



AMERICAN COUNCIL OF ENGINEERING COMPANIES  
*of Kansas*

Affiliated with:  
American Council of Engineering Companies  
Kansas Society of Professional Engineers  
National Society of Professional Engineers  
Professional Engineers in Private Practice

## TESTIMONY

**TO: HOUSE TAXATION COMMITTEE**

**FROM: SCOTT HEIDNER, EXECUTIVE DIRECTOR  
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF KANSAS**

**RE: HB 2747**

**DATE: FEBRUARY 16, 2012**

Mr. Chairman, members of the Committee, thank you for the opportunity to appear today. My name is Scott Heidner and I serve as Executive Director of the American Council of Engineering Companies of Kansas (ACEC Kansas). ACEC Kansas is the trade association for private engineering companies in Kansas. ACEC Kansas opposes passage of HB 2747 in its current form, which would take money from the state highway fund and leave Kansas with no means to complete the T-Works program that it so desperately needs.

The bill contains a provision to repay the roughly \$350 million taken from the state highway fund in the short term with repayments in later years. Supporters of the bill will certainly point to this provision and claim the state highway fund is held harmless under HB 2747. There are several errors in this line of thinking.

The reality is that hundreds of millions of dollars have been "borrowed" from the state highway fund over the years, and virtually none of them have ever been paid back. What is to keep that trend from repeating itself and make the implementation of HB 2747 any different than all previous raids on the state highway fund? With the caps on state spending proposed elsewhere in this bill, it will be even harder to repay the loans promised here than all the loans which were never repaid in the past. When T-Works passed in 2010, one of the most common arguments we heard from those that voted against the funding package was "the legislature has always taken money from the state highway fund, and I don't trust that we won't do the same in the future, so I can't vote for this tax increase under a transportation banner that may wind up being used to support the state general fund". If that lack of faith in repaying loans to the state highway fund was strong enough to warrant a vote against funding the original T-Works bill, that same skepticism should apply to the promises made in HB 2747.

Even if we consider the unlikely scenario that the money is paid back as envisioned in the bill, there are still problems. Bond rates, inflation, and construction costs are all at very competitive levels today. As the American and global economies continue to recover, it is unlikely these costs and rates will remain as favorable in the future. That means the projects that will be

delayed under HB 2747 will end up costing the taxpayers more money for the same product. The recent announcement that \$50 million of projects would be accelerated was an outstanding decision to capitalize on these short term opportunities. HB 2747 would take us to the other extreme and result in projects that are completed later than scheduled and at higher cost. In addition, Moody's recently put KDOT on a negative outlook for bonding, stating that further changes to the funding package would likely reduce KDOT's bond rating. HB 2747 will put us at risk of incurring that reduced bond rating, which will also result in the taxpayer paying more money for the same projects.

Last year the legislature took \$200 million from the state highway fund. KDOT tightened its belt, took advantage of some of the favorable market dynamics mentioned above, and was able to develop a plan to complete the entire T-Works program as promised on the smaller budget...but they said in no uncertain terms that *any* additional cuts to the program will immediately result in projects being eliminated.

When the T-Works package passed in 2010, all 105 counties passed resolutions asking the legislature to support the bill. All 105 counties are going to receive critical help with their infrastructure under T-Works as currently scheduled. HB 2747 will almost certainly result in a failure to keep the promises made to those counties and Kansas citizens. We urge you not to support the bill in its current form, or any bill that changes the funding plans for the current T-Works program.

Thank you for the opportunity to testify, and I'd be happy to stand for questions at the appropriate time.