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MEMORANDUM

To: Members of the Senate Committee on Transportation

From: Adam Siebers, Assistant Revisor

Date: March 25, 2021

Subject: House Bill No. 2201

Summary

House Bill No. 2201 decreases the Eisenhower Legacy Transportation Program (IKE Program) alternate delivery project cost threshold, authorizes usage of federal stimulus funds for highway projects under the IKE program and modifies the bonds factored in determining the bonding cap.

Section 1 – amends a requirement to let at least a phase of T-Works projects before IKE Program projects. The IKE Program provides for the completion of modernization and expansion projects previously approved under T-Works. Specifically, the Secretary of Transportation must let at least one phase of each remaining T-Works project before letting to construction any modernization or expansion project under the IKE Program. This bill would authorize the Secretary to let to construction a modernization or expansion project under IKE if such project would utilize federal stimulus funds regardless of whether any T-Works project phases have been let to construction.

Section 2 – modifies what types of bonds are factored in when determining whether total bond amounts exceed the 18% bonding cap. Current law authorizes the Secretary to issue refunding bonds to refund any other bonds issued under KDOT’s authority. The bill provides that refunding bonds shall not be subject to the limitations on bond issuance found in K.S.A. 68-2320(c). Those limitations pertain to the bonding cap restrictions based on projected state highway fund revenues.

Section 3 – lowers the threshold amount for the Secretary to construct an alternative delivery project. The IKE Program expanded the Secretary’s authority to award certain highway

projects using alternative delivery procurement methods. There are certain restrictions to this authority, one of which being that any project utilizing alternative delivery methods shall equal or exceed \$100,000,000 in costs. This bill would lower that threshold amount to \$10,000,000.

Section 4 – contains a small technical update to that statute.

House Committee Amendment

The House Committee on Transportation struck what was Section 2 of the introduced bill. This section modified the calculation of projected state highway fund revenues for KDOT bonding purposes. Under current law, before issuing new bonds for construction costs, the Secretary must certify that the maximum amount of bonds issued under K.S.A. 68-2320 and 68-2328 does not exceed 18% of projected state highway fund revenues for the current or any future fiscal year. Subsection (c)(4) provides that if actual state highway fund revenues cannot be determined on the date of calculation, then projected state highway fund revenues are deemed to be the actual revenues. Under current law, there is a requirement to adjust those projected revenues in subsequent years by a percentage equal to the historical average annual increase or decrease in revenues for five years prior to the current fiscal year. There are also adjustments made to account for increases or decreases due to taxes or revenue transfers. The bill would have stricken those adjustments for revenue transfers and the five-year historical average increase or decrease in revenues.