



KCA
KANSAS CONTRACTORS
ASSOCIATION

Neutral Testimony on HB 2148
House Transportation Committee
February 7, 2023

Chair Francis 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 Kansas Legislature and their work on the Eisenhower Legacy Transportation Program during the 2020 session. The IKE plan helped keep the Kansas economy moving forward during the start of the covid pandemic. The construction industry never stopped working and continued to invest in the Kansas economy.

I am not here today to speak on the merits of HB 2148 but to ask you to remove the language on page 28, lines 20-22 that would strike the \$4 vehicle modernization surcharge. The vehicle modernization surcharge raises approximately \$12-\$13 million for the State Highway Fund each year.

Ordinary Transfers rise even as Extraordinary Transfers were eliminated

The KCA would like to thank the Kansas Legislature and the Governor for stopping the extra ordinary transfers from the state highway fund last year. You will see from the table attached to my testimony, as the extraordinary transfers have been eliminated, the ordinary transfers have increased over the last two fiscal years from \$108 million in FY '21 to over \$120 million in FY '23. The vehicle modernization surcharge helps offset some of this increased transfer.

As part of the ordinary transfers, \$50 million in state highway funds is transferred to the Kansas Department of Revenue for the vehicle operating fund. Again, the \$4 surcharge, helps to offset the hit to the state highway fund. It is important to note, the current IKE plan was passed as an investment of \$9.9 billion over 10 years which included current estimates on motor fuels taxes, registration fees and sales tax collected.

Costs continue to rise for projects

The costs for KDOT construction projects have increased significantly over the last two years. KDOT recently reported a 29% increase from 2021 to 2022 and a 45% increase in construction costs from 2020 to 2022. As costs have risen for construction projects, any reductions to state highway funding could jeopardize projects in the IKE pipeline.

Leave surcharge language

The KCA would respectfully request an amendment to leave the \$4 surcharge in place by removing the language that is stricken on page 28, lines 20-22 and allow current law to stand.

Again, I thank you for allowing me the opportunity to appear before you today. We appreciate your favorable consideration of a proposed amendment to leave the surcharge in place.

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2022 Session - State Highway Fund Transfers (2022 SB 267 and HB 2510)

	T-WORKS										IKE 2021-2023 Total		
	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual		FY 2021 Actual	FY 2022 Approved
Extraordinary Transfers													
Education Technical Education Transportation													
Education Transportation Weighting													
Education Transportation of Special Education Students													
Education School District Extraordinary Need Fund													
SGF Transfers (1)	(149,592,584)	(205,000,000)	(800,000)	(650,000)	(650,000)	(650,000)	(650,000)	(650,000)	(46,000,000)				
SGF Transfer - Agency Operations Reduction													
SGF Transfer for KDOT/KTA formalized partnership savings													
SGF Transfer for T Project Savings													
SGF Transfer for KDOT/KTA formalized partnership savings													
SGF Transfer - November 2015 Allocation													
Revenue Division of Vehicles Modernization Fund													
Revenue KS Biodiesel Fuel Producer Incentive Fund (2)													
Aging and Disability Services - Mental Health Grants													
Adjutant General's Office of Emergency Communications Fund													
RBI - Uninterrupted Power Source Replacement Fund													
Department of Administration - Statehouse Debt Service													
Commerce Affordable Airfares													
Total Extraordinary Transfers	\$ (154,592,584)	\$ (205,000,000)	\$ (7,351,952)	\$ (160,720,590)	\$ (319,076,777)	\$ (430,432,251)	\$ (407,189,847)	\$ (423,770,627)	\$ (316,450,446)	\$ (258,221,642)	\$ (158,450,670)	\$ (97,654,156)	\$ (256,104,828)
Ordinary or Historically Routine Transfers													
Department of Administration SGF - Overhead Payments/Purch													
KHP Transfers (3)													
Department of Agriculture - Water Structures State Highway Fund													
Department of Education - School Bus Safety Fund													
Wildlife, Parks and Tourism Department Access Road Fund													
Wildlife, Parks and Tourism Bridge Maintenance Fund													
Revenue Division of Vehicles Operating Fund													
Total Ordinary Transfers	\$ (103,277,333)	\$ (102,566,853)	\$ (102,744,707)	\$ (103,107,290)	\$ (105,468,648)	\$ (105,768,879)	\$ (107,075,550)	\$ (106,186,379)	\$ (106,564,413)	\$ (106,577,647)	\$ (108,875,911)	\$ (131,888,427)	\$ (353,959,147)
Grand Total SHF Transfers to SGF and Other State Agencies	\$ (257,870,577)	\$ (307,566,853)	\$ (110,096,719)	\$ (263,827,870)	\$ (424,545,425)	\$ (536,201,130)	\$ (514,264,397)	\$ (529,957,006)	\$ (423,014,859)	\$ (364,799,289)	\$ (267,125,681)	\$ (229,522,585)	\$ (618,064,975)

(1) FY 2019 is net of \$50.0 million transferred in the SGF pursuant to Section 129(e) of 2019 SB 25.

(2) Note: In FY 2014, a total of \$400,000 was transferred to the Kansas Biodiesel Fuel Producer Incentive Fund due to an error in the bill posting. A total of \$200,000 was transferred back to the SHF in FY 2015 to correct the error. The number shown in this chart reflects the net result of this action and the legislative intent for this transfer.

(3) Please note the number shown for the FY 2019 transfer to KHP is net of \$142,906 transferred back to the SHF under 2015 SB 4; the number shown for the FY 2017 KHP transfer is net of \$85,387 transferred back from KHP under 2017 HB 2052. Additionally, the number shown for FY 2019 KHP transfer is net of \$46,741 transferred back from KHP under 2019 SB 25.

(4) Additional SHF support for aircraft operations (FY 2022 - \$21.8 million; FY 2023 - \$2.8 million); and (b) Additional SHF support of the Career Progression Pay Plan (FY 2023 - \$5.0 million).

(4) The Eisenhower Legacy Transportation Program (2020 House Sub. for SB 773), known as IKE, was enacted during the 2020 Session and became effective in FY 2021. Prior years reflect the Transportation Works for Kansas (T-WORKS) Program (FY 2011 - FY 2020).