



March 13, 2019

**House Taxation Committee
Proponent Testimony HB 2367 & HB 2368
Written Only**

Chair Johnson and Members of the Committee,

Thank you for the opportunity to appear before you on behalf of the Kansas Contractors Association (KCA). The KCA represents more than 200 companies working in Kansas' heavy construction industry. Collectively, these companies create and sustain thousands of good-paying, private sector jobs across our state.

The KCA applauds the efforts of the Joint Legislative Transportation Vision Task Force and the Legislature on working towards a vision for transportation in Kansas. If no vision exists in Kansas for transportation, it is very difficult for contractors, communities and the state to plan, grow and develop a strategy for infrastructure that would modernize and preserve our system.

The task force looked at options to increase local match for transportation projects. As local governments are squeezed for resources to address infrastructure needs, requiring an additional match would be difficult unless the Legislature gives local governments flexibility with the property tax lid and funds the ad valorem for transportation projects.

The task force recommended revenue-increasing options for local governments and to provide incentives to remove unnecessary transportation infrastructure from the public system.

HB 2367 – Ad Valorem

Ad Valorem, when appropriated by the Legislature, is a source of revenue for local units of government to use for transportation projects. Recommended by the task force, HB 2367 is designed to give local governments the ability to access ad valorem funds for transportation projects upon approval by the Secretary of KDOT.

HB 2368 – Property Tax Lid

HB 2368 is narrowly defined to allow local governments the authority to increase property tax to support a transportation project to cover *expenses relating to transportation projects that do not exceed 20% of the appropriation or budget of the next preceding year if the transportation project is first certified by the secretary of transportation as a transportation construction project.*

The intent of the task force was to give local governments the ability to raise property tax for purposes of a local match when a transportation project is certified by the Secretary of KDOT.

System needs are increasing

The task force identified the increasing needs on the system. The reality with over \$2.5 billion transferred out of the state highway fund over the last several years, the system has deteriorated. KDOT projects the maintenance and preservation needs of the system is now \$500 million annually with an additional \$100 million spent annually to modernize the system. Most of the preservation and maintenance of the system over the last few years has been light actions, so the surface conditions may appear fine, but the subsurface conditions are not. As the subsurface deteriorates, pot holes start to appear at the surface. This hard winter has caused a tremendous spike in pot holes.

The task force met around the state and received testimony at every meeting about emerging transportation needs in communities across Kansas. There are over 20,000 bridges on the local system and rural fatality rates are higher than the national average in Kansas. The needs are real. HB 2367 and HB 2368 would allow local governments the flexibility and resources to coordinate with the Secretary of Transportation to address these needs.

We appreciate your favorable consideration of HB 2367 and HB 2368.

A handwritten signature in black ink, appearing to read "Michael White". The signature is stylized and cursive.

Michael White, Executive Director
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