

TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

REGARDING HB 2369 RELATING TO AUTHORIZING THE SECRETARY OF TRANSPORTATION TO DESIGNATE OR CONSTRUCT TOLLING PROJECTS AND CHANGING FINANCE REQUIREMENTS

MARCH 20, 2019

Mr. Chairman and Committee Members:

Good morning, I am Julie Lorenz, Acting Secretary of the Kansas Department of Transportation (KDOT). I would like to begin my testimony by thanking the Kansas Transportation Vision Task Force. House Bill 2369 originated from their recommendations. The Task Force was led by Chairman Proehl and Chairwoman McGinn. I would also like to thank Chairman Waymaster, Representative Claeys, Representative Francis, and Rep. Helgeson for serving on the task force and contributing to the recommendations.

Before speaking specifically to this bill, I want to acknowledge and underscore the importance of their overarching recommendation that consistent and reliable transportation funding is critical to the health of our transportation system and necessary to support our state's economy. KDOT largely stopped working in 2015 and 2016 on T-WORKS projects, the state bonded for light preservation actions and no long-term planning has been completed. Consequently, the health of our highway system is in decline and the State is not well positioned to take advantage of economic opportunities nor increased federal funds should those be made available.

The work of the Task Force has reversed this trend. With this bill, we're now talking about the future of transportation again – and communities, stakeholders and KDOT greatly appreciate your direction to look forward.

Modernize tolling

The State's approach to tolling was established in 1953. Since that time, technology and the Kansas Turnpike Authority (KTA) have advanced, but the State's use of tolling hasn't kept pace. With open road tolling, it's vastly easier for motorists to choose whether they want to use tolled lanes or "free lanes." The bill before you today modernizes our approach and increases the odds Kansas can succeed as we face the national trend of leveraging federal, state, and local funds. As competition for federal funds gets more

intense, having tools like tolling allows Kansas grant applications more opportunities to be successful. At its core, this bill provides greater opportunity for collaboration between KTA, KDOT and local units of government

Use tolls as local match to cover a portion of project costs

Recognizing limited State resources, one of the most important directions of the task force is to look to local units of government to help fund transportation improvements. In order to do that, local governments need more methods by which to bring money to the table.

The bill will allow a toll to cover a portion of the cost of a project. Currently, tolls must cover 100 percent of the design, right of way, construction and maintenance of a highway. There is no facility in the state that could be built from the ground up with toll revenues alone. The first, most important consideration is to allow tolling to fund portion of the project cost.

Amendments address concerns

Based on conversations with legislators and other stakeholders, KDOT worked with KTA on the attached balloon amendments to clarify the bill language and intent and make technical corrections. It is the same amendment included by the Senate Transportation committee. I would like to explain how the original bill and amendment work together to provide assurances that Kansas is taking proper and measured steps forward to modernize tolling by providing solid legislative checks and balances AND meaningful local community and KTA involvement.

Measured step: Tolls cannot be levied on existing highways/bridges/existing capacity

To be clear, no existing lane of any state highway could be tolled under the existing language or in the proposed balloon amendment. A new lane (like a hot lane) could be installed to allow traffic willing to pay the toll to use the added lane, while traffic that chooses not to pay the toll can still drive “for free” on the lanes that exist today. It’s also possible that a bypass or other new facility could be constructed that would include tolling as part of the funding package but whatever “free” lanes that exist in the area today would remain free. Only IMPROVEMENTS would be tolled.

Open road technology, which exists today, makes it very easy to collect tolls from those drivers who choose to use the improvement, for short or long distances. Signage, and potentially physical barriers, would be used to make sure everyone understands the new lane is a toll lane. There are several examples of this in other states.

Local government approval of the toll implementation

We understand there are concerns with updating the State’s approach to tolling. Thus, we have added language through the proposed amendment to explain how the partnership with the community would

occur. The approach is two pronged: 1) technical analysis, and 2) community engagement. KDOT would work with the community through the feasibility process.

If the State does not have enough funding to pay for an expansion project that the local community wants in the timeframe in which the community thinks the project is needed, that community could request KDOT partner with them to conduct a toll feasibility study. Together, we would:

- Review traffic counts to determine if a more detailed study makes sense.
- In those rare cases where traffic is high enough, KDOT would conduct a full feasibility study to determine what percentage of the traffic would use the new tolled capacity, what percentage would choose to use the existing “free” facility, and what the toll price would have to be to make the toll worthwhile to capture revenue for the project.
- The feasibility study also includes the public involvement process to ascertain public support for implementing a toll.

Many states across the country are looking at different segments of highways to toll, and this approach of conducting a feasibility study is a very common process used in the industry.

We have included language in the amendment that directs once a feasibility study has been conducted, a joint proposal from KDOT and the community would be brought forward to the KTA and the State Finance Council to show that both parties support moving forward with the tolling project.

KTA and Legislative Checks and Balances

While rather commonplace across the US, this is a significant policy change that I take very seriously. KDOT is bringing forward the amendment to ensure proper understanding and oversight exist to make a change in how user fees can be collected. As rare as these situations may be, it is important to have statewide transparency and oversight when a project like this would be brought forward.

The requesting community and KDOT would bring forward a joint proposal for review by the KTA board. As the tolling experts in the state, the KTA board has the unique expertise to understand feasibility studies as they relate to creating a new toll facility.

If the KTA board approves the project, the proposal could then be brought to the State Finance Council for consideration. This review process ensures the community is certain of their commitment, and the project could be approved as a priority for the state highway system with involvement of legislative leadership.

Consistency with KTA Management

There are two additional issues that the underlying bill did not address, but KDOT recommends including in the statute. As the KTA operates today, all classes of vehicles are tolled and we recommend all classes of vehicles using the new capacity be tolled. We do not want to single out any one vehicle type and only toll it.

Also, toll revenue collected from a facility would only be used on that facility. This is critical to how the KTA operates today also. All toll revenue is protected in statute and allowed to only be used on that roadway. Tolls collected on any new capacity would be collected and used on the construction and maintenance of the improvement. Duration and amount of the toll in the project proposal will be determined with the community through the feasibility process.

There will never be a new Kansas turnpike. We do not have the population density to make a project like that work today. But there are bottlenecks on the system today that could be addressed faster by leveraging state dollars with a local user fee match. I ask for your favorable consideration of this bill to provide the State and communities an expanded tool to fund transportation improvements with the safeguards as outlined.

Thank you for allowing me to testify today. I am happy to stand for questions at the appropriate time.