

March 22, 2017

Scott Anderson
Hamm Companies
Perry, KS

RE: House Bill 2382
House Taxation Committee

Chairman Johnson and Members of the Committee:

I am Scott Anderson, the COO of the Hamm Companies in Perry, Kansas. Thank you for allowing me the opportunity to provide written support of House Bill 2382.

Kansas has a good history of quality roads and bridges, which is a key attribute in attracting and keeping businesses in the State. But, as you may already know the recent diversion of sales tax money from the Transportation Fund to cover the General Budget shortfall could have serious implications:

First, “Preservation” of our existing transportation system could be jeopardized. The current TWORKS Program devoted \$440 million per year to preservation, but an announcement by the KDOT Secretary is estimated at as low as \$43 million available for preservation in 2018.

Secondly, “Modernization and Expansion” projects are vital to the future economy of Kansas. The TWORKS program planned for an estimated \$130 million per year, but since 2016 nearly all the new projects have been postponed indefinitely due to insufficient funding.

Thirdly, “Economic Impact” resulting from significant jobs and equipment losses across the State. At Hamm, we have 500 employees in Kansas with good paying jobs. Last year alone we purchased over \$10 million in equipment. Hamm is just one of many contractors that will be forced to down-size operations if KDOT funding doesn’t return.

Understandably, a motor fuel tax increase is difficult for the bordering counties. However, Oklahoma is likely to increase fuel tax by 7 cents this year, and there’s speculation that Missouri may follow. Overall, it’s reported that 19 States including Nebraska and Iowa have increased their motor fuels tax in the past several years.

Two items that favor a fuel tax:

- 1) It is protected from sweeps which means it must be used for its intended purpose – Transportation Funding.
- 2) It is an immediate source of revenue which could help with current funding issues.

Something must be done in order to restore a portion of the funding to KDOT. Given current rate levels, Sales and Property Tax increases are NOT good alternatives.

Respectfully, it is a motor fuel tax increase that only affects the users of the transportation system that makes the most sense. Please consider HB 2382 as a means to help restore a portion of funding to KDOT to protect the future of our transportation system in Kansas.

