

SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2234

As Amended by House Committee of the Whole

Brief*

HB 2234, as amended, would expand the authority for the Secretary of Transportation (Secretary) and the Kansas Turnpike Authority (Authority) to contract with each other. Current law allows the Secretary, with such contracts, to provide personnel and equipment, from either the Kansas Department of Transportation (KDOT) or contractors, for studies necessary before the financing of a particular toll project and to do such work. The bill would allow contracts between the Secretary and the Authority to provide personnel and equipment from KDOT, contractors, and the Authority for record-keeping, reporting, administrative, planning, engineering, legal and clerical functions, and for construction, operation, and maintenance of turnpike projects and projects not to exceed ten miles that connect the turnpike to the highways of the state. It would remove language regarding certain types of contracts between the Authority and KDOT preliminary to or required by financing.

The bill would specify the Authority would retain its separate identity, powers, and duties.

The bill would require the Secretary and the Authority to take actions to minimize duplication of effort, facilities, and equipment in operation and maintenance, including the temporary transfer of personnel, property, and equipment from the Authority to the Secretary and from the Secretary to the Authority.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill would require the integrity of bonded indebtedness to be maintained through the actions of the Authority.

The bill also would repeal a number of statutes specific to certain turnpike projects.

Background

The statutes that would be repealed by the bill generally address the same topics as the Authority statutes to be retained, such as authorization to construct, maintain, repair, and operate “modern express highways”; authority to acquire property for such highways; authority to issue turnpike revenue bonds; authority to fix and collect tolls; and requirements to keep each turnpike project in good condition and repair. Statutes that would be repealed generally deal with specific projects either completed or not built, such as an authorized project east from Winfield, and with specific feasibility studies.

Statutes would continue to specify that Authority revenue bonds are not a debt of the state or any political subdivision and indebtedness will be self-financing. The bill would make no changes to statutes related to contracts for policing on the turnpike by the Kansas Highway Patrol or to law that authorizes the Secretary to study the feasibility of new toll highways.

Proponent testimony was received from Mike King, Secretary of Transportation. The Secretary stated the changes would allow both agencies to increase efficiencies in operations and administrative functions and would allow the Secretary to use the turnpike as an economic development tool. He also said a single voice for transportation in Kansas would be an advantage and the bill would allow assets to be more easily shared. He said most of the estimated savings of \$15 million each year for the first two years would be from reducing redundant assets and sharing administrative tasks

and the estimate was based on knowledge of Authority assets and percentages of savings KDOT had found in operations during his tenure. Written proponent testimony from Senator Mike Petersen suggested an amendment to place the Authority “within” rather than “under the management of” KDOT.

Opponent testimony was received from the Chairperson of the Authority, from a representative of the Kansas Motor Carriers Association (KMCA), and from a private citizen. The Authority Chairperson stated the proposal has not been studied, there was no opportunity for Authority discussion, the potential savings were not identified, current law allows shared responsibilities, the bill could affect Authority bond costs, the bill would expand government, and the proposal would politicize the Authority. The KMCA representative said the Association was concerned the turnpike would be subjected to state bureaucracy and could become less attractive to motor carriers with higher tolls, and it was concerned by the potential for unintended consequences; he cited an article from the Reason Foundation comparing the potential consequences of the bill to consequences of similar turnpike governance changes in other states. The private citizen’s concerns included the potential to divert turnpike funds to other purposes.

The Authority and KDOT provided information to the House Committee on Transportation regarding salaries paid to their employees.

The House Committee on Transportation amended the bill to retain the current governance of the Authority by removing provisions that would have made the Secretary the chief executive officer and chairperson of the authority. The bill as introduced also would have specified the responsibilities of the chief executive officer (a position not mentioned in current statutes) – daily administration of the Authority’s toll roads, bridges, structures, and facilities – and would have given the chief executive officer or such officer’s designee the powers necessary to carry out those

responsibilities. Under law that would not be changed by the amended bill, the chairperson is elected by the Authority's five members: two members appointed by the Governor, the Secretary, the chairperson of the Senate Transportation Committee, and a member of the House Transportation Committee appointed by the Speaker. Committee amendments also removed a provision that would have placed the Authority under KDOT management; added a requirement that any transfer of personnel, property or equipment be temporary; added that any temporary transfer could be from the Secretary to the Authority as well as from the Authority to the Secretary; changed the effective date from publication in the Kansas Register to publication in the statute book; and made technical changes.

The House Committee of the Whole amended the bill to remove "other resources" from the assets the Secretary and the KTA would be authorized to provide to each other under contract, leaving personnel and equipment. It also amended the bill to specify that such contracts could be for construction, operation, and maintenance of projects not to exceed ten miles which connect the turnpike to the highways of the state, rather than for construction, operation, and maintenance of highways of the state.

The fiscal note from the Division of the Budget on the original bill states The FY 2014 Governor's Budget Report recommends transfers from the State Highway Fund to the State General Fund of \$15 million in both FY 2014 and FY 2015, for savings from merging the operations.

The fiscal note does not provide any fiscal estimates beyond FY 2015.