

Before the Senate Ways and Means Committee  
10:30 AM 548-S

Tuesday, January 23, 2018

Testimony

Submitted by Neysa Thomas, Director of Fiscal Services  
On behalf of the Staff of the Kansas Corporation Commission

Madam Chair, and members of the Committee, thank you for the opportunity to appear before your committee today on behalf of the staff of the Kansas Corporation Commission (Commission).

SB276 proposes to amend K.S.A. 66-1,142 which provides for a semi-annual transfer from the motor carrier fee fund (MCFE) to the state highway fund of all unencumbered balances in excess of \$700,000 in MCFE. These transfers occur on July 30 and January 30 of each year.

The bulk of the MCFE revenue is generated from the Unified Carrier Registration (UCR) program. Since the inception of the UCR program, Kansas annually under collected nearly \$2.5 million dollars. This is a result of some states over collecting (donor states) and other states under collecting (recipient states). Kansas is a recipient state, which means we receive about 45% of our funds through the UCR Depository. The UCR depository, located in Indiana, has been making payments to the MCFE over the past four years to restore the underpayment to Kansas and restore Kansas funds to the full annual federal cap of \$4,344,290. The MCFE is now fully restored.

Generally, Kansas would receive these funds during the months of October through December. This creates a timing issue for making the required transfer from the MCFE and maintaining sufficient funding to operate the program.

Due to the timing issue created by the three month period of time in which funds are received, if we continue to disperse funds above the \$700,000 cash balance to the state highway fund as currently required, the Commission will not have sufficient funding to operate the Transportation Division. This would require a layoff of at least seventeen staff members and result in a loss of the UCR funding to Kansas as Kansas would no longer be considered a participating State in the UCR program.

You will find two graphs attached to this testimony. The first creates a picture of actual activity in the MCFE from FY 2014 thru FY 2017 and the estimated activity in FY 2018. As you can see the fund was depleted in July of the current fiscal year (July 2017). We were able to continue

operations as we had the ability to pull back funds that had been transferred to the Kansas Highway Patrol. If the statutorily required transfer to the state highway fund occurs at the end of January 2018 we estimate that by June of the current fiscal year the fund will be depleted and the Commission will be forced to discontinue operation of the Transportation Division.

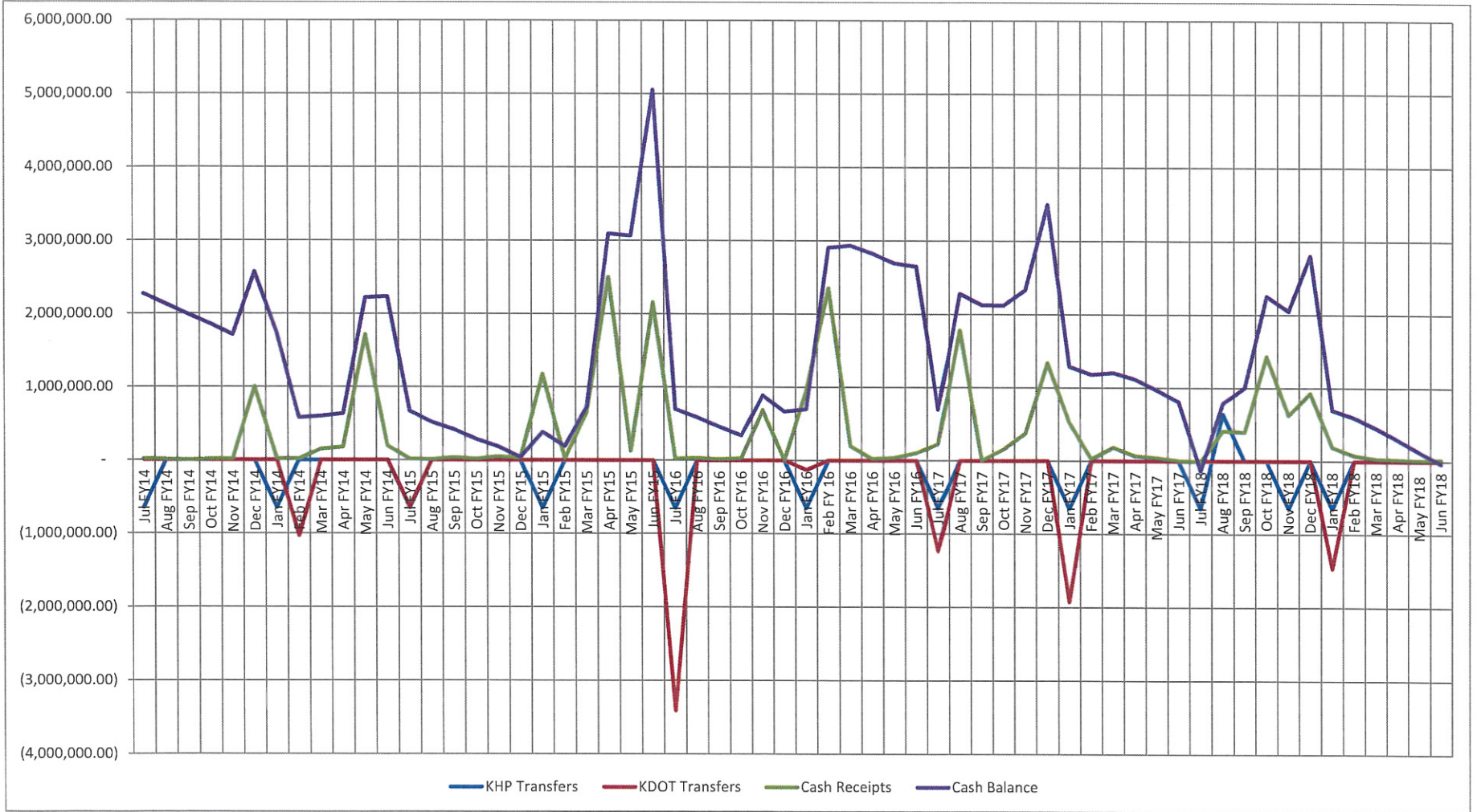
The second graph is a comparison of the actual transfers made to the state highway fund and what those transfers would look like if the cap on the cash balance in the MCFF were \$2.8M rather than \$700,000.

The amendment to SB276 will allow the required transfers from the MCFF as well as the continued operation of the Transportation Division of the Kansas Corporation Commission.

Thank you for the opportunity to appear before you today in support of Senate Bill 276. I will stand for questions.

DRAFT

Motor Carrier Fee Fund



## Motor Carrier Fee Fund Transfers - Actual KDOT Tranfers Compared to Proposed Transfers, Assuming a Cash Balance Cap of \$2.8M

