

## Transportation Works for Kansas—A Comprehensive Transportation Plan

**Senate Sub. for Senate Sub. for HB 2650** establishes a new comprehensive transportation program, to be called the Transportation Works for Kansas (T-Works) Program. The Kansas Department of Transportation estimates that, over the next ten years, the program will have available to it approximately \$8.2 billion, including \$5.5 billion in revenues from sources in law not amended during 2010, such as motor fuel taxes. New revenue of approximately \$2.7 billion is illustrated in the table at the end of this summary.

The bill sets out legislative intent regarding the program and provides that program expenditures can be made for purposes including, but not limited to, the following:

- Preservation projects, as determined by Kansas Department of Transportation (KDOT) performance measures;
- Expansion and economic opportunity projects, using selected criteria including engineering and traffic data, local consultation, geographic distribution, and an economic impact evaluation; however, no expansion or economic opportunity project could be selected before February 1, 2011, unless funded by Build America bonds;
- Modernization projects (such as widening lanes or shoulders and upgrading interchanges), using selected criteria including engineering data, local consultation, and geographic distribution. “Practical improvements,” such as adding narrow rather than full 8-foot shoulders on highways with little traffic, are to be incorporated into these projects;
- Assistance to cities and counties as under current law, and adding programs to allow local governments to exchange federal aid funds for state funds;
- Railroad, aviation, and public transit programs, as in existing law; and
- A multi-modal economic development program to provide assistance for transportation-sensitive economic opportunities on a local or a regional basis. The Secretary of Transportation will select projects using KDOT selection methods and criteria. The bill authorizes the Secretary to procure one demonstration project in Johnson or Wyandotte County that will use the design-build concept. The Secretary must provide a cost-benefit analysis to the House and Senate Transportation Committees on completion of the project.

The bill increases registration fee revenues into the State Highway Fund in these ways:

- It increases registration fees for small farm trucks (12,000-16,000 lbs.), trailers, and buses by \$20 (\$10 in 2013 and \$10 in 2014);
- It increases registration fees for trucks 54,000 lbs. and smaller by \$100 (\$50 in 2013 and \$50 in 2014); and
- It increases registration fees for trucks larger than 54,000 lbs. by \$135 (\$85 in 2013 and \$50 in 2014).

Increases in the state sales and compensating use taxes to be used for transportation are summarized with Senate Sub. for HB 2360.

The bill adds to Kansas law a provision for a one-time registration fee of \$10 and permanent license plates for trailers used in combination with vehicles registered for a gross weight of 54,000 pounds or more, starting in 2013. The Secretary is authorized to adopt rules and regulations to carry out the provisions in that section of the bill.

The bill will increase transfers from the State Highway Fund to assist transit, rail, and aviation starting in 2013:

- From \$6 million a year to \$11 million a year into the Coordinated Public Transportation Assistance Fund;
- From \$3 million a year to \$5 million a year into the Rail Service Improvement Fund;
- From \$3 million a year to \$5 million a year into the Public Use General Aviation Airport Development Fund. The bill also authorizes the Secretary to transfer moneys from the State Highway Fund to the Rail Service Improvement Fund and vice versa, as long as the Secretary does not diminish the \$5 million transfer as listed above.

The bill specifies that, between July 1, 2010, and June 30, 2020, \$8 million is to be spent in each county for transportation projects. It also specifies that motor fuel taxes will remain at current rates and that the distribution of motor fuel taxes will stay at the current ratio of 66.37 percent into the State Highway Fund and 34.63 percent into the Special City and County Highway Fund.

The bill makes additional changes to prior law:

- The bill expands KDOT's bonding authority to allow the Secretary to issue bonds to a limit of 18 percent debt service payments out of projected State

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Highway Fund revenues for any year; the bill specifies how those revenues are to be calculated. (State law had set a dollar amount limit on bonds.)

- It allows municipalities to use loans from the Transportation Revolving Fund for projects and allows certain moneys from special districts, such as community improvement districts and transportation development districts, to be used to repay loans from the Transportation Revolving Fund.
- The bill allows the Secretary to recommend construction of a new toll or turnpike project or the designation of an existing highway or portion thereof as a toll or turnpike project if a feasibility study provides a favorable result.

Funding for the Transportation Works for Kansas program will come, generally, from existing fuel taxes, sales taxes, and registration fees, with additional registration funding provided by the increases in this bill and with additional sales tax revenues in future years as provided in Senate Sub. for HB 2360. KDOT officials also testified they expected to issue additional bonding under the cap provided by this bill. The table below shows those additional revenues and estimated bond issuance.

<b>Estimated Additions to Transportation Revenues and Bonding</b>			
<b>Source:</b>	<b>Earmarking of New Sales/Use Tax Receipts <sup>(a)</sup></b>	<b>Registration Fee Increases <sup>(b)</sup></b>	<b>Bonding Proceeds before Incremental Debt Service <sup>(c)</sup></b>
	(in millions)		
FY 2011	\$20.427	-	\$300
FY 2012	\$21.000	-	-
FY 2013	\$21.000	\$6	\$200
FY 2014	\$171.970	\$15	\$250
FY 2015	\$189.526	\$18	\$200
FY 2016	\$196.159	\$18	\$200
FY 2017	\$203.025	\$18	\$200
FY 2018	\$210.131	\$19	\$200
FY 2019	\$217.485	\$19	\$150
FY 2020	\$225.097	\$19	-
	\$1,475.818	\$132	\$1,700
Estimate source:	KLRD	KDOT	KDOT
<sup>(a)</sup> from Senate Sub. for HB 2360 <sup>(b)</sup> from this bill (Senate Sub. for Senate Sub. for HB 2650) <sup>(c)</sup> overall, with a net of \$1,060 (in millions)			