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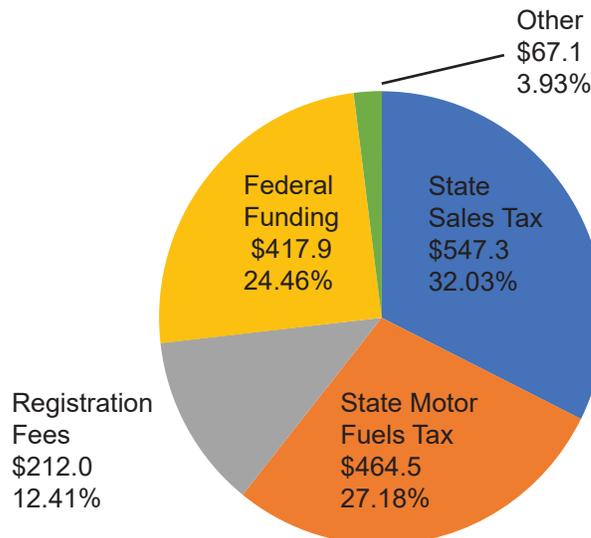
Transportation

M-4 State Highway Fund Receipts and Transfers

Article 11, Section 10 of the *Kansas Constitution* says, “The State shall have power to levy special taxes, for road and highway purposes, on motor vehicles and on motor fuels.” Projected revenues to the State Highway Fund (SHF) for use by the Kansas Department of Transportation (KDOT) can be described in five categories: state sales tax, state motor fuels tax, federal funding, vehicle registration fees, and “other.” This article discusses the components of those categories and transfers from the SHF.

KDOT estimates detailed in the pie chart below—updated through November 2019—including November consensus estimates) include the amounts for revenues in fiscal year (FY) 2020.

**Projected KDOT FY 2020 Revenues
as of November 2019**
(Dollars in Millions)



Total: \$1,708.8

Note: Other Funds include drivers license fees, special vehicle permits, interest on funds, and miscellaneous revenues. Additionally, federal funding estimates and other funding sources amounts are based upon the agency’s budget submission to the 2020 Legislature.

Components of State Highway Fund Revenues

The following information summarizes statutes related to major categories of state funding collected in the SHF.

State motor fuels tax. Kansas imposes a tax of 24¢ a gallon on gasoline and 26¢ a gallon on diesel fuel, unchanged since 2003. A separate article on state motor fuel taxes and fuel use is provided as [M-5 State Motor Fuels Taxes and Fuel Use](#). KSA 2018 Supp. 79-34,142 directs 66.37 percent of fuels tax revenues to the SHF and 33.63 percent to the Special City and County Highway Fund; the percentages have not changed since 2003.

State sales tax. KSA 2018 Supp. 79-3620 directs 16.154 percent of the revenues from the state sales tax to the SHF. The sales tax rate on which this is imposed is 6.5 percent. KSA 2018 Supp. 79-3710 similarly directs 16.154 percent of compensating use tax to the SHF.

Registration fees. Statutes also direct moneys from vehicle registration and title fees (KSA 2018 Supp. 8-145 and others), fees from permits for oversize or overweight vehicles (KSA 2018 Supp. 8-1911), and other registration-related fees to the SHF. For most vehicles, property taxes paid at registration and retained by the counties are the majority of the total amount paid. Examples are provided in the general memorandum “Taxes and Fees Paid at Vehicle Registration,” available at [http://www.kslegresearch.org/KLRD-web/Transportation.html](#).

Other fees. Driver’s license exam and reinstatement fees (KSA 8-267 and others) are included in this category, as are smaller items, such as junkyard certificate of compliance fees (KSA 68-2205) and sign permit and license fees (KSA 68-2236).

Anticipated Revenues the State Highway Fund Has Not Realized

Since 2011, actual revenues to the SHF have been reduced by approximately \$3.8 billion when compared with the amounts anticipated.

The following table summarizes the categories of those reductions. A detailed spreadsheet, “2019 Session – State Highway Fund Transfers FY 2011-FY 2020,” shows year-by-year revenue adjustments by categories of “Extraordinary Transfer” or “Ordinary Transfer,” listed by the project or agency receiving the transfer. It is available at <http://www.kslegresearch.org/KLRD-web/Transportation.html>.

The following summary tables include current transfers and transfer adjustments approved during the 2019 Session for FY 2019 and FY 2020.

These transfers are broken down by type of transfer as follows.

“Ordinary (or historically routine) transfers” refers to those transfers that have some relationship to transportation projects in other agencies or that have generally occurred over a number of years as part of the appropriations process. KDOT considers these transfers to include any transfers that started prior to the T-Works program, and have continued into the T-Works program.

“Extraordinary transfers,” a KDOT designation, refers to transfers that have been added since the creation of T-Works in 2010.

| SHF Revenue Adjustments (Dollars in Millions) | | |
|---|----------------------|---------------------|
| | FY 2019 Approved* | FY 2020 Approved |
| TRANSFER: | | |
| Ordinary | (\$106.56) | (\$106.53) |
| Extraordinary | (\$366.45) | (\$258.22) |
| SGF Transfer to SHF | \$50.00 | \$0.00 |
| Total Transfers | (\$423.01) | (\$365.75) |
| * The 2019 Session transferred \$50.0 million from the State General Fund (SGF) to the SHF in FY 2019 as part of revenues’ exceeding consensus revenue estimates in that fiscal year. | | |

| Changes to SHF Revenues FY 2011 Actual to FY 2020 Approved (Dollars in Millions) | |
|--|---------------------|
| TRANSFER: | |
| Ordinary | (\$1,049.31) |
| Extraordinary | (\$2,722.81) |
| SGF Transfer to SHF – FY 2019* | \$50.00 |
| TOTAL Transfers | (\$3,772.12) |
| * The 2019 Session transferred \$50.0 million from the SGF to the SHF in FY 2019 as part of revenues' exceeding consensus revenue estimates in that fiscal year. | |

Highway-related Transfers to Local Governments

KSA 2018 Supp. 79-3425i states the Special City and County Highway Fund (SCCHF) will receive certain moneys related to commercial vehicles in addition to moneys from fuel taxes. Transfers to the SCCHF of commercial motor vehicle *ad valorem* taxes and the commercial vehicle fees that replaced the *ad valorem* taxes as of January 1, 2014 (see KSA 2018 Supp. 8-143m), have been suspended since FY 2010. Appropriations bills, most recently Section 179 of 2019 House Sub. for SB 25, have amended KSA 79-3425i so that no commercial vehicle taxes or fees are transferred from the SGF to the SCCHF for FY 2019, FY 2020, and FY 2021. The transfers had been limited to approximately \$5.1 million a year beginning in FY 2001.

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