

SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2234

As Amended by Senate Committee on Ways
and Means

Brief*

HB 2234, as amended, would place the Kansas Turnpike Authority (KTA) under the management of the Kansas Department of Transportation (KDOT). The bill would make the Secretary of Transportation the Chief Executive Officer and Chairperson of the KTA. The Chief Executive Officer would be responsible for the daily administration of the toll roads, bridges, structures and facilities constructed, maintained, or operated by the KTA. The bill would allow the Secretary of Transportation and the KTA to contract with each other to provide personnel, equipment, and other resources for record keeping, reporting, administrative, planning, engineering, legal, and clerical functions as well as for the construction, operation, and maintenance of turnpike projects and state highways. The bill would authorize actions to implement the contract provisions, including transfer of KTA personnel, property, and equipment to the Secretary.

The KTA would retain its separate identity, powers, and duties as an instrumentality of the state under the management of KDOT; however, the bill would require that duplication of effort, facilities, and equipment between KDOT and the KTA be minimized in operation and maintenance of turnpikes and highways in the state. Further, the bill would require that the integrity of the bonded indebtedness would be maintained through the actions of the KTA.

The bill also would repeal a number of statutes specific to certain turnpike projects.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The provisions of these portions of the bill would sunset in two years.

Further, the bill would repeal a statute authorizing the sale of land in Pottawatomie County by the Kansas Department of Transportation.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The statutes that would be repealed by the bill generally address the same topics as the KTA statutes to be retained, such as authorization to construct, maintain, repair, and operate “modern express highways”; authority to acquire property for such highways; authority to issue turnpike revenue bonds; authority to fix and collect tolls; and requirements to keep each turnpike project in good condition and repair. However, there are differences in some statutes on the same topic. Statutes that would be repealed generally deal with specific projects either completed or not built, such as an authorized project east from Winfield, and with specific feasibility studies.

Statutes would continue to specify that KTA revenue bonds are not a debt of the state or any political subdivision and indebtedness will be self-financing. The bill would make no changes to statutes related to contracts for policing on the turnpike by the Kansas Highway Patrol or to law that authorizes the Secretary to study the feasibility of new toll highways.

In the House Committee on Transportation, proponent testimony was received from Mike King, Secretary of Transportation. The Secretary stated the changes would allow both agencies to increase efficiencies in operations and administrative functions and would allow the Secretary to use the turnpike as an economic development tool. He also said a

single voice for transportation in Kansas would be an advantage and the bill would allow assets to be more easily shared. He said most of the estimated savings of \$15 million each year for the first two years would be from reducing redundant assets and sharing administrative tasks and the estimate was based on knowledge of KTA assets and percentages of savings KDOT had found in operations during his tenure. Written proponent testimony from Senator Mike Petersen suggested an amendment to place the KTA “within” rather than “under the management of” KDOT.

The House Committee received opponent testimony from the Chairperson of the KTA, from a representative of the Kansas Motor Carriers Association (KMCA), and from a private citizen. The KTA Chairperson stated the proposal has not been studied, there was no opportunity for KTA discussion, the potential savings were not identified, current law allows shared responsibilities, the bill could affect KTA bond costs, the bill would expand government, and the proposal would politicize the KTA. The KMCA representative said the Association was concerned the turnpike would be subjected to state bureaucracy and could become less attractive to motor carriers with higher tolls, and it was concerned by the potential for unintended consequences; he cited an article from the Reason Foundation comparing the potential consequences of the bill to consequences of similar turnpike governance changes in other states. The private citizen’s concerns included the potential to divert turnpike funds to other purposes.

The KTA and KDOT provided information to the House Committee on Transportation regarding salaries paid to their employees.

The House Committee on Transportation amended the bill to retain the current governance of the KTA by removing provisions that would have made the Secretary the chief executive officer and chairperson of the KTA. The bill as introduced also would have specified the responsibilities of the chief executive officer (a position not mentioned in current

statutes) – daily administration of KTA toll roads, bridges, structures, and facilities – and would have given the chief executive officer or such officer’s designee the powers necessary to carry out those responsibilities. Under current law (which would not have been changed by the bill as amended by the House Committee), the chairperson is elected by the KTA’s five members: two members appointed by the Governor, the Secretary, the chairperson of the Senate Transportation Committee, and a member of the House Transportation Committee appointed by the Speaker. Committee amendments also removed a provision that would have placed the KTA under KDOT management; added a requirement that any transfer of personnel, property or equipment be temporary; added that any temporary transfer could be from the Secretary to the KTA as well as from the KTA to the Secretary; changed the effective date from publication in the *Kansas Register* to publication in the statute book; and made technical changes.

The House Committee of the Whole amended the bill to remove “other resources” from the assets the Secretary and the KTA would be authorized to provide to each other under contract, leaving personnel and equipment. It also amended the bill to specify that such contracts could be for construction, operation, and maintenance of projects not to exceed ten miles which connect the turnpike to the highways of the state, rather than for construction, operation, and maintenance of highways of the state.

The Senate Committee heard opponent testimony from the KTA Chairperson, from a representative of the KMCA, and from a private citizen.

The Senate Committee amended the bill to delete all House Committee on Transportation and House Committee of the Whole amendments and to add a two-year sunset provision to the bill. In addition, the Committee added provisions which formerly had been contained in 2013 HB 2145, concerning repeal of a 1978 statute authorizing KDOT to sell certain land in Pottawatomie County.

HB 2145 was introduced at the request of the Office of the Repealer. A KDOT representative testified the land sale had taken place and the statute was no longer necessary.

The fiscal note from the Division of the Budget on the original HB 2234 states *The FY 2014 Governor's Budget Report* recommends transfers from the State Highway Fund to the State General Fund of \$15.0 million in both FY 2014 and FY 2015, for savings from merging the operations.

The fiscal note submitted by the Division of the Budget on HB 2145 indicated the bill had no fiscal impact.