

MINUTES OF THE HOUSE TRANSPORTATION COMMITTEE

The meeting was called to order by the Chairman of House Taxation, at 9:00 a.m., on January 28, 2008 in Room 313-S of the Capitol.

All members were present except:

Representative Terrie Huntington- excused
Representative Jeff King- excused

Committee staff present:

Hank Avila, Kansas Legislative Research
Bruce Kinzie, Revisor of Statutes Office
Betty Boaz, Committee Assistant

Conferees appearing before the committee:

None

Others attending:

See attached list.

This was a Joint Committee meeting with House and Senate Transportation Committees and House and Senate Taxation Committees. Representative Kenny Wilk, Chairman of House Taxation Committee, opened the meeting. He said the idea of this meeting started last fall when he approached Secretary Miller about how fuel taxes were being collected and the amount collected. After a few more comments he introduced Senator Donovan.

According to Senator Donovan, Chairman of Senate Transportation Committee, the laws just passed in congress require much more fuel economy for vehicles producing fuel tax revenues. He said it was no secret that the federal funds for building roads and bridges is basically broke. He said with the requirement of better fuel economy there will be a lot less tax collected and we need to come up with alternative ways to fund our programs.

Representative Hayzlett, Chairman of House Transportation Committee, said last year he, along with Vice-Chairman Peck, and Representative Long, went to Washington, D.C. and met with the U.S. Secretary of Transportation and some of their discussions were on the declining revenues and what the impact might be.

Representative Wilk introduced Secretary of Transportation Deb Miller who made a few comments and then introduced Michael D. Meyer, P.E., from the Georgia Institute of Technology. Dr. Meyer presented a power-point presentation on the "*Long Term Viability of the Petroleum-based Motor Fuel Tax.*"

Topics discussed by to Dr. Meyer included highway and street construction costs from 1997 - 2007, the dependence on transport fuels in North America, taxes supporting the Highway Trust Fund, the competition of world demand on oil, petroleum production, imports, and consumption in the U.S. from 1949 - 2006, vehicle and fuel technologies and the potential impacts of higher oil prices and fuel economy standards on gross motor fuel tax revenues.

According to Dr. Meyer fuel consumption per mile could decline 20 percent by 2025. He said the present finance system can remain viable for at least another 15 years. He also said that while there is a growing consensus that alternatives to the fuel tax may be necessary in about 20 years, the fuel tax should remain an important component of surface transportation finance until viable alternatives are found.

Upon conclusion of Dr. Meyer's presentation, Secretary Miller introduced Janet F. Kavinoky, Director of Transportation Infrastructure at the U.S. Chamber of Commerce and the Executive Director of the Americans for Transportation Mobility Coalition. In her testimony Ms. Kavinoky said that over the past several months the nation has seen abundant evidence that America's infrastructure is not only showing its age, but showing that it lacks capacity to handle the volume of people and goods moving today. She said the infrastructure cannot be treated like other problems or programs where you can wait until the very last minute and then write a big check. Infrastructure projects require foresight and years of careful planning.

Ms. Kavinoky's testimony covered three topics: 1) The role of transportation in our economy 2) What is at

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stake from the business community's perspective and 3) What should be done. According to Ms. Kavinoky, The Chamber believes that the next era in surface transportation requires a multi-modal and intermodal vision that supports competition in the global economy and emphasizes the important role of the federal government.

Ms. Kavinoky said we need a national plan and quoted House Committee on Transportation and Infrastructure Member John Mica, "The federal government must take a lead role in developing a national strategic transportation plan for the next 50 years that makes the most efficient use of every transportation mode and incorporates the expertise and resources of both private and public sectors." Ms. Kavinoky went on to say a Highway Trust Fund shortfall is expected in fiscal year 2009. It is now forecasted that revenues for the Highway Account will fall short of meeting the \$223 billion commitment by between \$4.3 and \$5.0 billion during FY 2009. In conclusion Mr. Kavinoky provided four key goals: 1) Document the problem with solid, indisputable research 2) Educate Americans about the benefits of infrastructure and the cost of failure 3) Spur private investment in infrastructure; and 4) Foster an honest dialogue on public financing.

Upon completion of Ms. Kavinoky's testimony Deb Miller spoke to the Committees. Secretary Miller testified about the sources of funding, the motor fuel tax receipts (the original forecast compared to actual receipts), motor fuels tax - how Kansas compares to the national average and regional average, the projected revenues that don't keep with inflation and the impact of inflation on revenues.

Chairman Wilk thanked Dr. Meyer, Ms. Kavinoky and Secretary Miller for appearing before the Joint Committee. Secretary Miller will return to the House Taxation Committee for a continuation of this discussion on Tuesday, January 29, 2008.