

March 17, 2017

Scott Anderson
Hamm Companies
Perry, KS

RE: Senate Bill 224
Senate Assessment and Taxation Committee

Chairperson Tyson 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 testify in support of Senate Bill 224.

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 some 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.

Second, “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.

Third, “Economic Impact” significant jobs and equipment losses will happen all 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 five cent 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.

A five cent increase on an individual that drives 15,000 miles per year is approximately \$37, and on a Company like Hamm that uses over a one million gallons its approximately \$50k. These are sacrifices users must be willing to accept to keep the quality roads and bridges we have in Kansas.

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 five cent motor fuel tax increase that only affects the users of the transportation system that makes the most sense. Please consider SB 224 as a means to help restore a portion of funding to KDOT.

Scott Anderson
Hamm, Inc.