

Kansas Good Roads, Inc.

WRITTEN TESTIMONY

TO: The Honorable Richard Carlson, Chair
And Members of the House Taxation Committee

FROM: Whitney Damron
On Behalf of Kansas Good Roads, Inc.

RE: HB 2136 – Sales and Compensating Use Tax; Distribution of Revenues.

DATE: February 14, 2012

Chairman Carlson and Members of the Committee:

On behalf of Kansas Good Roads, Inc., representing the heavy contractor industry in Kansas, we respectfully urge this Committee to reject HB 2136 that would divert revenues away from the T-WORKS program and the State Highway Fund that were committed to transportation funding and scheduled to begin on July 1, 2013.

Leading up to the 2010 legislative session, the Kansas Department of Transportation worked with hundreds of transportation stakeholders, including cities, counties, chambers of commerce, business and industry in crafting the framework for a comprehensive transportation plan as the ten-year plan adopted in 1999 was scheduled to expire. Out of that collaborative effort, T-WORKS transportation plan was created and successfully passed during the 2010 session. Implementation is well underway and every county in Kansas is looking forward to the seeing the promises for infrastructure investment in their counties as a result of this legislation.

KDOT, local units of government and the contractors who build and rebuild our infrastructure rely upon long-term planning and investment. That is why the State has relied upon long-term planning for its infrastructure needs dating back to the 1989 ten-year transportation plan, which was followed in 1999 with another ten-year plan and now T-WORKS, adopted in 2010, another ten-year plan. Commitments were made to local units of government and the T-WORKS was financed through sound economic projections and policies. KDOT worked with all of the stakeholders to develop a comprehensive transportation plan that met the needs of Kansans, was affordable and equitable to those receiving the benefits of the program as well as those paying for it.

Kansas Good Roads, Inc.

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An association created to promote good roads in Kansas for all, by those who build them for people who use them.

The proponents of a strong transportation system have worked with past and present state leaders, both in the Governor's office and the Legislature to manage the state's revenue shortfalls, with significant budget holes filled or patched with dollars originally raised and earmarked for transportation and infrastructure programs. We certainly understand the economic challenges the state and local units of government have faced during the past 3-4 years, as our members have suffered from the same economic downturn.

In 2010, legislators made a commitment to improving the state's transportation system and responsibly included a revenue stream of .4 of a cent sales tax in the T-WORKS legislation in order to provide a stable source of funding for the new transportation plan. Now, three legislative sessions later, we see an effort to redirect funds promised for transportation and divert them to the State General Fund.

Kansas is in a unique position in regard to its transportation program, given the state of the economy. We need jobs; T-WORKS has created jobs. We also have the opportunity to expend precious taxpayer dollars at a time when borrowing costs, labor and construction costs are at an all-time low. Now is the time to invest in our infrastructure needs, not later. KDOT Secretary King has indicated savings through reduced construction and borrowing costs as well as efficiencies within the agency have enabled KDOT to provide nearly \$300 million to help the State General Fund for FY 2014. We applaud KDOT's efforts to effectively manage the resources it has and also the Governor and Secretary King's commitment to seeing T-WORKS fully implemented.

The Legislature passed a comprehensive transportation plan in 2010 that was partially financed through a .4 of a cent sales tax in order to transition away from increases in motor fuels to fund state transportation infrastructure costs. HB 2136 is effectively a re-vote on T-WORKS, as if it is passed, the program is effectively killed.

We do not believe Kansans want to turn back the clock and kill the T-WORKS program. Accordingly, we ask you to reject this effort to take the funds passed to support a comprehensive transportation program. If sponsors of this legislation want to increase taxes for state general for state general fund purposes, we would encourage them to introduce such legislation and allow this committee to consider it as a stand-alone bill on its own merits. Robbing Peter to pay Paul, as this legislation would propose, is not fair to either Peter or Paul.

Thank you.

Whitney Damron