



Neutral Testimony on SB 90
Senate Transportation Committee
February 16, 2023

Chair Petersen and Members of the Committee,

Thank you for the opportunity to appear before you on behalf of the Kansas Contractors Association (KCA). The KCA represents more than 200 companies working in Kansas' heavy construction industry. Collectively, these companies create and sustain thousands of good-paying, private sector jobs across our state.

The KCA applauds the Kansas Legislature and their work on the Eisenhower Legacy Transportation Program during the 2020 session. The IKE plan helped keep the Kansas economy moving forward during the start of the covid pandemic. The construction industry never stopped working and continued to invest in the Kansas economy.

I am not here today to speak on the merits of HB 2148 but to ask you to remove the language on page 28, lines 20-22 that would strike the \$4 vehicle modernization surcharge. The vehicle modernization surcharge raises approximately \$12-\$13 million for the State Highway Fund each year.

Ordinary Transfers rise even as Extraordinary Transfers were eliminated

The KCA would like to thank the Kansas Legislature and the Governor for stopping the extra ordinary transfers from the state highway fund last year. You will see from the table attached to my testimony, as the extraordinary transfers have been eliminated, the ordinary transfers have increased over the last two fiscal years from \$108 million in FY '21 to over \$120 million in FY '23. The vehicle modernization surcharge helps offset some of this increased transfer.

As part of the ordinary transfers, \$50 million in state highway funds is transferred to the Kansas Department of Revenue for the vehicle operating fund. Again, the \$4 surcharge, helps to offset the hit to the state highway fund. It is important to note, the current IKE plan was passed as an investment of \$9.9 billion over 10 years which included current estimates on motor fuels taxes, registration fees and sales tax collected.

Costs continue to rise for projects

The costs for KDOT construction projects have increased significantly over the last two years. KDOT recently reported a 29% increase from 2021 to 2022 and a 45% increase in construction costs from 2020 to 2022. As costs have risen for construction projects, any reductions to state highway funding could jeopardize projects in the IKE pipeline.

Leave surcharge language

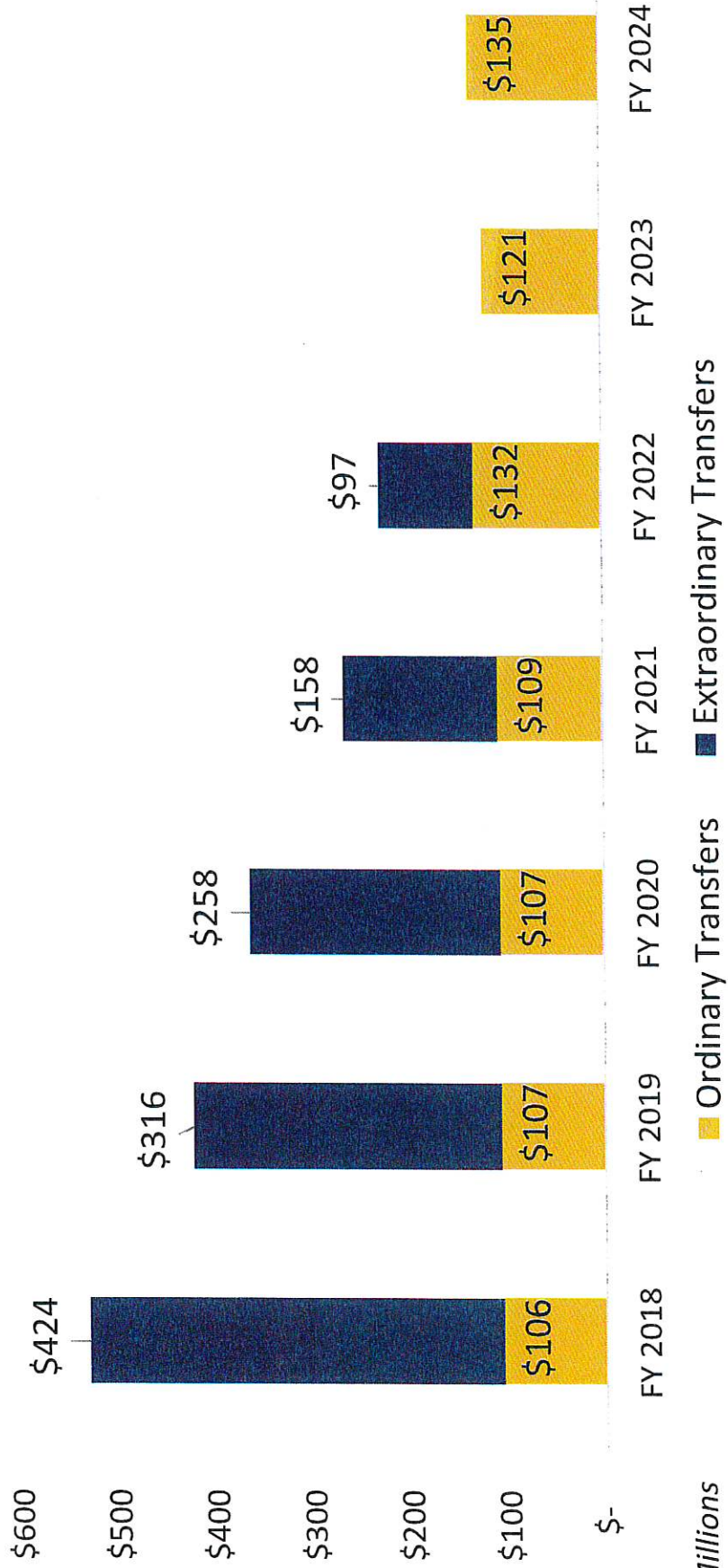
The KCA would respectfully request an amendment to leave the \$4 surcharge in place by removing the language that is stricken on page 28, lines 20-22 and allow current law to stand.

Again, I thank you for allowing me the opportunity to appear before you today. We appreciate your favorable consideration of a proposed amendment to leave the surcharge in place.

Michael White, Executive Director

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State Highway Fund Transfers – FY 18 to FY 24



In Millions

State Highway Fund Transfers – FY 2024 Gov Rec

Ordinary or Historically Routine Transfers:

<u>Receiving Agency</u>	<u>Purpose</u>	<u>FY 2024</u>
Department of Administration	Overhead Payments/Purchasing	\$ 210,000
Kansas Highway Patrol	KHP Operations	64,333,161
Kansas Highway Patrol	Aircraft Maintenance	2,800,000
Department of Agriculture	Water Structures	128,379
Department of Education	School Bus Safety Fund	325,000
Wildlife, Parks, and Tourism	Access Roads & Bridge Maintenance	3,602,545
Department of Revenue	License Plate Replacement Fund	12,625,000
Department of Revenue	Division of Vehicles Operating Fund	<u>50,546,900</u>
Total—Ordinary Transfers		\$ 134,570,985