



Stimulating Economic Vitality Through Leadership in Infrastructure Development

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March 17, 2017
Testimony regarding SB 224

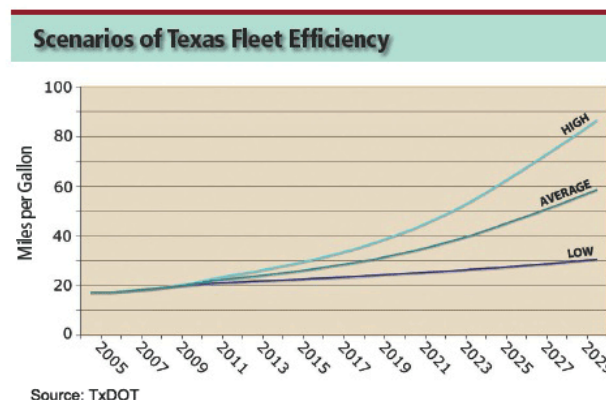
Dear Madam Chair and Members of the Senate Assessment and Taxation Committee thank you for the opportunity to provide written testimony regarding SB 224, a bill increasing the Motor Fuel Taxes by \$.05.

Economic Lifelines supports exploring all avenues for restoring critical transportation investments. It is concerning to our membership that the Kansas Department of Transportation has been forced to put on hold more than \$500 M in major modernization and expansion projects due to the siphoning of sales tax from the State Highway Fund. Further, KDOT has stated that they are planning to spend less than \$43m in preservation funds in FY 18. Our membership has serious concerns that the minimum investment of \$380m annually that the Department has stated is needed to keep our system in its current condition has not been met since FY 16. We will fall dramatically short in FY 18 and FY 19 if measures aren't taken this legislative session to address the problems.

If Kansas doesn't maintain the system, future investments will require much larger amounts. It was a part of the 10-year Transportation Works for Kansas (T-WORKS) promise that preserving the system would be a priority to the state, and those promises are going unmet. Our membership supports steps to restore funding to complete investments that are critical to economic development and job growth in the state.

While Economic Lifelines supports any investments in the transportation system, we caution the committee regarding a motor fuel increase. First, an over-reliance on motor fuel taxes can provide short-term gains at the expense of long-term problems. Motor Fuel Taxes are a declining revenue source nationwide as vehicles become more fuel efficient, and there are more alternatives to traditional gasoline powered vehicles.

“Even in growth states such as Texas, the outlook for fuel tax revenues over the coming decades is for dramatic declines.” -FHWA Publication: Study Higher Gas Efficiency Equals Lower Fuel Revenues, study by Ron Hagquist TXDOT.



Source: TxDOT

This graph depicts the projected future of vehicle fuel efficiency in Texas, with low, high, and average scenarios. Cumulative effects of high-efficiency vehicles on fuel consumption will likely become significant within the next 10 years and have an even greater impact in the subsequent decade.

We appreciate that the committee is interested in exploring all options to return funding to critical infrastructure needs. And while, we support the underlying premise within SB 224, we urge the committee to continue to keep all revenue options dedicated to the State Highway Fund in place to be able to continue the investments promised to communities and citizens under the T-WORKS program.

Economic Lifelines is the statewide coalition of business organizations and community groups which have provided the grassroots support for comprehensive transportation programs in Kansas for over 30 years. Our members understand that the economic development and jobs generated by comprehensive transportation programs are vital to the stability and growth of the economy and our communities in Kansas and the safety of the traveling public.