005
1957	7-1-57	1958	\$0.05			\$0.07	\$0.07				\$0.005
1959	7-1-59	1959	\$0.05			\$0.07	\$0.05				\$0.005
1969	7-1-69	1970	\$0.07			\$0.08	\$0.05			\$0.02	\$0.005
1971	7-1-76	1972	\$0.07			\$0.08	\$0.05		\$3.00	\$0.02	\$0.005
1976	7-1-77	1977	\$0.08			\$0.10	\$0.07		\$3.00	\$0.01	\$0.005
1977	3-1-76	1978	\$0.08			\$0.10	\$0.07		\$5.00	\$0.01	\$0.005
1979	7-1-77	1980	\$0.08	\$0.03		\$0.10	\$0.07		\$5.00	\$0.01	\$0.005
1979	7-1-79	1981	\$0.08	\$0.04		\$0.10	\$0.07		\$5.00	\$0.01	\$0.005
1979	7-1-80	1982	\$0.08	\$0.05		\$0.10	\$0.07		\$5.00	\$0.01	\$0.005
KAR*	7-1-81	1982	\$0.08	\$0.05		\$0.10	\$0.07	\$0.07	\$5.00	\$0.01	\$0.005
1979	5-1-82	1983	\$0.08	\$0.06		\$0.10	\$0.07	\$0.07	\$6.00	\$0.02	\$0.005
1983	7-1-83	1984	\$0.10	\$0.06		\$0.12	\$0.09	\$0.09	\$6.50	\$0.02	\$0.005
1983	1-1-84	1984	\$0.11	\$0.06		\$0.13	\$0.10	\$0.10	\$6.50	\$0.01	\$0.005
1985	7-1-85	1986	\$0.11	\$0.07		\$0.13	\$0.10	\$0.10	\$6.50	\$0.01	\$0.005
1985	7-1-86	1987	\$0.11	\$0.08		\$0.13	\$0.10	\$0.10	\$6.50	\$0.01	\$0.005
1987	7-1-87	1988	\$0.11	\$0.11		\$0.13	\$0.10	\$0.10	\$6.50	\$0.03	\$0.005

1989	7-1-89	1990	\$0.15	\$0.15		\$0.17	\$0.14	\$0.14	\$8.50	\$0.04	\$0.005
1989	7-1-90	1991	\$0.16	\$0.16		\$0.18	\$0.15	\$0.15	\$9.00	\$0.01	\$0.005
1989	7-1-91	1992	\$0.17	\$0.17		\$0.19	\$0.16	\$0.16	\$9.50	\$0.01	\$0.005
1989	7-1-92	1993	\$0.18	\$0.18		\$0.20	\$0.17	\$0.17	\$10.00	\$0.01	\$0.005
1990	7-1-90	1991									\$0.01
1996	7-1-96	1997									\$0.015
1999	7-1-99	2000	\$0.20	\$0.20		\$0.22	\$0.19	\$0.19	\$11.00	\$0.02	\$0.015
2001	7-1-01	2002	\$0.21	\$0.21		\$0.23	\$0.20	\$0.20	\$11.50	\$0.01	\$0.015
2002	7-1-02	2003	\$0.23	\$0.23		\$0.25	\$0.22	\$0.22	\$12.50	\$0.02	\$0.015
2002	7-1-03	2004	\$0.24	\$0.24		\$0.26	\$0.23	\$0.23	\$13.00	\$0.01	\$0.015
2006	1-1-07	2007			\$0.17						
2008	1-1-09	2009									\$0.0135

\* Kansas Administrative Regulations, 92-14-9. 120 cubic feet of compressed natural gas equals one gallon.

Sources: Kansas Statutes Annotated: 55-426;79-34,141;79-34,118 and KAR 92-14-9  
 Kansas Department of Revenue, Motor Fuel Tax Section  
 Kansas Legislative Research, KANSAS TAX FACTS, various  
 Kansas Department of Transportation, SELECTED STATISTICS, various  
 Kansas Administrative Regulations

**Date Composed: 10/06/1997 Date Modified: 02/05/2009**



March 10, 2010

Memorandum

To: Senate Transportation Committee  
From: Gratz Peters  
Re: Opposition to:  
SB 498 Indexes Motor Fuel Taxes to CPI  
SB 515 Removes Sales Tax Exemption on Motor Fuels

Mr. Chairman and members of the Senate Transportation Committee:

Thank you for the opportunity to appear before you today to voice opposition to both SB 498 and SB 515.

My name is Gratz Peters. I am a lifelong Kansan and have been a convenience store retailer in SEK for over 30 years. We serve 17 communities in Southeast Kansas along with four, soon to be five, communities in Oklahoma and Missouri with over 300 employees.

Having stores in Oklahoma and Missouri puts us in an advantageous position because it allows us to see first hand the effects of tax disparities from the other side of the Kansas border. In Kansas we have lower average per store sales with typically higher margins on those sales. In Oklahoma and Missouri we have the opposite where we have higher average per store sales; typically with lesser margin on those sales. In the retail world volume is king. In other words it's the Walmart model. Sell a bunch of it and you don't have to make as much profit on it and the stockholders are happy. This must be the Missouri and Oklahoma legislative model as well. Keep the taxes lower and sales volumes high and keep their taxpayers happy along with their Kansas customers too.

In Kansas we retailers are already at a competitive disadvantage on motor fuel sales largely due to the excise tax disparity between Missouri and Oklahoma. If we raise motor fuel taxes to the extent that these two bills propose we can add Nebraska and Colorado to the list as well.

With over 30% of Kansans living in counties that border Missouri and nearly 40% when you take in counties that border Oklahoma, those Kansas consumers have easy access to avoid Kansas taxes not only on motor fuel but on tobacco purchases as well. I live in the second county in from both Missouri and Oklahoma and I know of many consumers that make these purchases out of state on every occasion they can. Many couple their purchases of not only fuel and tobacco but also groceries, alcohol, home improvements, and even cars and make planned trips out of state on a regular basis. Let's not forget that Kansas loses sales tax on these purchases as well.

I wish I had a nickel for every time I have fielded the question “why is gas and cigarettes in Missouri and gas in Oklahoma so much cheaper”. Anymore I simply reply that they need to call their legislators and ask them that question.

I have attached a spreadsheet titled Annual Sales Comparison – Fort Scott Market. Fort Scott is a border town in which we serve and have a significant market share in. Please note the fuel gallons sold in 1996 before the current tax disparity and compare it to 10 years later in 2006. Then compare it with 2009. We sold 1,135,000 less gallons in our stores in 2009 than in 1996. It should be noted that there has been some competitive changes within the Fort Scott market during this time frame. There have been three convenience stores close and the two grocery stores have added fuel sales which I believe offset each other and thereby further validate this comparison.

Now find the gallon sales at a store located just across the Kansas/ Missouri line within three miles of Fort Scott’s city limits. We are in the process of buying this store and have access to their 2009 sales numbers. This store was built in 1986 before the first CTP in 1989 which means that there had to be a disparity even then for someone to make that kind of investment where there is no town around it to support it. There are only a few nearby residents and Kansas customers to support it. It is a small store by today’s standards with a large fueling facility. It was built on what is now old hwy 54 and has since been bypassed and passersby wouldn’t know it is there if they weren’t looking for it. There is a very nice concrete super two lane highway from Fort Scott to the Missouri line built in the most recent CTP that makes it convenient and safe for Fort Scott area residents to get to. I find it ironic that the gallon sales at this one store nearly offsets gallons we have lost in Fort Scott.

Additionally, I have included tobacco and beer sales numbers for your information. Note that in this scenario that the one Missouri store sells nearly 3 times more tobacco and nearly 8 times more beer than what the average Fort Scott store sells. This directly impacts the retail price of fuel in Kansas costing Kansas consumers more for their fuel purchases. Again Kansas also loses the sales tax revenues on these sales.

This is just one example of many up and down the state line. We have all heard of QT’s move of 100 feet from Kansas to the Missouri side in Kansas City at a cost to them of 3.5 million dollars.

I was told by a legislator on the house side that they anticipate a 27% drop in cigarette pack sales in Kansas if the proposed tax hike on cigarettes passes this session. I would have to assume that there is also an anticipated drop in fuel gallons if one of these bills pass. Can someone explain to me how penalizing our businesses and consumers makes any sense at all?

Kansas has the third largest highway system in the nation. That combined with our average to below average population density we have to be at or near the bottom in the miles per capita ratio. Last I knew Kansas highways were rated in the top five in the nation for condition. Is there really a worth while upside to being number 1?? No one

wants to see our highways get worse but can we not be satisfied with what we have and maintain what we have until this economy turns around or better yet until Missouri and Oklahoma react to our last fuel tax increases?

In closing, we all know that there are self serving and self interested parties on both sides of this issue, as with any issue, but in total these people represent a very, very small percentage of the total Kansas population. If you were to take this small number of people out of your decision process on these bills and consider what the people in your districts think or better yet how they would vote on these bills given the chance, I think you would find that overwhelmingly they would vote against these funding bills, especially in our current economic environment.

Please do not support these bills.

Thank you Mr. Chairman and committee members.

Gratz Peters

ANNUAL SALES COMPARISON

FORT SCOTT MARKET

STORE LOCATION	1996	2006	VARIANCE	%	2009	VARIANCE	%
Fort Scott # 14	1239927	1368913			1716292		
Fort Scott # 55*	1318975	708159			1071797		
Fort Scott # 56*	653071	430787			409745		
Fort Scott # 18*	1092337	605222			111160		
Fort Scott # 27**	619016	457434			478926		
Total	4923326	3570515	-1,352,811	-27.48	3787920	-1,135,406	-23.07

Missouri store just across state line  
(3 miles from Ft Scott city limits) 1,104,000

Points of interest

	Mo. State Line 1 store	Ft Scott Ks Stores 5 stores listed above	AVERAGE	
	TOTAL	TOTAL	per store	variance%
Cigarettes sales	\$797,532	\$1,539,082	307,816	-61.4
Beer sales	\$210,876	\$135,327	27,065	-87.2

This store only exists due to Kansas tax and liquor laws disparity. There are only a few neighboring houses to support this store. Town of Deerfield, Mo. 4 or 5 miles away and it has its own store.



# Kansas Motor Carriers Association

*Trucking Solutions Since 1936*

## Legislative Testimony

**Presented before the:**

**Senate Transportation Committee  
Senator Dwayne Umbarger, Chairman  
Monday, March 15, 2010**

**Jason Hammes**  
Frito Lay Service &  
Distribution  
President

**Larry Dinkel**  
Jim Mitten Trucking, Inc.  
Chairman of the Board

**Sherwin Fast**  
Great Plains Trucking  
First Vice President

**Larry Graves**  
Farmers Oil, Inc.  
Second Vice President

**Jane Westerman**  
Cargill Meat Logistics  
Solutions  
Treasurer

**Larry "Doc" Criqui**  
Kansas Van & Storage  
Criqui Corp.  
Corporate Secretary

**Ken Leicht**  
Rawhide Trucking, Inc.  
ATA State Vice President

**Mike Miller**  
Miller Trucking, LTD  
ATA Alternate State VP

**Calvin Koehn**  
Circle K Transport, Inc.  
Public Relations Chairman

**Tony Gaston**  
Rawhide Trucking  
ProTruck PAC Chairman

**Jeff Robertson**  
JMJ Projects, Inc.  
Foundation Chairman

**Richard Orton**  
Roberts Truck Center, LTD  
Allied Industries Chairman

**Tom Whitaker**  
Executive Director

**Presented by the:**

**Kansas Motor Carriers Association  
Tom Whitaker, Executive Director  
Kevin Gregg, Director of Industry Relations**

**State Capitol  
Topeka, Kansas**

**Legislative Testimony**

**By the  
Kansas Motor Carriers Association  
Presented before the  
Senate Transportation Committee  
Senator Dwayne Umbarger, Chairman  
Monday, March 15, 2010**

**MR. CHAIRMAN AND MEMBERS OF THE  
SENATE TRANSPORTATION COMMITTEE:**

I am Tom Whitaker, executive director of the Kansas Motor Carriers Association. I appear here this afternoon along with Kevin Gregg, KMCA's director of industry relations, representing our 1150 member firms and the Kansas trucking industry in opposition to certain provisions of Senate Bill Nos. 498 and 515.

The trucking industry has been hit particularly hard by the severe downturn in the U.S. economy. U.S. truckload carrier volumes fell a total 24% from late 2007 through mid-2009. Since then, volumes are up moderately, but still well below the peak. LTL (less-than-truckload) volumes contracted even more, falling 30% peak-to-bottom. Not only did volumes fall, so did pricing. Pricing proxies, revenue/per mile (TL) fell 15% peak-to-bottom while revenue per shipment (LTL) plunged 23%. With both volumes and pricing off, revenue was hit even harder. From the peak (mid-2008) to the bottom (late 2009), trucking industry revenue contracted a staggering 38%. These weak numbers resulted in necessary cost cutting measures. As an example, industry employment fell substantially more than overall US employment from late 2007 through 2009. Specifically, US employment contracted about 5.5% during that period, while trucking industry employment was off nearly 15%.

Our industry's plight is not unlike the budget crisis Kansas has endured for the last ten years as evidenced by a total of \$1.02 billion that has been taken from the State Highway Fund from the FY 1999 to FY 2010 budget years. This amount does not include monies generated from the motor carrier property tax which are supposed to be transferred to the City/County Highway fund and are currently being used to balance to State's budget.



The Kansas Motor Carriers Association cannot stand here today and support additional revenue enhancements for a new transportation program until such time we can be assured that the taxes paid will be used for a transportation plan and not as a rainy day fund. Further, KMCA cannot support a transportation plan that funds additional dollars for railroads, transit and aviation on the backs of highway users. As KMCA has listened to the proponents for SB 498 and 515, it appears there are a lot of groups represented here with their hands out asking for money but no checkbook to help pay the bills.

KMCA does support the provisions of SB 498 and 515 related to cash flow and debt management strategies, including an 18% debt service cap, the authority to issue 25 year bonds, the use of Build America Bonds, and the authority to refund both principal and interest.

KMCA has additional concerns with SB 498 and 515. These concerns include the provisions relating to tolling, registration fee increases on semi-trailers, indexing of the motor fuel tax to the Consumer Price Index and removing the sales tax exemption from motor fuels.

**Tolls** – Current law allows the Secretary of Transportation to conduct a feasibility study for constructing a new toll project or turnpike project or designating existing highways or any portion of such highways as a toll project or turnpike project. SB 498 and 515 add language to allow the Secretary to recommend the construction of a new toll project or turnpike project or the designation of an existing highway or any portion of such highway as a toll project or turnpike project. While KMCA does not believe the current Secretary would recommend the tolling of Interstate 70, KMCA cannot be sure of the actions of future Transportation Secretaries.

Therefore Mr. Chairman, KMCA requests additional language be added to section 27 of SB 498 and 515 to require that toll financing only be used for construction of new highways, upgrading of existing non-Interstate to highways with significantly greater capacity and safety benefits, or construction of new lanes on existing highways, provided the existing lanes remain toll-free and open to all vehicles that were allowed to use the highways prior to the capacity expansion.

**Registration Fees on Trailers** – SB 498 and 515 increase the registration fees on all trailers by \$20. KMCA opposes this increase. Trailer registration is merely for identification purposes and not part of the “gross weight” registration. In Kansas, the power unit carries the registration weight for the combination of vehicles and the maximum load. The \$55 registration fee on a semitrailer will make Kansas one of the most expensive States to register a trailer and could force fleets to move their trailers to a different state, thereby reducing revenue for Kansas. KMCA has long advocated for permanent registration for semitrailers. Permanent registration would eliminate the need for fleet owners to track down their trailers every year to attach a new sticker and reduce the cost to the state of handling the registration annually. KMCA recommends that the registration fee of \$35 for trailers with a gross weight of more than 12,000 lbs. be rolled into the power unit registration fee for vehicles over 54,000 lbs. and a one-time fee of \$10 be added to the initial issuance to cover the cost of the license plate.

**Removing the sales tax exemption on motor fuels** – KMCA is opposed to elimination of the sales tax exemption on the purchase of motor vehicle fuels. A policy change of this magnitude needs to have careful consideration. As has been stated before, “the devil is in the details.” The following bullet points illustrate some of the problems with this policy change:

- SB 515 contains no cap on the amount of tax that could be collected, nor is there any provision for any reduction in tax rates should the measure produce revenues in excess of demonstrated need or in excess of KDOT’s ability to use such revenues.
- SB 515 would apply an additional sales tax to already collected state and federal per gallon motor fuel taxes. A tax upon taxes.
- Current state fuel tax on gasoline is \$.24 per gallon and on diesel the tax rate is \$.26 per gallon. The federal fuel tax rate is \$.184 per gallon on gasoline and diesel is taxed at \$.244 per gallon. Charging sales tax on the state and federal tax further exaggerates the “diesel differential” already imposed under the current per gallon tax and puts an increased tax burden on those that operate diesel powered vehicles.

- Kansas is a member of the International Fuel Tax Agreement (IFTA). Motor carriers operating vehicles across state lines pay fuel tax to each jurisdiction based on the miles traveled and gallons purchased in each jurisdiction. To add a sales tax to the mix would require the Kansas Department of Revenue to make substantial changes to IFTA. Provisions covering this issue are not addressed in SB 515.
- SB 515 would apply the sales tax to motor fuel purchased for off road use (i.e. farm fuel, construction equipment fuel, golf carts, and railroads).
- SB 515 provides a revenue windfall for cities and counties that currently have a local option sales tax and encourages those that do not have a local option sales tax to implement one.
- SB 515 penalizes cities and counties without a local option sales tax by reducing the pool of money in the City/County Highway Fund with the proposed \$.05 reduction in the per gallon tax on motor vehicle fuels.
- The tax increases in SB 515 would put Kansas at a distinct disadvantage compared with our surrounding states. KMCA believes it would encourage truckers to buy fuel out-of-state and limit their miles traveled in Kansas, thereby reducing expected revenue. The highway revenue generated from trucks operating through Kansas on I-70 helps pay for maintenance on lesser traveled roads.

**Example of Sales Tax on Motor Fuel**

	<b><u>Gasoline</u></b>	<b><u>Diesel</u></b>
Avg. Retail Price	\$2.695	\$2.87
5.3% Sales Tax	<u>\$ .143</u>	<u>\$ .152</u>
Sub Total	\$2.838	\$3.023
Topeka 2.65%	<u>\$ .071</u>	<u>\$ .076</u>
<b><u>Total Tax Increase</u></b>	<b>\$ .214 per gallon</b>	<b>\$ .238 per gallon</b>

**Indexing of Motor Fuels Tax** – The provisions of SB 498 increase the tax rate on gasoline and diesel by \$.04 per gallon in 2013 and by another \$.03 per gallon in 2014. This bill also indexes the motor fuel tax to the Consumer Price Index which would adjust the fuel tax rate to the nearest 1/10<sup>th</sup> of a cent on an annual basis beginning the same time as the fuel tax is increased by \$.04 per gallon. SB 498 does not provide for a maximum annual increase in the fuel tax rate.

Without such a maximum, the Legislature relinquishes its responsibility to retain control of such tax rates and to review periodically the relationship of highway needs and fuel tax collections. As in KMCA's comments on SB 515, this legislation does not provide for any reduction in tax rates should the measure produce revenues in excess of demonstrated needs or in excess of KDOT's ability to spend such revenues. The procedure contained in SB 498 further denies taxpayers of the state the opportunity to be heard when fuel tax rates are to be adjusted. KMCA strongly objects to such a procedure.

**Conclusion** – Mr. Chairman, times are tight. Whether these tax enhancements contained in SB 498 and 515 take effect in 2013 or tomorrow, they still constitute a large tax increase on Kansas highway users. The trucking industry is made of numerous small businesses. Forty-six percent of the trucking companies in Kansas operate one truck and ninety-six percent operate nineteen or fewer trucks. As stated earlier, KMCA cannot support additional revenue enhancements until such time as the Governor and the Legislature can assure motor carriers that revenue for a new transportation plan will be used for its intended purpose and not to balance the State's general fund. In addition, we cannot support a transportation plan that funds transit, railroads and aviation solely on the backs of highway users.

We thank you for allowing KMCA to appear before you today and would be pleased to respond to any questions you may have.

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## CASEY'S GENERAL STORES, INC.

P.O. Box 3001 • One Convenience Blvd., Ankeny, Iowa 50021-8045 • 515-965-6100

**TESTIMONY OF BOB ALDERSON**  
**ON BEHALF OF CASEY'S GENERAL STORES, INC.**  
**BEFORE THE SENATE COMMITTEE ON TRANSPORTATION**

**MARCH 15, 2010**

Chairman Umbarger and Members of the Committee:

My name is Bob Alderson, and I am appearing on behalf of Casey's General Stores, Inc. in opposition to Senate Bill Nos. 498 and 515 ("T-WORKS Legislation"). Casey's is located in Ankeny, Iowa, and it operates 1,507 convenience stores in nine Midwestern states, including 111 stores in Kansas. These stores employ hundreds of Kansans, with an annual payroll in the millions; pay many thousand of dollars in Kansas property taxes; and also collect and remit hundreds of thousands of dollars to the State of Kansas.

To say that Casey's is opposed to the T-WORKS Legislation is not entirely accurate. Casey's does not oppose the development of a new, comprehensive transportation plan. In fact, Casey's supports the development of a new plan. However, Casey's cannot support funding the new transportation plan through substantial increases in motor-vehicle fuel taxes.

Along the eastern and southern borders of Kansas, the Casey's stores and other convenience stores located along and near these borders already are losing business to stores in Missouri and Oklahoma. The higher Kansas gasoline, sales, tobacco and alcohol taxes are anti-competitive. As the difference between taxes in Kansas and taxes in bordering states increases, more and more Kansas consumers travel across state lines to buy gasoline or cigarettes or beer, because the prices on these items are lower in these bordering states due to the lower taxes. But, the Kansas stores are not just impacted by loss of sales on gasoline, cigarettes and beer. While Kansans are purchasing these items in bordering states, they also are purchasing bread, milk, snacks and other grocery items while they are there.

Nearly one-third of all Kansans live in counties that border Missouri, so the resulting loss of revenue to Kansas border county retailers is becoming quite significant. The stories about the adverse impact on Kansas convenience stores as a result of these tax disparities include stories of stores closing because of the difference in taxes. As a well-publicized example, I trust the Committee is aware of QuikTrip, Inc. recently closing its store in Kansas City, Kansas and relocating the store 100 feet to the east into Kansas City, Missouri at a cost of over three million dollars. The relocation was motivated by the lower taxes in Missouri across the board. This is not the first time that QuikTrip has relocated a Kansas store in Missouri. The first time the store was moved only a matter of a few blocks.

Senate Transportation  
3-15-10  
Attachment 27

Of course, the Kansas stores are not the only ones who suffer from this situation. Government is also a loser. The loss of sales of gasoline, cigarettes, beer and grocery items means a loss of tax revenue from these items. Moreover, the loss of these sales also will result in a reduction in income tax revenues, as well. How significant are these tax revenue losses? It is estimated that the relocation of the QuikTrip store to Kansas City, Missouri will result in a loss of \$1.4 million of tax revenues annually to state and local governments in Kansas. Of course, the loss of revenue by a border county convenience store that remains in Kansas is not that dramatic. But, the QuikTrip relocation serves to illustrate the value of convenience stores to the state's economy.

I share the concern that you will hear expressed by the Petroleum Marketers and Convenience Store Association of Kansas regarding the taxes being considered this session that will directly and adversely impact convenience stores. The taxes the legislature is considering include a sales tax increase, a tobacco tax increase, an increase in the cereal malt beverage gallonage tax and a new soda pop tax. All of these are targeted at convenience store retailers. And each of these taxes will make the border county retailers less and less competitive with retailers in neighboring states, particularly Missouri and Oklahoma. Should all of these tax increases be enacted, it will have a devastating effect on border county convenience stores.

In these difficult economic times, higher taxes make it even tougher for Kansas convenience stores to survive, particularly those located in border counties. Most convenience stores lack the financial wherewithal to relocate to another state to avoid the higher Kansas taxes, so the higher Kansas taxes on items sold by convenience stores may contribute significantly to the closure of some of these stores.

And this Committee should be clear that this is not just a border county issue. When the revenues generated by the convenience stores in border counties decrease, the state loses tax dollars. Who will be expected to make up these deficiencies in tax revenues? Make no mistake. Taxpayers throughout the state will share in this burden. This is a statewide issue, not just one that affects the convenience stores who make the unfortunate choice of locating in a border county.

I appreciate the opportunity to appear before the Committee in opposition to the T-WORKS Legislation, and I will attempt to answer any questions members of the Committee may have.





# AMERICANS FOR PROSPERITY

K A N S A S

Senate Bills 498 & 515  
Senate Transportation Committee

March 15, 2010

Mr. Chairman and Members of the Committee:

On behalf of the nearly 40,000 Kansas members of Americans for Prosperity, I want to thank you for the opportunity to provide testimony in opposition to Senate Bills 498 & 515.

Americans for Prosperity believes the previous two highway/transportation plans, the 1989 \$3.152 billion plan and 1999's \$13.5 billion plan, have resulted in Kansas possessing very good roads for its citizens. The commitment Kansas has made to building and maintaining its roads is apparent when looking at average state highway spending per capita. Kansas ranked eighth in the country for the 2002-2006 time period and 15<sup>th</sup> in 2007. (Federal Highway Administration)

This is evident in the report entitled, *Performance of State Highway System 2008* by Dr. David Hartgen of the University of North Carolina. The report lists Kansas as one of only eight states with zero percent poor road conditions for both rural and urban interstate roads. The report also ranks Kansas first in rural highway condition, 12<sup>th</sup> in rural non-highway condition, first in urban highway condition, and 10<sup>th</sup> in urban highway congestion.

But while Kansas has good roads, it's important to note with average annual population increases of less than one-half of one percent, Kansas simply has good roads that are lightly traveled as a whole. Kansas is 43<sup>rd</sup> lowest in the country for average daily traffic per lane. (Average Daily Traffic Per Lane 2007; US Dept. of Trans., Federal Highway Admin.)

In part due to the fact that Kansas roads are lightly traveled, AFP believes discussions should center on preserving and the adequate maintenance of existing roads.

The first priority of the Legislature should be to reform the way taxpayer dollars are being spent. From FY 2004 to FY 2009, state general fund spending increased 40 percent. This excessive rate of spending is the primary factor as to why Kansas is facing such a large budget shortfall. The growth of our state government in a state that has stagnant population growth combined with an uncompetitive tax burden as compared to our neighboring states, has placed Kansas on a path that discourages economic growth.

To add to the state's tax and debt burden would place us at an even larger disadvantage to our surrounding states.

### Potential Funding Sources For Transportation Plans

- **Debt:** Kansas' debt per capita is higher than all its surrounding states.
  - Kansas: \$1,202 per person – Ranked 18th
  - Missouri: \$675 per person – Ranked 33rd
  - Oklahoma: \$493 per person – Ranked 38th
  - Colorado: \$315 per person – Ranked 45th
  - Nebraska: \$22 per person – Ranked 50th
- Kansas' debt has increased 874.5% since 1992, from \$424 million in 1992 to \$4.13 billion in 2007. (Moody's Special Comment 2008, Kansas Development Finance Authority)
- Kansas' debt is now equal to 72% of the SGF receipts. That means if all of Kansas' debts were paid off there would only be 28% of the revenue left.
- **Sales tax:** Kansas already has the second highest sales tax rate in the region; a cent higher than Missouri, .80 cents higher than Oklahoma and 2.4 cents higher than Colorado.
- **Income tax:** Kansas has the second highest personal income tax rates and the second highest corporate income tax rates in the region.
- **Fuel tax:** Kansas has the second highest fuel tax in the region, behind only Nebraska. Kansas is 2 cents above Colorado and 7 cents higher than Oklahoma. Missouri's gas tax is 6 cents lower than that of Kansas.

Considering that 33 percent of our population lives along the Missouri border, special consideration should be made to how we compare in border war type taxes, such as gas and sales. In addition to the gas tax, Kansas' sales tax is 1.07 cents higher, and our cigarette tax is 62 cents higher. Kansans are already crossing the border to fill up their automobiles and purchase items like cigarettes and to pay a lower sales tax in general. The more we increase the gas tax, the more Kansas businesses will lose out. Not to mention tax receipts will suffer as well. The economic truism of "the more you tax something, the less of it you're going to get" is proven time and time again along our state lines.

Kansas needs to get its fiscal house in order before even considering adding to its tax and debt burden.

Again, thank you for your consideration on this important matter.

Derrick Sontag  
State Director  
Americans For Prosperity-Kansas



The Voice of Small Business®

House Taxation Committee

Daniel S. Murray: State Director, NFIB-Kansas

Written Testimony in Opposition to SB 498 & SB515

March 15, 2010

Taxes that are too high, and a tax system that is ridiculously complex, stand in the way of small business growth.

Mr. Chair, Members of the Committee: My name is Dan Murray and I am the State Director of the National Federation of Independent Business-Kansas. NFIB-KS is the leading small business association representing small and independent businesses. A nonprofit, nonpartisan organization founded in 1943, NFIB-KS represents the consensus views of its 4,000 members in Kansas. Thank you for the opportunity to comment on SB498 & SB516.

NFIB-KS opposes SB498 & SB515 for three main reasons. First, for two consecutive polls (2009 & 2010 Member Ballots), an overwhelming majority of members that voted oppose raising motor fuels tax or any other tax in order to fund a comprehensive transportation plan. Our members believe that the legislature must do all it can to ensure Kansas' business tax climate stimulates job creation and capital investment, particularly in a recession.

Second, Kansas must remain competitive with our neighboring states. When considering changes to our tax policy, it's imperative that you take into account how we compare with peer states. Kansas' gasoline and diesel tax rates are troubling relative to our neighbors.

Consider the following comparison:

Gasoline Taxes as of January 2010

(Includes Federal Taxes of 18.4 cpg)

NE:	46.1
<b>KS:</b>	<b>43.4</b>
CO:	40.4
IA:	40.4
MO:	35.7
OK:	35.4

Diesel Taxes as of January 2010

(Includes Federal Taxes of 24.4 cpg)

NE:	52.1
<b>KS:</b>	<b>51.4</b>
IA:	47.9
CO:	44.9
MO:	41.7
OK:	38.4

I can personally attest, and cite mounds of anecdotal evidence, that Kansas roads are superior to our neighbors', particularly Missouri and Oklahoma. However, an additional 7 cent increase the motor fuels tax would further disadvantage small businesses located in Kansas. Kansans and our small businesses have infrastructure that we can be proud of; but, our members believe we should use existing revenue streams to focus on maintaining our roads and highways.

Finally, there is nothing in these bills that prevents the legislature from raiding the additional revenue generated by these increased taxes and using for other state general fund purposes. Since 1999, the legislature has swept away over \$1 billion in state highway fund dollars for other expenses. Until the legislature can guarantee these "earmarked" revenues will be used solely for their designated purpose, our members definitely cannot support these tax increases.

Increasing costs of healthcare, poor sales, increasing unemployment taxes, etc. are already taking a major toll on small businesses. The last thing that small businesses, the backbone of our economy, need now is an uncertain and confusing tax climate. Increasing taxes, including motor fuels taxes, during this recession sends the wrong message to small businesses who are considering hiring, investing in capital, etc. We must do all that we can to promote and protect the right of small businesses to own, operate and grow their business.

Thank you for the opportunity to comment on SB498 & SB515.