

Approved February 16, 1983
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by SENATOR ROBERT V. TALKINGTON at
Chairperson

9:00 a.m. a.m./p.m. on Wednesday, February 16, 1983 in room 254-E of the Capitol.

All members were present except:

All present.

Committee staff present:

Fred Carman
Hank Avila
Rosalie Black

Conferees appearing before the committee:

PRESENTATION: Merle Hill, Kansas Good Roads Association.

PROPOSAL: Kim Dewey, Administrative Officer, Sedgwick County.

The meeting was called to order by Senator Talkington, Chairman, who introduced Merle Hill, President, Kansas Good Roads Association, to present information about highway financing problems.

PRESENTATION - Merle Hill

Mr. Hill said that it has been estimated that by the turn of the century cars will be getting between 45 and 60 miles per gallon and the U.S. will be importing one barrel of foreign oil then for every four barrels imported today. Consequently, the State will be able to depend less and less on gasoline as the stable source of revenue for highway funding. Another important factor related to funding is that the average Kansan's motor fuel tax decreased nearly 25% between 1974 and 1981.

He noted that the basic cost of gasoline in 1970 was 24¢ per gallon. The federal tax was 4¢, and the state tax was 7¢. More than 30% of the cost of a 35¢ gallon of gasoline went into highway funding. By 1983, the basic fuel cost had increased nearly 500%, but there was no change at all in the federal tax and only a 1¢ increase in the Kansas motor fuel tax. What had been more than 30% of the cost of gasoline had decreased to less than 10% in 1982.

Mr. Hill pointed out in a recent interview that Robert Morrissey, Division Administrator of the Federal Highway Administration, expressed concern about the State acting to take advantage of available federal funds. Mr. Morrissey hoped

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,
room 254-E, Statehouse, at 9:00 a.m. a.m./p.m. on February 16, 1983.

Merle Hill (continued)

that the Legislature would provide substantial highway funding to match federal funds now available which when matched with state funds could provide \$275 million.

Atch. 2 PROPOSAL - GENERAL OBLIGATION BONDS - County Road Repair

Kim Dewey requested introduction of legislation that would allow counties to issue general obligation bonds to pay the cost of major road repairs on county systems. The issuance of bonds would be subject to annual aggregate amount limitations and subject to a 5% protest petition. Mr. Dewey added that other counties have shown interest in the legislation which last year was introduced as House Bill 2742 and pertained only to Sedgwick County.

Senator Meyers moved to introduce the proposal into the Committee; seconded by Senator Morris. The Committee voted favorably for introduction.

SENATE BILL No. 108 - Action

Senator Talkington indicated the main purpose of the legislation is insurance compliance for all wrecker carriers, identification of all carriers offering wrecker service and to bring carriers under KCC requirements.

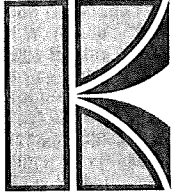
Senator Burke moved that Senate Bill 108 be reported favorable for passage; seconded by Senator Norvell and passed.

The meeting adjourned at 10:00 a.m.

Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

2-16-83

NAME	ADDRESS	ORGANIZATION	BILL NO.
Merk Hice	Topeka	KS GOOD ROADS ASSN	
DAVID CALOVICH	TOPEKA	KIN	
Cindy Entikun	Topeka	Sen. Ass	
Kim C. Dewey	Wichita	Sedgwick County	
Don Dwyer	Wichita	Sedgwick County	
Fred Allen	Topeka	K. A. C.	
Bill Arbores	Wichita	Breing	
Paul E. Fleener	Manhattan	Kansas Farm Bureau	



**KANSAS
GOOD ROADS
ASSOCIATION**

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Dr. James A. McCain, Chairman, KGRA
Dr. W. Merle Hill, President, KGRA
Ronald Anderson
Larry Barcus
Frank Becker
Fred Berry
Donald Beuerlein
Don Clarkson
W.F. Danenbarger
Paul DeBauge
Michael Drelling
Paul Fleener
Tom Fitch
Noel Hammel
Virgil Holdredge
John Koger, Jr.
Bruce McCallum
Ralph McGee
Bill Martin
John D. Montgomery
Ernie Mosher
Betty Muncy
George Nettels, Jr.
John Olson
Gary Padgett
Richard Peyton
Don Rathbone
H.W. Reece
Hale Ritchie
Bruce Roberts
Robert Schmidt
Pack St. Clair
James Supica
Vince Van Sickle
Gaye Wilson
Ray Woods
Jo Zakas

REMARKS TO THE SENATE TRANSPORTATION AND UTILITIES COMMITTEE

FEBRUARY 16, 1983

Merle Hill, President

Kansas Good Roads Association

Mr. Chairman and members of the Senate Transportation and Utilities Committee: Thank you for inviting the Kansas Good Roads Association to present information about the problems of inadequate highway financing presented to more than one hundred service clubs and organizations within the last five months.

The Kansas Good Roads Association was formed some 65 years ago by people associated with Chamber-of-Commerce efforts who recognized the importance of paved roads to their communities and the economic well-being of the state. They, working together with the Legislature, shared responsibility for the passage in 1920 of the Good Roads Amendment. The thrust of that early, nonprofit organization interested in the Kansas economy was to "get Kansas out of the mud." That early Kansas Good Roads Association evolved later into what is today the Kansas Association of Commerce and Industry.

A year or so ago a number of Kansans became concerned about the crumbling, cracking and deteriorating condition of the Kansas highway system. They were concerned that Kansas might be going back into the mud, as it were, and re-formed the Kansas Good Roads Association in February, 1982. I joined the organization on May 1 and have been traveling the state since that time attempting to create an awareness of the problems caused in recent years by inadequate highway financing and an interest in solving them.

Most of the organizations and clubs to which I have spoken are luncheon or dinner clubs. I always inquire about the cost of the meal in order to make an important point about users' fees. If a meal costs \$5.00, for example, no one at that meal actually eats \$5.00 worth of food. It is doubtful if

Atch. 1

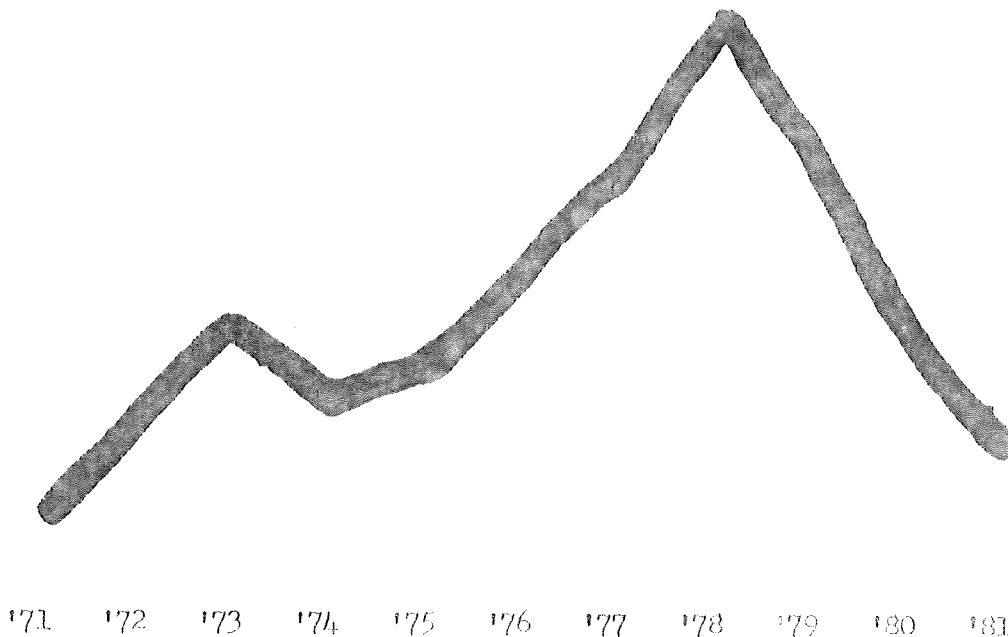
even the heartiest eater eats more than \$1.50 or, at most, \$2.00 worth of food. The remaining \$3.00 is, in a sense, an eater's tax or a user's fee. I then compare this user's fee, which takes care of setting up tables and laying places for the meal, heat, light, and hopefully, some profit, with the way the Kansas highway system is supported - through users' fees. Many Kansans are not aware of the fact that it is fees or taxes paid by the users of the State highway system which make it possible to maintain that important Kansas economic lifeline.

To start the presentation I show the following chart.

CHART I

BILLIONS OF GALLONS OF GASOLINE
PURCHASED IN THE UNITED STATES

1971 - 1981

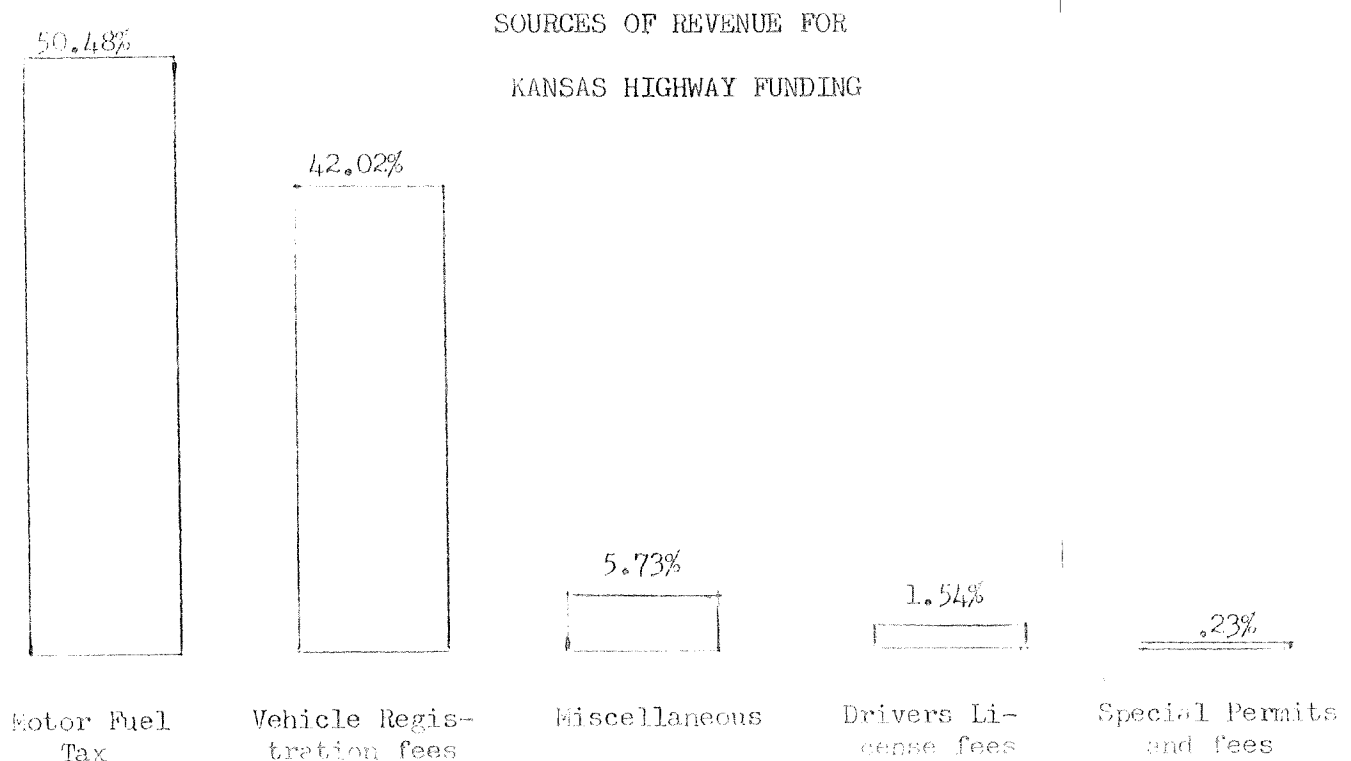


I always have this chart visible during the meal, and many people wonder whether it is a chart of economic conditions or, perhaps, a silhouette of a mountain slope. I explain that it is neither of these, but rather a chart of the billions of gallons of gasoline purchased in the U.S. between 1971 and 1981. I then point to the first peak, at the left hand side of the chart, and indicate that this was 1973, the year of the first Arab oil embargo. There was a plea in 1973 to conserve gasoline, and Americans did so for one year. However, the sales of gasoline increased rapidly from the low in 1974 until the peak purchases in 1978. Since that time, there has been a precipitous downslope on the "mountain."

I want you to remember four things: the downslope of this "mountain"; a steep upslope; a gap; and something red.

The importance of this first chart is that it relates to users' fees which create the funding for the maintenance and construction of the state highway system in Kansas. The two main users' fees which provide revenue for Kansas highway funding are a motor fuel tax and vehicle registration fees. As you can see from the chart below, the motor fuel tax provides more than 50% of highway funding revenue, and vehicle registration fees provide more than 42%. The two together provide 92.50% of all highway funding revenue in Kansas.

CHART II



Most Kansans are not aware that the motor fuel tax for gasoline is 8¢ a gallon and 10¢ a gallon for diesel. Neither are they aware that the federal motor fuel tax is currently 4¢ a gallon, although they may be aware of the recently passed 5¢-a-gallon-increase in the federal motor fuel tax.

The average vehicle registration fee for a passenger vehicle is \$16.25, \$27.00 for a pick-up truck and \$1,475 for the largest truck registration fees.

The motor fuel tax and vehicle registration fees are the prime sources of revenue for highway funding in Kansas. Unfortunately, vehicle registration fees were last increased in 1973, and the motor fuel tax has not been increased since 1976!

The following chart shows a history of the motor fuel tax in Kansas. The motor fuel tax was first introduced in 1925, at 2¢ a gallon on gasoline averaging 22.2¢ a gallon. This 2¢ motor fuel tax amounted to 9% of the cost of the gasoline. Four years later the motor fuel tax was increased by 1¢, and 7 more years went by before the tax was raised another penny to 4¢ a gallon. Note that the average price of gasoline in the depth of the depression in 1936 was 19.5¢ a gallon and, also, that the 4¢-a-gallon motor fuel tax represented 20.5% of the cost of the gasoline then.

CHART III
MOTOR FUEL TAX HISTORY KANSAS

<u>YEAR</u>	<u>GAS PRICE</u>	<u>KS TAX</u>	<u>%</u>
1925	22.2	2¢	9
1929	21.4	3¢	14
1936	19.5	4¢	20.5
1949	26.8	5¢	18.7
1969	35.1	7¢	19.9
1976	65.2	8¢	12.8

Thirteen years passed before the motor fuel tax was again increased a penny and, then, two complete decades flew by before the motor fuel tax was increased in 1969 to 7¢ a gallon. Then, seven more years passed before the tax was increased to 8¢ in 1976. Between 1969 and 1976, however, the average price of a gallon of gasoline nearly doubled, and the 8¢ tax represented only 12.8% of the cost of gasoline, the lowest percent ratio since 1929.

Let's update this 8¢ tax to 1972. The gasoline I purchased in 1982 averaged \$1.28 a gallon, and the 8¢ tax represented only 6.3% of the cost of gasoline, the lowest percentage since the tax was introduced in 1925.

Let's look now at how much revenue this 8¢ tax has produced recently. The

following chart shows how motor fuel tax revenue has been decreasing rapidly.

CHART IV

GROSS MOTOR FUEL TAX

<u>FISCAL YEAR</u>	<u>REVENUE (Millions)</u>
'79	\$137.0
'80	\$127.5
'81	\$118.9
'82	\$113.7

As you can see, as recently as 1979 the 8¢ motor fuel tax produced \$137 million in revenue. The revenue declined by \$9.5 million in 1980, declined another \$8.6 million in 1981 and is expected to have declined by another \$5.2 million in 1982. Note how this revenue decline parallels the downslope of the "mountain" we saw on the first chart. As you heard from Secretary Kemp the other day, motor vehicles which get more than seventy miles a gallon are being road-tested. It has been estimated that by the turn of the century our cars will be getting between 45 and 60 miles per gallon. Also, we will be importing one barrel of foreign oil then for every four barrels we are importing today. Consequently, we shall be able to depend less and less on gasoline as the stable source of revenue for highway funding in Kansas.

The last chart showed how revenue has decreased for the state. How has this affected the average Kansan? The next chart gives a automobile motor-fuel tax comparison for the average Kansans in 1974, when we had a 7¢ motor fuel tax, and 1981, when the tax was 8¢ per gallon.

CHART V

AUTOMOBILE MOTOR-FUEL
TAX COMPARISON IN KANSAS....

	<u>1974 (7¢ Tax)</u>	<u>1981 (8¢ Tax)</u>
*Average miles driven	9,262	10,320
*Average miles per gallon	13.4	22.6
*Gallons of fuel consumed	691.2	456.6
*Motor fuel tax paid, per year	\$48.38	\$36.53

Although there was encouragement in these years to decrease driving, note that the average Kansan drove approximately 10% more miles in 1981 than he did in 1974. Note also how the gallons of fuel consumed decreased markedly and, in a sense, followed the downslope of the "mountain" discussed earlier. The

important factor is that the average Kansan's motor fuel tax decreased nearly 25% between 1974 and 1981. In fact, if the motor fuel tax paid in 1981 were given in constant 1974-dollars, the decline would be more like 40% than 25%.

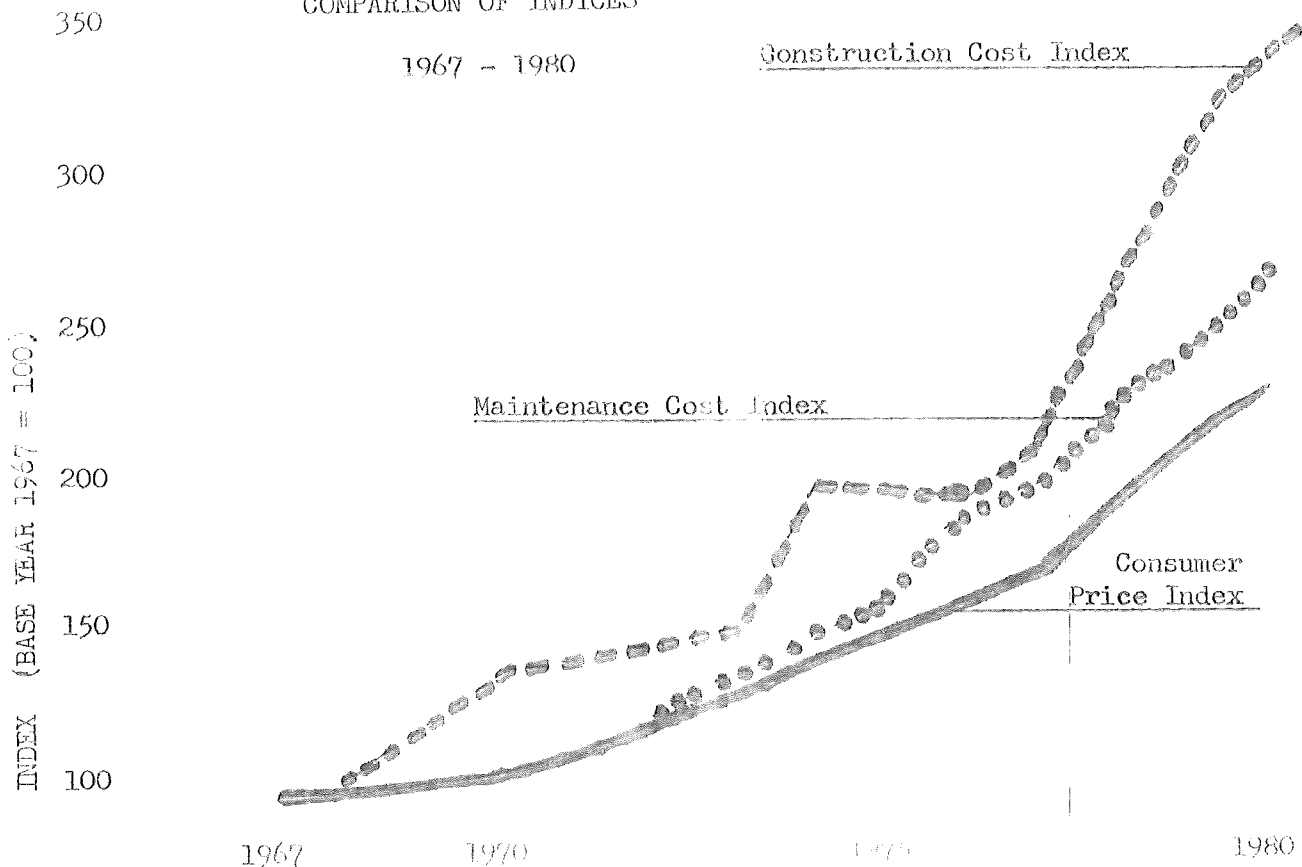
You are well aware of the reasons for the decline in revenue in support of highway funding, but many Kansans are not. Consequently, I show them the next chart, which shows a large vehicle and a smaller fuel-efficient vehicle. Just a few years ago, most Kansans were driving a larger vehicle, but today more and more are going to the smaller, fuel-efficient vehicle. I am a good example of this, as I was getting 14.7 miles a gallon in a larger car just a few months ago but am now getting better than 31 miles per gallon with the smaller vehicle I am using to drive more than 1,000 miles per week to meet speaking obligations in the state.

The second major reason why highway fund revenues have been decreasing is, of course, inflation. The following chart shows three indices between 1967 and 1980: the consumer price index; the maintenance cost index; and the construction cost index.

CHART VI

COMPARISON OF INDICES

1967 - 1980



In the thirteen-year period between 1967 and 1981, the consumer price index went up 240%, the maintenance cost index rose by 270% but the construction cost index ballooned upward by 394%! Note what happened in 1973 when the Arab oil embargo was first imposed. Note also the sharp upward climb in the construction cost index due to the increase in the cost of petroleum products as well as inflation, between 1977 and 1980. It is this sharp upslope of the construction cost index, compounded by the precipitous downslope of the "mountain" which creates the gap in highway funding.

It is this gap, which we will see later, which accounts for the fact that Kansas roads under current funding are cracking, crumbling, and deteriorating three times faster than they can be repaired.

Roads and bridges are like you and me. We each have a life cycle. Our life cycle rarely gets beyond the Biblical three-score-and-ten plus a few, whereas the life cycle of a road is only 20 years and for a bridge 50 years. Just at the time when our highways and bridges need rehabilitation most, there are fewer funds than ever before for their maintenance, for the safety of Kansans, and for the development of the Kansas economy.

How has inflation affected the amount of work done on Kansas highways? The next chart shows the millions of dollars in approved construction contracts between 1967 and 1980.

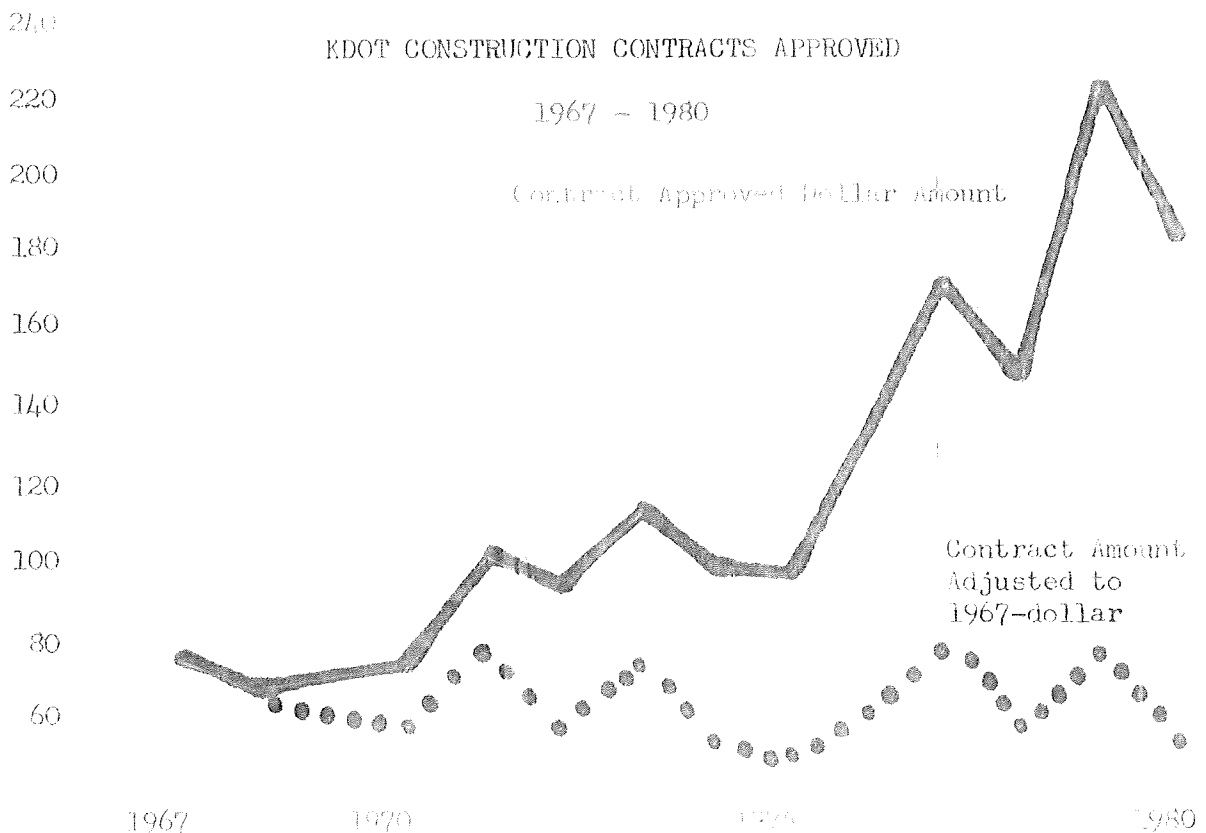
(\$ Millions)

CHART VII

KDOT CONSTRUCTION CONTRACTS APPROVED

1967 - 1980

Contract Approved Dollar Amount

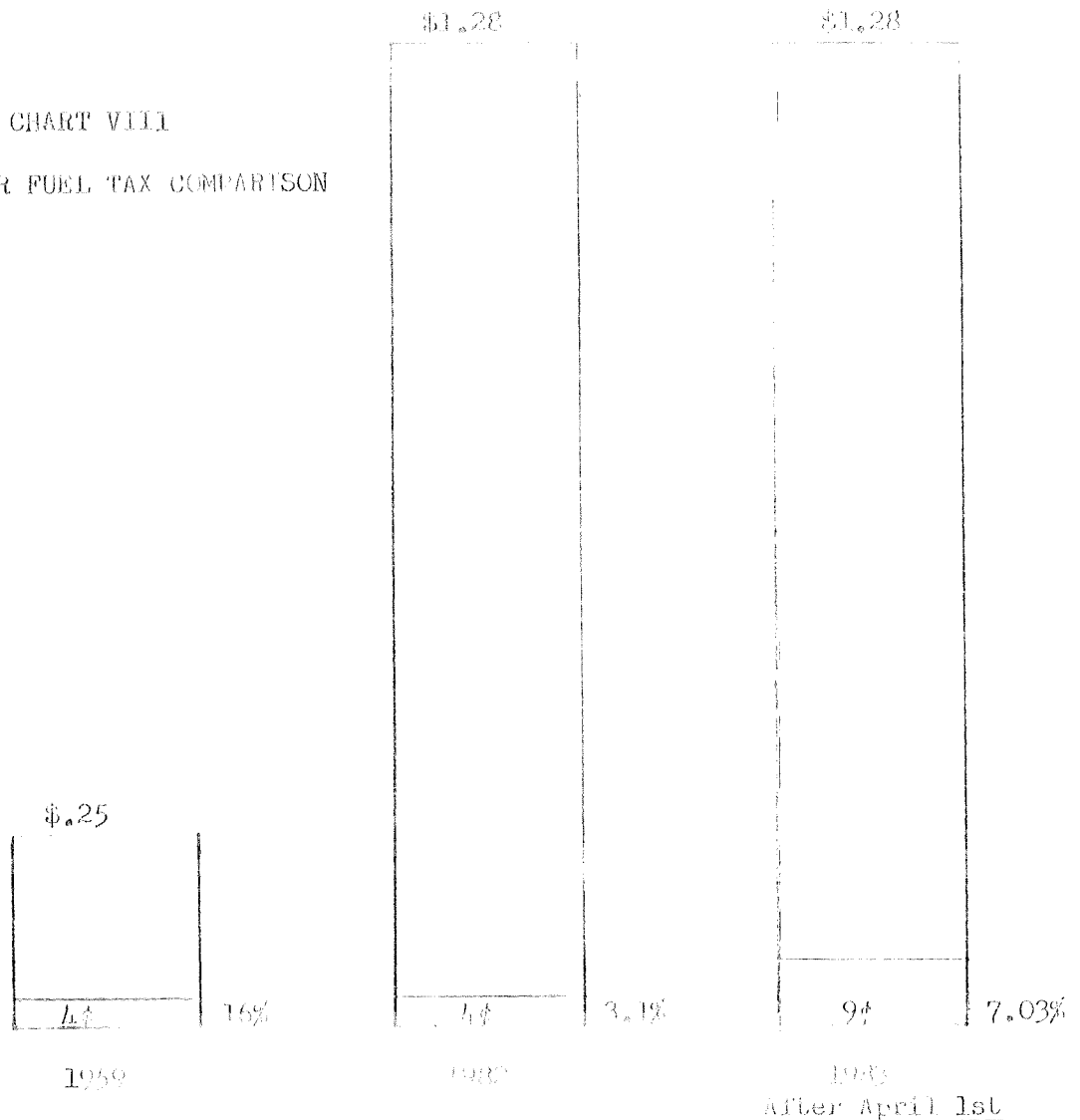


Note that \$79 million worth of contracts were approved in 1967 and that the approved contracts grew to \$228 million in 1979. In 1980 the approved contracts dropped to approximately \$190 million, and, if I were to continue the line, dropped to approximately \$140 million in 1981 and to \$120 million in 1982.

The important fact in this chart is that the contract amount, adjusted to 1967-dollars, decreased markedly. In fact, whereas Kansans were getting \$79 million worth of work in 1967, they were getting only about \$57 million worth of highway work in 1967-dollars in 1980. Once again, just at the time when the highway and bridges are most in need of rehabilitation, there are fewer dollars available than there were when the roads and bridges were much younger.

Let's look now at the federal motor fuel tax. I mentioned earlier that Kansans pay a 4¢ federal motor fuel tax in addition to the 8¢ Kansas motor fuel tax. That 4¢ federal motor fuel tax was imposed in 1959, when you could purchase gasoline in Kansas for 25¢ a gallon. The 4¢ federal motor fuel tax amounted to 16% of the cost of gasoline. The chart below shows how these figures compare with similar costs in 1982.

CHART VIII
FEDERAL MOTOR FUEL TAX COMPARISON



195

CHAR' IX

KANSAS MOTOR FUEL TAX - PRICE OF GASOLINE

3.35	
.07	Kansas Tax
.04	Federal Tax
.24	Basic Fuel Cost

1970

[illegible]

Note that the basic cost of gasoline in 1970 was 24¢ per gallon. The federal tax was 4¢, and the state tax was 7¢. More than 30% of the cost of a 35¢ gallon of gasoline went into highway funding. (30.55%)

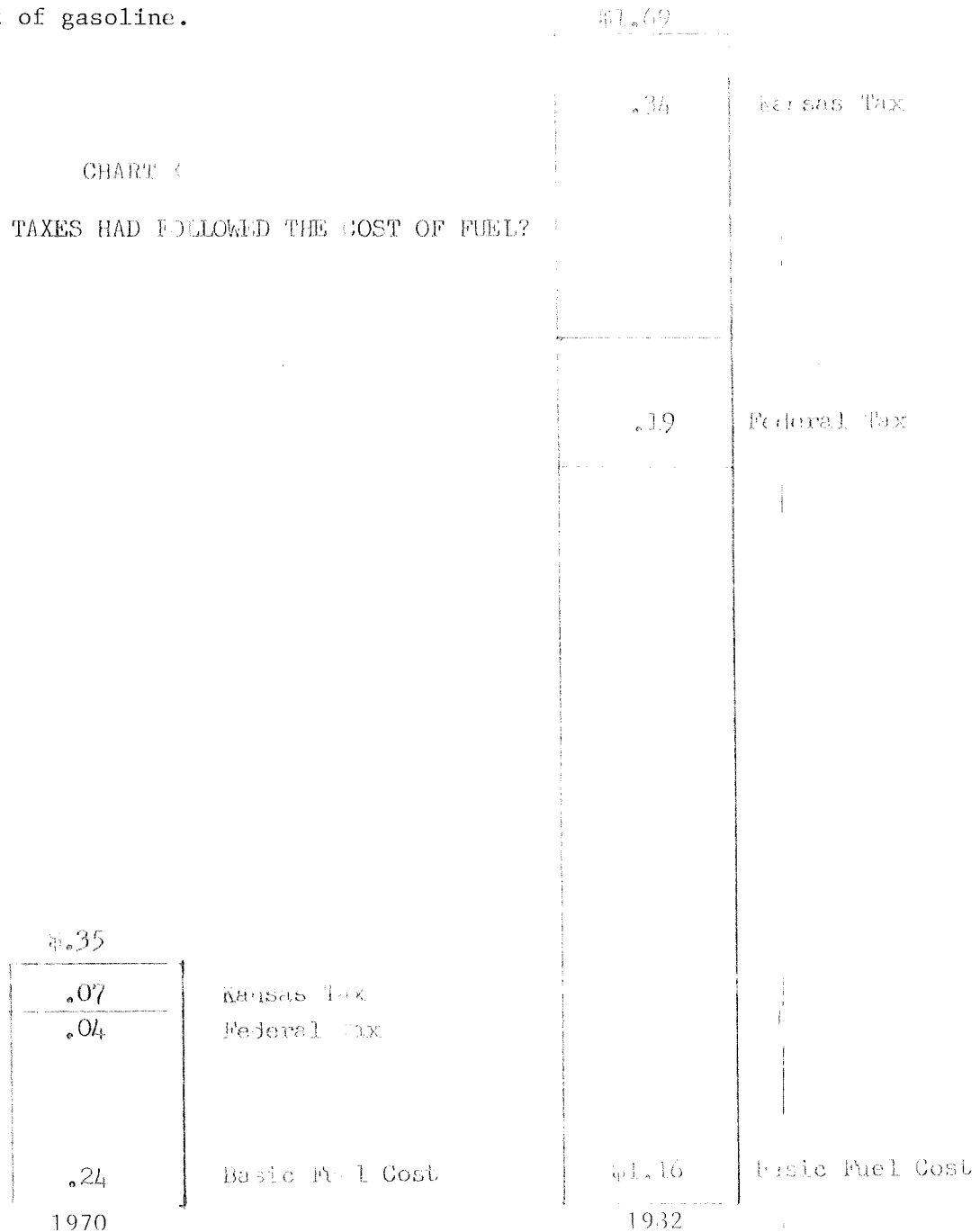
By 1982, the basic fuel cost had increased nearly 500%, but there was no change at all in the federal tax and only a 1¢ increase in the Kansas motor fuel tax. What had been more than 30% of the cost of gasoline had decreased to less than 10% in 1982.

What would have happened to the cost of gasoline, do you suppose, had the federal motor fuel tax and the Kansas motor fuel tax kept up with the pace of inflation?

The following chart shows what would have happened to the two taxes and to the cost of gasoline.

CHART 1

WHAT IF MOTOR FUEL TAXES HAD FOLLOWED THE COST OF FUEL?



The 4¢ federal tax would have increased to 19¢ per gallon, and the 7¢ Kansas motor fuel tax would have increased to 34¢ per gallon. Instead of paying \$1.28 for gasoline in 1982 I would have had to pay \$1.69 per gallon.

My mother-in-law just returned to Great Britain last week. She would have been delighted to have been able to take with her thousands of gallons of gasoline purchased at the inexpensive price of \$1.69 per gallon! In Great Britain she is paying \$2.80 a gallon, and the tax is 72¢!

I spoke in Oskaloosa several months ago. Kansas Route 59 runs through Oskaloosa and, in this particular area, it is badly in need of rehabilitation. A German owns a restaurant in that community, and he mentioned to me that a road like Kansas Route 59 would be closed to traffic in Germany - the road is in such state of disrepair that traffic would not be considered appropriate. I explained to him the reason for the differences between roads in Germany and in Kansas: in Kansas we pay only 12¢ a gallon in a motor fuel tax, but in Germany the motor fuel tax is 73¢ a gallon!

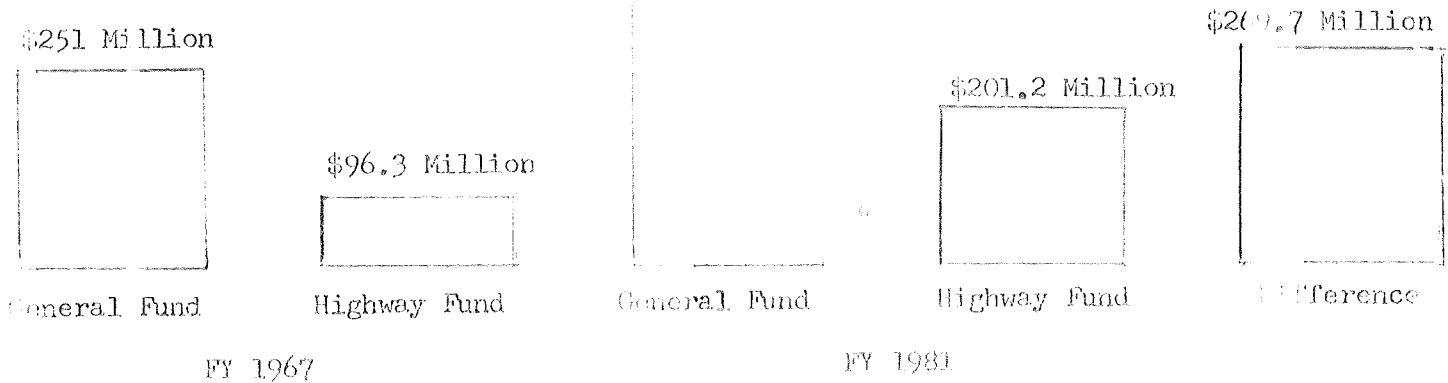
As you might expect, the result of what we have been talking about thus far has been less revenue for the highway fund. The next chart gives a comparison between general fund revenue and highway fund revenue between 1967 and 1981.

CHART XI

GENERAL FUND REVENUE - HIGHWAY FUND REVENUE

1967 - 1981

\$1.227 Billion



Although gross highway revenue did grow by more than \$100 million, the general fund grew by nearly \$1 billion. Had the Kansas Department of Transportation had the same proportion to the general fund revenue in 1981 as it did in 1967, it would have had \$269.7 million dollars more to maintain and rehabilitate the Kansas highway system. In fact, KDOT would have had nearly three times as much funding in 1981 as it actually had!

This chart shows the general fund growing by nearly a billion dollars between 1967 and 1981, while the highway fund gross receipts grew from \$96.3 million to

\$201.2 million in the same period. Unfortunately, KDOT did not get to spend even that amount on highway funding because, by statute, approximately \$90 million were used to support other state agencies.

The precipitous downslope of the "mountain" we saw earlier, compounded by the steep upslope of the construction-inflation cycle, also seen earlier, has resulted in the tremendous gap between general fund revenues and net receipts to KDOT. This gap is the reason 58% of the most heavily traveled miles of Kansas highways are considered to be substandard by national inspection criteria, why 24.1% of the federal-aid bridges are considered to be either structurally deficient or functionally obsolete, why county engineers report that 41% of their roads are substandard and why 39% of the county bridges are considered structurally deficient or functionally obsolete.

Let's turn now to another aspect of transportation, the cost of driving a vehicle. If I were to ask each of you how many miles per gallon you get in your vehicle, you would be able to tell me. You might exaggerate a little bit because it seems it is "American" to exaggerate how many miles per gallon one's vehicle gets. However, I do not believe you could tell me how much it costs you per mile to drive your car.

Hertz is the largest owner and operator of motor vehicles in the free world. It cost Hertz 44.6¢ per mile to operate a new, compact car in 1981. The following chart shows the breakdown of operating costs as given by Hertz.

CHART XII

COST PER MILE COMPARISON

*To operate a new, compact vehicle in 1981	*To support the road system Driving 10,320 miles Averaging 22.6 miles per gal.
*Maintenance and repairs	2.7¢
*Running expenses, gasoline and other service station charges	8.8¢
*Insurance, licenses and fees	9.1¢
*Interest	8.8¢
*Depreciation	15.2¢
	44.6¢
	$\frac{1}{2}\text{¢}$ (0.53¢)

Let's assume that Hertz is correct and that it does cost you and me about 44.6¢ per mile to operate our vehicles. How much should we pay in the form of a user fee to maintain the system that gives us the opportunity to drive to work or go on vacation, gets products from farm to market, gives us snow

removal, sanding, salting, and mowing, provides road-side parks, gives us signs to tell us when to pass or not to pass, signals that may save our lives, etc?

We learned earlier that we pay a "user's fee" or an "eater's tax" of 200% or more when we eat in a restaurant. How much of a "user's fee" should we pay to maintain the system of highways which is the core to future economic development to the state, as suggested by Governor Carlin? Are you willing to pay a 200% user's fee? How much do you think we actually pay?

If there were no road between Topeka and Kansas City, would you want to drive your vehicle through the fields, the streams and the forests? If somebody owned a private road between here and there, I imagine you would be willing to pay so much a mile to drive on that road.

Does anybody own such a road in Kansas? Yes, Mr. Turnpike Authority. How much does Mr. Turnpike charge you to drive on his road? Nobody knows! It is actually 3¢ a mile to drive on the turnpike, and the turnpike is one of our newest roads - it is only 26 years old! Might it not cost more than 3¢ a mile to maintain the older roads in the system - the roads which have not had the rehabilitation work they should have had in the past 5 or 10 years?

How much do you think we do pay to maintain that system? If you are the average Kansan who drives 10,320 miles a year and gets 22.6 miles per gallon in his vehicle, what you actually pay is $\frac{1}{2}$ of a red cent! You and I are paying, according to Hertz, approximately 44.6¢ per mile for the vehicle but only 0.53¢ per mile to maintain the system that benefits all of us so markedly!

How do I get that $\frac{1}{2}$ ¢ per mile? Well, we pay 12¢ in the form of motor fuel taxes, so I divide 22.6 into 12¢ and get .053¢ per mile. You and I both know that no restaurant could operate on such a small percentage of cost and that no business could operate that way either. Consequently, it should be no surprise to us that it is impossible for the Kansas Department of Transportation to maintain the state highway system on only $\frac{1}{2}$ ¢ per mile!

Let's talk now about the Kansas economy and the impact of highway funding on that economy. I was in Larned, Kansas recently and, to my surprise, learned that Fort Larned was not put there to protect the settlers as I thought but to protect an economic route, the Santa Fe Trail, between Council Grove and Santa Fe. I later visited Fort Hays and learned that it, too, was put there for an economic reason, not to protect the settlers as I thought but to protect the workers on the Union-Pacific Railroad.

Many people forget that 95% of everything we use is transported over our

Kansas highways at some time. Our economy moves on those roads, and highway construction is the engine which drives the economy.

In 1982, Governor Carlin was talking about a "minimum program" for highway funding, and the amount mentioned was approximately \$55 million in new revenues. His planned source of revenue was a severance tax.

In the gubernatorial campaign Mr. Hardage also talked about \$55 million in new revenue for highway funding, but his proposal was based on a four-cent-a-gallon motor fuel tax increase.

I am not supporting either a severance tax or a motor fuel tax increase but want to talk only about the amount of money involved, the \$55 million. That amount of money when matched with federal funds, according to Secretary Kemp, would have provided a highway program of approximately \$175 to \$190 million. What would the economic benefits of that program have been? The following chart shows the impact of such a "minimum program" on our economy.

CHART XIII

ECONOMIC BENEFITS OF A MINIMUM PROGRAM

o JOBS	6,510
o PAYROLL	\$114 MILLION
o REDUCED UNEMPLOYMENT BENEFITS	\$8.2 MILLION
o TAXES (INDIVIDUAL-CORPORATION)	\$26.4 MILLION
o SAVINGS TO DRIVERS	\$60.6 MILLION

How would Kansas drivers save \$60.6 million under such a effort? Well, believe it or not, you and I are now paying a "BAD ROADS TAX OF AT LEAST \$176 A YEAR" because of wear and tear on our vehicles, extra use of tires and inefficient use of fuel as we drive on bad roads! In fact, you and I are actually paying three times more to drive on our bad roads in Kansas than we are paying to improve the roads! That is false economy!

It makes much more sense for us to tax ourselves a little more and save ourselves hundreds of thousands of dollars over the next few years than it does to permit our important highways to deteriorate even further and cost us much more money in the long run.

There are several things I think all of us need to remember:

THE PRICE OF REBUILDING WILL BE GREAT, BUT THE BENEFITS IN EMPLOYMENT, PUBLIC SAFETY AND ECONOMIC GROWTH WILL BE GREATER.

Yes, the benefits will indeed be greater than the price.

KANSAS MUST APPROACH THE HIGHWAY-BRIDGE ISSUE WITH THE ATTITUDE THAT THE WORK MUST BE DONE.

This is a pay-me-now or pay-me-later situation! We know that it will be less expensive to do the work now than it will in just a few years. I have been told that every dollar we don't spend today will cost us \$5 in just a few years and \$10 in only a few more. The longer we wait, the more it is going to cost the Kansas taxpayers!

THE ABILITY OF A NATION, OR KANSAS, TO REGENERATE ITS ECONOMIC BASE DIRECTLY DETERMINES ITS FUTURE VITALITY AND THE FUTURE OF ITS CITIZENS.

THE TIME TO ACT IS NOW!

It is indeed the time to act! Kansas cannot afford to have another year go by without definitive and constructive action for adequate highway funding by the Legislature!

It has been said that we as adults get the kind of children we deserve, because we raise them. It has also been said that we as citizens get the kinds of schools we deserve, because we tax ourselves to support them. I guess we can also say that you and I as Kansans are going to get the kinds of highways we deserve, because we are going to tax ourselves to pay for them. If we tax ourselves a little now, we can keep them from deteriorating to the point of no-return. If we do not tax ourselves and do the job now, it is going to cost us a lot more in the years ahead! You know it will cost far more to rebuild a decayed system than it will now to rehabilitate a deteriorating system.

We hope you will join all of us in saying that HIGHWAYS AND BRIDGES ARE #1 AT THE LEGISLATURE IN 1983! Although we believe that highways and bridges should be your number one priority in 1983, we also want to stress the importance of a longer-term program to address funding needs in the future. The funding Governor Carlin has proposed and the funding mechanisms some of you have discussed are really minimal. Such funding will perhaps keep the system from deteriorating so rapidly, but there will still be a tremendous backlog of needed work and continued deterioration, crumbling and cracking. The needs in 1984 will be even greater than they are today, and they will increase each year until a long-term solution is found.

Right now, during the current session, is the time for bold and definitive action to improve our cracking, crumbling and deteriorating transportation system. The federal funds to make our task easier are there, and it would

be poor stewardship if we failed to utilize them to benefit Kansas.

In a recent interview, Robert Morrissey, Division Administrator of the Federal Highway Administration, expressed his concern about Kansas acting to take advantage of the available federal funds. "I think it is essential," he said, "for the Kansas Legislature to provide substantial highway funding to match the federal funds now available. If Kansas had the funding, we could use \$226 million of federal-aid highway funds. When matched with state funds the amount could go as high as \$275 million to provide a total highway funding program."

What does that mean for Kansas? Well, provided the Legislature acts promptly to provide for "matching funds" during this session, Kansas may be able to award highway contracts calling for nearly twice the amount of highway work in 1983 as were awarded in 1982.

The 1982 Surface Transportation Assistance Act will provide even more federal-aid matching dollars in fiscal years 1984, 1985 and 1986. We all know the need for improved highway and bridge funding is there and, also, that additional federal-aid funds are going to be available. It is your challenge, Senator Meyers and Gentlemen, to initiate plans to address highway funding needs for the remainder of this decade.

If the 1983 Legislature is courageous and sets into motion a program of guaranteed annual increases for highway funding - say the equivalent of a 4¢ or 5¢ increase in the motor fuel tax in 1983, another 1¢ in 1984, another 1¢ in 1985, etc. - generations of Kansas citizens, businessmen, motorists and legislators will be indebted to your wise actions.

Thank you, Mr. Chairman, for permitting the Kansas Good Roads Association to talk with you about better roads and bridges for a better Kansas economy.



SEDGWICK COUNTY, KANSAS

DEPARTMENT OF ADMINISTRATION

FOREST TIM WITSMAN
COUNTY ADMINISTRATOR

COUNTY COURTHOUSE, • 525 N. MAIN, • WICHITA, KANSAS 67203-3703 • TELEPHONE 268-7575

Tuesday, February 15, 1983
SENATE TRANSPORTATION AND UTILITIES COMMITTEE

We would like to request the Committee to consider the introduction of legislation similar to HB 2742, 1982 session which was heard, amended and favorably recommended by this committee. In Brief, the bill would allow the counties in Kansas to issue General Obligation Bonds to pay the cost of major road repairs or improvements on the county systems. The issuance of bonds would be subject to annual aggregate amount limitations and subject to a 5% protest petition and subsequent referendum.

The bill, as introduced last year, applied only to Sedgwick County. Since that time many other counties across the State have expressed their interest in this approach. The Kansas Association of Counties included this request in their 1983 legislative Platform, adopted at the annual meeting in November 1982. Currently, all 105 Kansas counties are members of the Association of Counties and most were represented at the annual meeting. We also submit for your consideration expressions of support from Dr. Merle Hill, President of the Kansas Good Roads Association, and the support of the Wichita Area Chamber of Commerce. The introduction and subsequent passage of this measure would equip counties with a viable new alternative to meet the pressing problems of our county road systems. We respectfully ask that the committee request the introduction of this legislation.

AN ACT relating to roads and highways; concerning bonds issued to pay the cost of improvements thereof.

Be it enacted by the Legislature of the State of Kansas:

Section 1. Whenever the board of county commissioners of any county determines it is necessary to make improvements on any existing roads or highways and sufficient funds are not available for the improvements, the board may issue general obligation bonds of the county to pay the cost of the improvements. Prior to issuing any bonds, the board shall adopt a resolution which: (1) States the necessity for the improvements; (2) designates the roads or highways to be improved; (3) describes the improvements to be made; and (4) states the estimated cost of the improvements and the amount of general obligation bonds to be issued to pay the cost. The resolution shall be published once each week for two consecutive weeks in the official county newspaper.

No bonds shall be issued if, within 60 days of the second publication, a petition signed by not less than 5% of the votes cast in the county for the office of governor at the last general election at which a governor was elected is filed with the county clerk requesting the question of the issuance of the bonds be submitted to and approved by the qualified electors of the county. If a sufficient petition is filed, the county election officer shall call and hold an election on the question in the manner provided under the general bond law.

If a sufficient petition is not filed within the prescribed time or if a special election is called and held and a majority of the votes cast on the question submitted is in favor of the issuance, the board of county commissioners may issue the general obligation bonds in the amount specified in the resolution. The bonds shall be authorized, issued, registered and sold in the manner prescribed by the general bond law and shall bear interest at a rate not to exceed the maximum rate prescribed by K.S.A. 1981 Supp. 10-1009. General obligation bonds issued by any county under the authority of this section shall not be subject to any limitation on the bonded indebtedness of the county. The aggregate principal amount of bonds issued by any county in any fiscal year under this section shall not exceed .5% of the taxable tangible assessed valuation of the county or \$1,000,000, whichever is greater.

For the purpose of this section, the term "improvements" means construct, reconstruct, maintain, or repair any street or highway.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.



WICHITA

AREA
CHAMBER
OF
COMMERCE

Tuesday, February 15, 1983

Senator Robert V. Talkington
State Capitol Rm 357 E
Topeka, Kansas 66612

Dear Senator Talkington,

The Wichita Area Chamber of Commerce continues it's support of legislation which would allow counties growth flexibility to improve streets and highways.

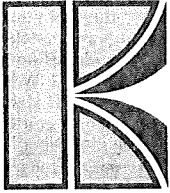
During the 1982 Kansas legislative session, the Wichita Area Chamber of Commerce supported HB 2742, which we believe permitted the necessary flexibility to issue bonds for road improvement but maintained sufficient safeguards against abuse.

We would encourage your Senate Committee to support introduction of similar legislation in the 1983 session.

Sincerely,

David L. Furnas
Vice-President
Public Affairs Division

DLF/vks



**KANSAS
GOOD ROADS
ASSOCIATION**

P.O. BOX 394
TOPEKA, KANSAS 66601-0394

EXECUTIVE OFFICES
820 QUINCY, SUITE 512
TOPEKA, KANSAS 66612
913/233-9804

February 16, 1983

To: Senate Transportation and Utilities Committee

The Kansas Good Roads Association supports the introduction of legislation that would give counties expanded authority in the issuance of general obligation bonds for road repairs.

We believe this would be an important tool in allowing counties to meet the pressing problems of the county road system.

Merle Hill

Dr. James A. McCain, Chairman, KGRA
Dr. W. Merle Hill, President, KGRA
Ronald Anderson
Larry Barcus
Frank Becker
Fred Berry
Donald Beuerlein
Don Clarkson
W.F. Danenbarger
Paul DeBauge
Michael Dreiling
Paul Fleener
Tom Fitch
Noel Hammel
Virgil Holdredge
John Koger, Jr.
Bruce McCallum
Ralph McGee
Bill Martin
John D. Montgomery
Ernie Mosher
Betty Muncy
George Nettels, Jr.
John Olson
Gary Padgett
Richard Peyton
Don Rathbone
H.W. Reece
Hale Ritchie
Bruce Roberts
Robert Schmidt
Pack St. Clair
James Supica
Vince Van Sickle
Gaye Wilson
Ray Woods
Jo Zakas

Kansas Association of Counties

Serving Kansas Counties

Suite D, 112 West Seventh Street, Topeka, Kansas 66603

Phone 913 233-2271

February 16, 1983

To: The Senate Transportation and Utilities Committee
From: The Kansas Association of Counties
Re: Road Improvement Bonds

We wish to call your attention to item number eight in
The County Platform which states:

"Counties should have authority to issue bonds
for road and highway purposes similar to the
authority of cities in K.S.A. 12-614 and the
limitations in K.S.A. 68-521 and 68-1106 should
be removed or increased."

and respectfully request the introduction of a bill by this
committee to help accomplish this purpose.

Thank you.