

TESTIMONY

TO: SENATE ASSESSMENT AND TAXATION COMMITTEE

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

RE: SB 224

DATE: MARCH 17, 2017

Madam Chair, members of the Committee, thank you for the opportunity to submit testimony today. My name is Scott Heidner and I serve as the Executive Director of the American Council of Engineering Companies of Kansas (ACEC Kansas). ACEC Kansas is the trade association representing private consulting engineering companies in Kansas.

We are here today in support of SB 224. SB 224 would provide badly needed revenue to the highway fund via an \$.05 increase in the fuel tax. As I'm sure the Committee is aware, the highway fund has been badly underfunded for the last several years due to the sweep of sales tax monies to the general fund. This additional fuel tax is constitutionally protected from being swept to the general fund, and so provides a more assured revenue stream to the highway fund.

However, we would be remiss if we didn't use this opportunity to share our top priority, which is a structural reform to state tax and budget policies that allow for the sales tax transfers to the highway fund to resume as originally prescribed in the T-Works plan. While an increase in the fuel tax as called for in SB 224 would be a tremendous help in keeping KDOT from falling even further behind on preservation and maintenance, it pales in comparison to the need for the resumption of the sales tax transfers. An extra nickel in sales tax is a band aid that will help stop the bleeding, but Kansas needs a more long term cure.

The impacts of the cuts to transportation funding are very real. Our member firms have declining hiring and retention numbers, especially for engineers focused on transportation. More importantly, the cost to Kansas taxpayers is going to be significantly higher in the future as delayed projects and delayed maintenance are addressed later at significantly higher costs.

We applaud the intent of SB 224 and ask the Committee to support this measure while continuing to look for a way to return the Kansas budget to structural balance and resume the sales tax transfers to the highway fund. Thank you for the opportunity to share our testimony today.