Approved: February 27, 2009

Date

MINUTES OF THE HOUSE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Gary Hayzlett at 1:30 p.m. on February 12, 2009, in Room 783 of the Docking State Office Building.

All members were present except:

Representative Jerry Henry- excused

Committee staff present:

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

Conferees appearing before the committee:

Representative Tom Burroughs
Tom Whitaker, Executive Director, KS Motor Carriers Association
Representative Bill Feuerborn
Michael Johnston, President/CEO, KS Turnpike Authority
Deb Miller, Secretary, Department of Transportation
Mark Schemm, Smith County Treasurer
Sharon Utley, Allen County Treasurer
Brad Harrelson, State Policy Director, Kansas Farm Bureau
John Donley, Kansas Livestock Association

Others attending:

See attached list.

The next meeting is scheduled for February 16, 2009.

The meeting was adjourned at 2:50p.m.

Chairman Hayzlett called the meeting to order and opened the hearing on HB 2137.

HB 2137 - Removal of county designation on license plates.

Chairman Hayzlett recognized Representative Tom Burroughs as the only proponent for this bill. (Attachment #1) According to Representative Burroughs he was not aware of any exceptions to Kansas Statute 8,147 and related amendments which requires that every owner who registers a vehicle have two decals on the rear plate. One with the registration number and one containing the county designation. However if someone orders a distinctive license plate there are numerous exceptions in regards to the county designation decal. He concluded by saying as the number of exemptions increase and with the proliferation of speciality plates with no county decal requirement, it is time to consider its elimination. He asked the Committee to support HB 2137.

There were no other proponents and no opponents to **HB 2137** so the Chairman closed the hearing.

Chairman Hayzlett opened the hearing on HB 2152.

HB 2152 - Towed vehicles, lien thereon, city ordinance or county resolution.

The Chairman recognized Tom Whitaker as the only proponent for this bill. (Attachment #2) Mr. Whitaker explained that HB 2152 expands the circumstances by which a lien is created when towing and recovery service is provided. He said current law allows for a lien to be created only if the towing and recovery service is requested by the owner of the vehicle or law enforcement. This bill would add, "or as provided by a city ordinance or county resolution," to those instances that create a lien for the towing company. He concluded by asking the Committee to favorably pass this bill.

There being no other proponents or opponents to this bill the hearing was closed.

CONTINUATION SHEET

Minutes of the House Transportation Committee at 1:30 p.m. on February 12, 2009, in Room 783 of the Docking State Office Building.

The Chairman opened the hearing on HB 2178.

HB 2178 - Abolishing Kansas turnpike authority, transferring to Kansas department of transportation.

Chairman Hayzlett recognized the only proponent to this bill, Representative Bill Feuerborn. (Attachment #3) According to Representative Feuerborn his reason for this bill was because the Kansas Turnpike has revenue and is a valuable asset to the state. He said the reason he asked for it to be put under the Kansas Department of Transportation was not because the Turnpike had been operated poorly but because he felt the State could save money by consolidating the Turnpike into KDOT.

There were no other proponents so the Chairman called for opponents to HB 2178.

The first opponent recognized was Michael Johnston, President/CEO of the Kansas Turnpike Authority. (Attachment #4) He said he was not appearing on behalf of the Authority itself as they had not discussed the bill. He said he was appearing because of his unique perspective that being that he is the only person who has led both the Kansas Department of Transportation and the Kansas Turnpike Authority. Mr. Johnston provided the Committee with a brief history of the Kansas Turnpike which was authorized by the 1953 legislature. He said with few amendments through the years, the original law still provides the legal framework for the operation of the roadway today. Mr. Johnston said that one of the reasons, perhaps the most important reason the turnpike has successfully operated for over 50 years, is that neither political party has politicized its operation. He said the only way the state can generate substantial income from the turnpike is through sharply higher tolls. Mr. Johnston said the turnpike does not now nor has it ever had unencumbered reserves that could be transferred to the State. He said the \$225 million in current turnpike debt would be very expensive for KDOT. Mr. Johnston concluded by saying that he was not trying to tell the Committee that merging KTA into KDOT can't be done but that there will be consequences and costs.

The next opponent to <u>HB 2178</u> was Tom Whitaker, Executive Director of the Kansas Motor Carriers Ass'n. (<u>Attachment #5</u>) According to Mr. Whitaker the trucking industry represents 40% of the KTA's revenue and makes up only 13% of the traffic. He said they have concerns that if the turnpike was turned over to a government agency, tolls could rise to the point where the trucking industry would no longer see value in using the turnpike. Mr. Whitaker said that additional increases in tolls to create revenue could have an adverse affect on Kansas because of rerouting trucks to other transportation corridors. He concluded by saying the Association has great respect for KDOT but KDOT is still subject to the bureaucracy of a state agency as opposed to the business model used by the KTA.

The Chairman drew the Committee's attention to written testimony submitted in opposition to **HB 2178**, by Debbie Ward. (Attachment #6)

The next conferee was Deb Miller, Secretary of the Department of Transportation, who testified as a neutral. (Attachment #7) According to Secretary Miller there would be significant challenges in absorbing KTA into KDOT, from personnel, to concessionaire leases and toll collections, costs of policing and patrolling the turnpike and its facilities, centerline miles to the state highway system, transferring existing liability for claims against the KTA to KDOT, revenue and debt obligations. She concluded by saying that merging the KTA and KDOT is a very complicated issue and she believes it deserves careful, thorough study to determine its feasibility, costs and benefits before making such a decision.

There being no other conferees the Chairman closed the hearing on <u>HB 2178.</u> Chairman Hayzlett opened the hearings on <u>HB 2212.</u>

HB 2212 - Vehicle registration, trailers.

Chairman Hayzlett recognized Mark Schemm, Smith County Treasurer. (<u>Attachment #8</u>) According to Mr. Schemm, <u>HB 2212</u> will clear up the confusion associated with registering and titling trailers used on the farm. He said there is confusion in hauling a certain amount of cargo and if the cargo is strictly farm products and several other issues. In addition if the owner of the trailer does not title and tag his trailer, the only way a lien

CONTINUATION SHEET

Minutes of the House Transportation Committee at 1:30 p.m. on February 12, 2009, in Room 783 of the Docking State Office Building.

holder can secure a lien is to file a lien under the Uniform Commercial Code. He said if the trailer is not titled and then stolen there is no way to prove ownership because the Vehicle's Identification Number is not on file with the motor vehicle department. He concluded by saying <u>HB 2212</u> would clear up the confusion in the registration laws with regard to trailers by titling and tagging all trailers.

The next proponent of <u>HB 2212</u> was Sharon Utley, Allen County Treasurer. (<u>Attachment #9</u>) According to Ms. Utley, the rules concerning whether or not to tag and title trailers are very confusing for the general public. She said the confusion concerns gross weight, cargo weight, and if the load is exclusively agriculture products. Ms. Utley said another problem counties close to the borders have is that when Kansas trailers go to another state they are sometimes stopped because that state requires all trailers be tagged. She concluded by saying <u>HB 2212</u> would help end the confusion concerning the titling and tagging of farm trailers.

There were no other proponents so the Chairman called for opposing conferees.

Brad Harrelson, State Policy Director, Governmental Relations for Kansas Farm Bureau was the first opponent to <u>HB 2212</u>. (Attachment #10) According to Mr. Harrelson, K.S.A. 79-201i is the basis of Kansas Farm Bureau's opposition to this bill. He said the farm trailers being considered in this bill are indeed used exclusively in a farm or ranch enterprise, and as such may only be used occasionally. He said the added burden of expense by registering and tagging far outweighs any benefit of theft protection or recovery. Mr. Harrelson said the added confusion of <u>HB 2212</u> will likely lead to trailer owners unnecessarily paying a tax that is clearly not owed.

The next opponent recognized was John Donley, with Kansas Livestock Ass'n. (Attachment #11) According to Mr. Donley, by requiring farm trailers to be licensed and registered, there is the potential to create confusion. Farm trailers are exempt from both sales tax and property tax as farm machinery and equipment. By requiring a farm trailer to be registered and licensed, there is a strong likelihood that the county official will mistakenly try to apply sales tax on newly purchased trailers and property tax on trailers every year. He concluded by asking the Committee to not pass HB 2212.

Chairman Hayzlett drew the Committee's attention to written testimony submitted by Leslie Kaufman, Executive Director, Kansas Cooperative Council, opposing <u>HB 2212.</u> (Attachment #12)

There were no other opponents to <u>HB 2212</u> so after all questions were answered Chairman Hayzlett closed the hearing.

It was the Chairman's desire to work <u>HB 2130</u> so he opened the floor for questions, discussion or motions. Representative Menghini made a motion to favorably pass <u>HB 2130</u>, 2nd by Representative Ballard and the motion carried.

There being no further business before the Committee, the meeting was adjourned at 2:50 p.m.

HOUSE TRANSPORTATION COMMITTEE GUEST LIST

DATE: February 12, 2009

NAME	DEDDECE: This
	REPRESENTING
KEVIN GREGG	KMCA
Brend Koops	Hein La Firm
Wellsmoranno	KAPA- KEMCIA
Foslie Kaufman	Ks Co-op Council
Marix land Hankiewicz	LGFA
John Honlien	KS Livestock Assin
Ding Garloss	ATAY
BRAD HARRELSON	KIB
	,

TOM BURROUGHS

REPRESENTATIVE, THIRTY:THIRD DISTRICT
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3131 S. 73RD TERRACE
KANSAS CITY, KANSAS 66106
(913) 375-1956

STATE CAPITOL-RM. 322-S TOPEKA, KANSAS 66612 (785) 296-7688 (1-800) 432-3924 burroughs@house.state.ks.us



COMMITTEE ASSIGNMENTS

MEMBER: APPROPRIATIONS

GENERAL GOVERNMENT BUDGET INSURANCE AND FINANCIAL INSTITUTIONS

BOARD OF DIRECTORS: KANSAS INC.

MEMBER: LEGISLATIVE POST AUDIT
KANSAS ATHLETIC COMMISSION

TESTIMONY

Chairman Hayzlett, Vice - Chairman Vickery, Ranking Member Long and Colleagues

I have introduced HB 2137 (repeal of county designation decal) for a few reasons. The Kansas License plate statute (KS-8, 147 and amendments thereto.) requires that every owner who registers or re registers a vehicle has two decals for placement on the rear plate. One with the registration number and one containing the letters designating the county in which such vehicle is registered.

I am not aware of any exceptions as it relates to the placement of the registration (numbered) decal, however there are numerous exceptions in regards to the county designation decal.

If someone orders a special plate (KU, KSU, PSU, Firefighter, Veteran, etc.); it is left up to the customer if they want to have a county designation on their plate. As bills are introduced to create yet another plate expressing support for an organization or cause (5 this year to date), the need for the county designation has diminished.

It is my understanding that the county designation decal is utilized primarily by local law enforcement for the purposes of identifying county registration compliance. There are some that believe it segregates communities or is used to report a neighbor for a questionable registration. We all know of nosey neighbors!

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As the number of exemptions increase and with the proliferation of vanity and speciality plates with no county decal requirement it is time to consider its elimination. It would be the fair, equitable and cost saving thing to do.

In closing I submit to you, I am a Kansan first. What difference should it make as to which county I am from?

Thank you committee for your consideration and I ask that you pass out HB 2137 favorably.

Respectfully,

Representative Tom Burroughs



Kansas Motor Carriers Association

Trucking Solutions Since 1936

Legislative Testimony

Before The

HOUSE TRANSPORTATION COMMITTEE Representative Gary Hayzlett, Chairman February 12, 2009

MR. CHAIRMAN AND MEMBERS OF THE HOUSE TRANSPORTATION COMMITTEE:

I am Tom Whitaker, executive director of the Kansas Motor Carriers Association. I appear before you this afternoon representing our 72 towing and recovery member companies to ask for your favorable consideration of House Bill 2152.

HB 2152 expands the circumstances by which a lien is created when towing and recovery service is provided. Current law allows for a lien to be created <u>only if</u> the towing and recovery service is requested by the owner of the vehicle or law enforcement. This bill would add, "or as provided by a city ordinance or county resolution," to those instances that create a lien for the towing company.

Many times, tow companies are summoned to tow an abandoned vehicle off of private property. In order for a tow company to create a lien on the abandoned vehicle, the tow must be initiated by law enforcement. This places a burden on local law enforcement to respond to requests for a private property tow when they have other duties of higher importance.

Several cities have adopted ordinances that provide a framework for private property tows. We have attached a copy of the City of Wichita's ordinance covering private property tows to KMCA's testimony. The Wichita ordinance is designed to protect the public and the rights of persons whose motor vehicles may be towed and stored by a private tow services at the request of a third party.

While Wichita's ordinance protects the public, it does not provide the tower with a lien to collect the towing charges. HB 2152 will address this situation <u>only when</u> there is a city ordinance or county resolution in place to provide for such private property towing.

On behalf of the KMCA Towing and Recovery Division, I respectfully request the House Transportation Committee advance HB 2152 favorably. I thank you for the opportunity to appear before you today and would be pleased to respond to any questions you may have.

Larry DinkelJim Mitten Trucking, Inc. *President*

Michael Topp TT&T Salvage & Towing, Inc. Chairman of the Board

Jason Hammes Frito Lay Service & Distribution First Vice President

Sherwin Fast Great Plains Trucking Second Vice President

Larry Graves Farmers Oil, Inc. *Treasurer*

Larry "Doc" Criqui Kansas Van & Storage Criqui Corp. Corporate Secretary

Ken Leicht Rawhide Trucking, Inc. *ATA State Vice President*

Mike Miller Miller Trucking, LTD ATA Alternate State VP

Calvin Koehn Circle KTransport, Inc. *Public Relations Chairman*

Tony GastonRawhide Trucking *ProTruck PAC Chairman*

Jeff RobertsonJMJ Projects, Inc.
Foundation Chairman

Bill Johnston Northcutt, Inc. Allied Industries Chairman

Tom Whitaker Executive Director

House Transportation

Date: 2-/2-09

Attachment # 2

CHAPTER 11.99. PRIVATE TOWING REGULATIONS

Sec. 11.99.010. Purpose and intent.

Sec. 11.99.020. Definitions.
Sec. 11.99.030. Unlawful acts.
Sec. 11.99.040. Nonapplicability to governmental vehicles and tows.

Sec. 11.99.050. Penalty.

Sec. 11.99.010. Purpose and intent.

It is declared that the purpose and intent of this chapter is to protect the public and the rights of persons whose motor vehicles may be towed and stored by private towing services at the request of third parties.

(Ord. No. 46-552 § 1)

Sec. 11.99.020. Definitions.

As used in this chapter, the words and phrases defined in this section shall have the following meanings, unless the context otherwise requires:

- A. "Towing" means the moving or removing or the preparation therefor of a motor vehicle for which a service charge is made, either directly or indirectly, of a motor vehicle from private property without the knowledge and actual consent of the owner or the person in legal possession of the vehicle.
- B. "Tow truck" means any truck or other vehicle adapted or used for the purpose of towing, winching, carrying or otherwise removing another vehicle from a given location for commercial purposes.
- C. "Storage" means the custody and control of a vehicle by a tow truck operator as a result of a third-party ordered tow.
- D. "Tow operator" means any person engaged in the business of offering or providing a towing service for commercial purposes.
- E. "Private property" means all property privately owned regardless of whether the property is open to public access.
- F. "Person" means a natural person or a legal entity such as, but not limited to, an individual, firm, association, joint stock company, syndicate, partnership or corporation.

(Ord. No. 46-552 § 2)

Sec. 11.99.030. Unlawful acts.

It is unlawful and a violation of this chapter for any person to fail to comply with the following regulations when involved in the towing or request of towing of motor vehicles from private property:

- A. Notification. The property owner or person requesting the towing of or the removal of a vehicle from private or public property shall, within one hour of completion of such towing or removal, notify the Wichita police department records bureau of the following information concerning the tow or removal:
 - (1) Vehicle make;

APTER 11.99. PRIVATE TOWING REGULATIONS

- (2) Vehicle model;
- (3) Vehicle year;
- (4) Vehicle VIN;
- (5) License plate number;
- (6) Ultimate destination where vehicle is towed to and stored;
- (7) Person ordering the tow;
- (8) Address from which the vehicle is towed.
- B. Notice and Sign Requirements. Except for property appurtenant to and obviously a part of a single-family residence, and except for instances when notice is personally given to the owner or other legally authorized person in control of the vehicle that the area in which that vehicle is parked is reserved or otherwise unavailable for unauthorized vehicles and thus are subject to being removed at the owner's or operator's expense, any property owner or person in legal possession of the property, prior to towing or removing any vehicle from private or public property without the consent of the owner or other legally authorized person in control of that vehicle, must post a sign meeting the following requirements:
 - (1) The sign must be prominently placed at each driveway access or curb cut allowing vehicular access to the property, within five feet from the public right-of-way line. If there are no curbs or access barriers, the signs must be posted not less than one sign for each twenty-five feet of lot frontage;
 - (2) The sign must clearly indicate, in lettering of at least one and one-half inches high and one-half inch wide, that unauthorized parking is prohibited and further clearly marked with lettering of at least one inch high and three-eighths inch wide indicating that unauthorized vehicles will be towed away at the owner's expense;
 - (3) A business with twenty or fewer parking spaces satisfies the notice requirements of this section by prominently displaying a sign stating "Reserved parking for customers only. Unauthorized vehicles will be towed away at the owner's expense." in light-reflective letters on a contrasting background.

(Ord. No. 46-552 § 3)

Sec. 11.99.040. Nonapplicability to governmental vehicles and tows.

The provisions of this chapter shall not apply to law enforcement, firefighting, rescue squad, ambulance or other governmental vehicles which are marked as such, or to property owned by any governmental entity.

(Ord. No. 46-552 § 4)

Sec. 11.99.050. Penalty.

Any person that violates the provisions of this chapter shall be fined not less than one hundred dollars nor more than one thousand dollars. In addition to such fine the court may sentence any person convicted hereunder to no more than thirty days in jail.

(Ord. No. 46-552 § 5)

STATE OF KANSAS

BILL FEUERBORN
REPRESENTATIVE 5TH DISTRICT
ANDERSON, FRANKLIN, MIAMI COUNTIES



HOUSE OF

COMMITTEE ASSIGNMENTS

RANKING DEMOCRAT APPROPRIATIONS

MEMBER VISION 20-20
EDUCATION BUDGET
JOINT COMMITTEE ON STATE
BUILDING CONSTRUCTION
LEGISLATIVE BUDGET COMMITTEE
CAPITOL RESTORATION
CLAIMS AGAINST THE STATE

March 12, 2009

Good afternoon Chairman Hayzlett and Members of the Committee. Thank you for allowing me to testify on HB 2178.

In July, when my optimism turned and I realized that our state revenues were going to stay down and probably get worse, I asked the Research Department to provide me with a list of all the enhancements we had added in our State budget since 2000. I also started thinking about state assets. What does the state have that the revenues could increase the State revenues or where could expenses be cut. One option that came to mind was the Kansas Turnpike - it has revenue and is a very valuable asset to the state.

This brought me to ask for a bill to put the Kansas Turnpike under the Kansas Secretary of Transportation. I do not think that the turnpike has been operated poorly. I do believe we can save money by consolidating the Turnpike into KDOT.

Some of the other states that operate toll roads under their Departments of Transportation are New Hampshire, Virginia, Florida, Texas, Maryland and Washington to mention a few.

I thank each of you for allowing me to appear before your committee and I would appreciate any consideration you give to HB 2178.

Representative Bill Feuerborn District #5

House Transportation

Date: 2-/2-09

Attachment # 3

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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February 11, 2009

Selected Legislative History and Operations of the Kansas Turnpike

The Kansas Turnpike Authority operates a 236-mile highway from Kansas City, Kansas by way of Topeka, to south of Wichita, generally following I-70, I-335, and I-35 from west of the Missouri border to north of the Oklahoma border. The Authority was created in 1953 to construct and operate the turnpike.

Part of the preamble to the 1953 law stated that "The construction of a toll road or turnpike could be financed by revenues derived from the issuance of revenue bonds which would be paid by the tolls collected for the use thereof, thus making it possible to use regular state highway funds to construct additional roads and highways." Another part of the preamble continued that "States east of the state of Kansas are building turnpikes across their states and eventually there may be constructed a turnpike across the United States from east to west and it is essential that the state of Kansas be prepared to do its part so that such transcontinental turnpike can be routed through a part of this state." Finally, the preamble concluded that "The construction of such toll road or turnpike will result in greater highway freight traffic and bring larger numbers of tourists to and through Kansas each year, encourage new industries to come to Kansas, enable the Highway Commission to expend more of its funds for new highways, relieve or eliminate the traffic congestion on other roads and highways, and promote the general welfare of the state by bringing millions of dollars into Kansas."

During 1975, when the old State Highway Commission was abolished during a period of governmental reorganization and the Department and Secretary of Transportation were created, one provision (KSA 75-5012) attached the Kansas Turnpike Authority to the Department of Transportation, effective on August 15, 1975. The statute provided that "the Kansas Turnpike Authority created by KSA 68-2003 shall be and is hereby attached to the Department of Transportation as a part thereof, except that the powers, duties and functions vested in or exercised or performed by said Authority pursuant to law shall not be transferred to the Secretary of Transportation and shall remain the lawful powers, duties and functions of said Authority. Persons who are members of the Kansas Turnpike Authority on August 15, 1975, shall continue to hold such offices under the conditions and limitations provided in KSA 68-2003. Officers and employees of said Authority shall not be transferred to the Department of Transportation as officers and employees thereof, but shall remain as officers and employees of the Authority and subject only to the jurisdiction and supervision of the Authority. All budgeting, purchasing and related management functions of the Authority shall remain under the jurisdiction, supervision and control of the Authority under the conditions and limitations prescribed by laws applicable to the Authority, and the Secretary of Transportation shall not exercise any jurisdiction, supervision or control over such functions. To the fullest extent allowed by law, the Kansas Turnpike Authority shall cooperate with the Secretary of Transportation so as to achieve maximum coordination in the planning, development and operation of the highway systems in this state."

In 1993, the Legislative Division of Post Audit prepared a performance audit, *Reviewing the Operations of the Kansas Turnpike Authority*, released in January of 1994. The audit found that the Kansas Turnpike Authority (KTA) had more staff per lane mile than the Department of Transportation, but fewer staff than two of three other turnpikes reviewed. The KTA maintenance

costs per mile of road were higher than the department's costs. But when comparing the total cost of constructing and maintaining some similar stretches of road over a long period of time, the Authority's costs were lower. The Authority generally pays higher wages and provides better fringe benefits to its employees than the Department. The Authority generally had adequate operating plans and controls but it was noted that it could improve its controls in the areas of competitive bidding and documenting purchases with credit cards issued in the Authority's name. If the state were to operate the turnpike without tolls, it would have to pay off up to \$162 million in KTA bonds, assume about \$20 million in annual operating costs, and spend many millions more in capital costs to bring the road up to federal standards. Finally, the audit found that the Authority saved money on its recent bond issues and sold the bonds at very good interest rates. However, the audit concluded that the Authority could strengthen its bond-issuance procedures by hiring an independent financial advisor and by soliciting proposals from more underwriters.

In the KTA annual financial statement of December 31, 2007 (the most recent available), the long-term outstanding obligations were \$249.8 million, including \$246.4 million in bonds, and annual operating costs were \$40.2 million. The KTA had investments of \$157.0 million less cash equivalents of \$28.2 million. Interest and dividends totaled \$8.4 million during the preceding year. Capital assets consisting of the initial turnpike and improvements total \$448.8 million at the end of that calendar year.

Included as investments were various instruments: U.S. Treasury obligations, \$11.1 million; U.S. agency obligations (primarily the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association), \$117.6 million; money market mutual funds, \$27.1 million; and commercial paper obligations, \$1.1 million. Of the funds invested, most (\$113.8 million) were less than one year. The KTA also has leasing agreements with services stations, restaurants, and communications companies that generate revenue, estimated at \$3.2 million in 2008 and \$3.0 million in 2009.

On December 31, 2007, the KTA bonds payable included the following series and amounts outstanding: 1993, \$5,180,000; 2002, \$80,020,000; 2003A, \$97,155,000; 2004, \$51,335,000; and 2006A, \$12,690,000. Debt service requirements through December 31, 2036, totaled \$382,877,849, including \$136,497,849 for interest payments.

Repayments scheduled for bonds included \$11.5 million in 2008, \$11.1 million in 2009, and \$10.7 million in 2010 for the year ending December 31.

In recent years, the Authority undertook a three-year \$70.0 million widening project for a section of turnpike between Topeka and Lecompton, which contributed to part of its bond debt. Another \$140.0 million project began in May of 2008 in the section through Lawrence, including bridge replacements across the Kansas River. The Emporia interchange also was reconstructed. A new interchange is being added in Leavenworth County. Road construction and reconstruction projects are financed by KTA bonds, and repaid with revenues from toll collections and other sources generated by the KTA activities.

The Authority has an agreement with the Kansas Highway Patrol to provide policing and patrolling of the turnpike and its facilities, with KTA paying all related costs for the public safety support provided. Annual expenses totaled \$5.4 million in the most recent year and were included within the annual KTA budget.

The \$40.2 million in annual KTA operating costs, for the period ending December 31, 2007, were paid from net toll revenues of \$78.2 million for the same period. Some 33.2 million vehicles traveled 1.4 billion miles in generating the revenue. Passenger vehicles contributed \$46.6 million in gross tolls and commercial vehicles paid \$32.6 million in gross tolls.



Testimony of Michael Johnston, President/CEO of the Kansas Turnpike Authority to the House Committee on Transportation Regarding House Bill (HB) 2178 February 12, 2009

Representative Gary Hayzlett, Chairman Representative Jene Vickrey, Vice Chairman Representative Margaret Long, Ranking Minority Member

Thank you Mr. Chairman and members of the committee. I appear before you today in my capacity as the President/CEO of the Kansas Turnpike Authority to offer comments on the bill. The authority itself has not discussed the bill and I am not, therefore, expressing any opinion on its behalf. I am here today not because of any personal anxiety, but rather because I believe I have a unique perspective to share. I am the only person who has led both the Kansas Department of Transportation (KDOT) and the Kansas Turnpike Authority (KTA).

To begin with, let me share with you some pertinent history about the turnpike. In the early 1950's, there were a number of people who wanted to build a "superhighway" to link the urban center's of our state. Construction of the federal interstate system had not begun and no such highway network existed. In addition, with the heavily rural flavor of the legislature, it was not politically possible to raise the necessary money from taxes or the then current user fees to build this "urban road". As a result, a privately funded toll road was the only way a roadway of this nature could be built. With the toll road model the only alternative, and with no state or federal tax support then or since, the 1953 legislature passed the enabling act which created the Kansas Turnpike Authority and gave it the assignment to build and operate what we now refer to as the Kansas Turnpike.

With few amendments through the years, the original law still provides the legal framework for the operation of the roadway today. In addition, an important objective of the legislature in 1953 was to make clear to the buyers of the original and any subsequent revenue bonds sold by the turnpike that they could not look to the state or any political subdivision of the state for support in the event the turnpike was not financially successful. The law is expressly clear on

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Date: 2 - 12 - 09
Attachment #_ 4

that point. In short, and for good reason, the legislature intended for the turnpike to be operated on a different model than KDOT and I believe history supports that decision. One of the reasons, perhaps the single most important reason the turnpike has successfully operated for over 50 years, is that neither political party has politicized its operation. Politically managed toll roads in other parts of the country chronically under invest because they often artificially keep toll rates low, and also have rapid turnover in management. For example, from time to time, we have requests for new access to the roadway from communities or other interested parties. While we would love to add additional access, if the investment necessary to build and operate the new plazas necessary for that access cannot be recovered over some reasonable period of time, we don't make the investment. In other words, these investment decisions are made for business rather than political reasons.

As I understand it, the bill's sponsor, Representative Feuerborn, has been reported as saying this bill will make it possible to use turnpike revenue to help with financial challenges you face. Without engaging in a complex discussion, the only way the state can generate substantial income from the turnpike is through sharply higher tolls. The turnpike does not now have, nor has it ever had, unencumbered reserves it could transfer to the state, even if legal obstacles concerning our outstanding debt could be overcome. In addition, since any transfer of the KTA to KDOT would almost surely require the defeasance of the \$225 million in current turnpike debt, to do so would be very expensive for KDOT. I have attached to my testimony a letter from Columbia Capital Management, the turnpike's financial advisor, which explains why it would cost approximately \$25 million to do such a defeasance in today's market. Moreover, the turnpike faces its own financial challenges in the future such as needing approximately \$100 million over the next ten years just for bridge replacement and maintenance. In fact, we have been aggressively working on reducing our operating budget, not for the last three months, but for at least the last three years, long before the current economic turmoil. We have reduced full time positions since 2006 by more than 30 or over 8% - and we are not finished. We have done so largely through attrition and other targeted operating changes. On top of that, we are certainly not immune from the current economic contraction. For example, our commercial book of business declined over 10% last month when compared to January 2008.

I am not here today to tell you that merging KTA into KDOT can't be done. On some basis, it surely can, but just as certain with such a merger there will be consequences and costs. I am here today to tell you that I believe such a merger is unnecessary, but more importantly, unwise. Indeed, since there was widespread agreement that the KTA was a success story, in 1998, the legislature modeled the Kansas University Hospital Authority after the KTA enabling act because it was widely accepted that the KTA statutory framework worked in balancing its public and private institutional and business needs. HB 2178 does not solve any problem and I believe its enactment would lead ultimately to higher costs and lower service for tumpike customers. I don't say that because I believe that we at the KTA are smarter or more capable than our KDOT friends. We are not! In fact, I have very high regard for KDOT institutionally and many of their employees. In addition, I also have both personal affection and professional respect for Secretary Miller. But as certain as I sit before you today, I believe the KDOT culture and history is not well suited to operate a tolling business model that would approach the performance that the KTA provides today to its customers and to the economy of Kansas.

Thank you and I would be pleased to stand for questions.





FINANCIAL AND INVESTMENT ADVISORS

February 5, 2009

Mr. Michael Johnston President Kansas Turnpike Authority 9401 E Kellogg Wichita, Kansas 67207

Dear Michael:

In light of recent legislative proposals, you requested we assess the cost of defeasing the Authority's outstanding bonds. As described below, under current market conditions defeasance of the Authority's \$224,170,000 of outstanding bonds would cost approximately \$255,900,000. The \$31,730,000 difference is due to the low investment rates available in today's market compared to the interest rates on the Authority's outstanding bonds.

Defeasance sets aside money and investments to pay principal and interest to the holders of outstanding bonds. In effect the Authority, or another governmental body replacing the Authority, would make a cash deposit to a bank trustee today that, together with interest earned on the investment of those funds, would be sufficient to pay all the principal and interest due on the Authority's bonds until their maturity or the first date on which the bonds can be prepaid.

Funding a defeasance escrow is inefficient in today's markets due to the historically low yields available on the U.S. government securities eligible for deposit in the escrow. The overall rate paid by the Authority on its bond portfolio is significantly higher than the investment yield on the escrow securities, which causes the escrow to cost more than the face amount of the bonds outstanding.

As noted above, the required deposit to the defeasance escrow would be \$255.9 million. The Authority could use its \$5.9 million in reserve fund balances on hand to reduce the required deposit to the escrow at closing of the transaction. This would result in a net cost of defeasance of approximately \$250 million.

We would be happy to run any bond refunding scenarios you would like to see. If you have any questions in the meantime, please let me know.

Sincerely,

COLUMBIA CAPITAL MANAGEMENT, LLC

Dennis Lloyd Managing Director



Kansas Motor Carriers Association

Trucking Solutions Since 1936

Legislative Testimony

Before The

HOUSE TRANSPORTATION COMMITTEE Representative Gary Hayzlett, Chairman February 12, 2009

MR. CHAIRMAN AND MEMBERS OF THE HOUSE TRANSPORTATION COMMITTEE:

I am Tom Whitaker, executive director of the Kansas Motor Carriers Association. I appear here this afternoon representing the Association's 1,100 member-firms and the Kansas trucking industry in opposition to House Bill 2178 which abolishes the Kansas Turnpike Authority (KTA) and transfers responsibility for the turnpike to the Kansas Department of Transportation (KDOT).

The trucking industry is a valuable customer of the Kansas Tumpike. Our industry represents 40% of the KTA's revenue and makes up only 13% of the traffic. Over the last 50 years, the KTA has kept tolls reasonable while providing a high quality of service to those that travel the tumpike.

We have concerns that if the turnpike was turned over to a government agency, tolls would rise to the point where the trucking industry would no longer see value in using the turnpike and instead seek alternate routes to traverse Kansas. Trucking today is very price conscious. Computer programs are available that will route a truck based on taxes, fuel prices and travel time. Kansas needs to encourage trucks to operate on the turnpike. Additional increases in tolls to create a revenue stream, over and above the needs for maintaining the turnpike, could have an adverse affect on Kansas through the rerouting of trucks to other transportation corridors. The state currently receives fuel tax revenue and apportioned registration fees for the miles traveled on the turnpike, with no cost to the State to maintain the turnpike.

KMCA has great respect for KDOT. They have done an admirable job of managing the Comprehensive Highway Program and the Comprehensive Transportation Program on time and on budget. However, KDOT is subject to the bureaucracy of a state agency as opposed to the business model used by the KTA.

We believe the old adage applies here, "If it ain't broke, don't fix it!" The Kansas Motor Carriers Association opposes the transfer of the KTA to KDOT and asks the Committee to report HB 2178 unfavorably.

We thank you for the opportunity to appear before you today and would be pleased to respond to any questions you may have.

Larry Dinkel

Jim Mitten Trucking, Inc. President

Michael Topp

TT&T Salvage & Towing, Inc. Chairman of the Board

Jason Hammes

Frito Lay Service & Distribution First Vice President

Sherwin Fast

Great Plains Trucking Second Vice President

Larry Graves

Farmers Oil, Inc. Treasurer

Larry "Doc" Criqui

Kansas Van & Storage Criqui Corp. Corporate Secretary

Ken Leicht

Rawhide Trucking, Inc. ATA State Vice President

Mike Miller

Miller Trucking, LTD ATA Alternate State VP

Calvin Koehn

Circle K Transport, Inc. Public Relations Chairman

Tony Gaston

Rawhide Trucking ProTruck PAC Chairman

Jeff Robertson

JMJ Projects, Inc.

Bill Johnston

Northcutt, Inc. Allied Industries Chairman

Tom Whitaker

Executive Director

Gary Hayzlett - turnpike bill

From:

<DWard32119@aol.com>

To:

<David.Wysong@senate.ks.gov>, <johnvratil@senate.ks.gov>, <gary.hayzlett@house.ks.gov>,

<barabara.ballard@house.ks.gov>

Date:

2/4/2009 8:08 AM

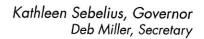
Subject: turnpike bill

I hope you are not in favor of the turnpike bill, that is the last thing we need is the state running the turnpike. From what I have read the state is not doing a very good job at managing their money. The turnpike is the best road in Kansas, without the state's help. The state does not have to take their money, you just need to cut spending and cut staff in Topeka, like every other company in the U.S. Finally, you are also putting every child in the state that attends K-12 and college at risk of a poor education. Is that your plan? Get tough, this is not the time to make friends.

Debbie Ward dward32119@aol.com 913-262-7015 home 913-226-8228 cell

Stay up to date on the latest news - from sports scores to stocks and so much more.

House Transportation
Date: 2-/2-09
Attachment # 6





http://www.ksdot.org

TESTIMONY BEFORE HOUSE TRANSPORTATION COMMITTEE

REGARDING HOUSE BILL (HB) 2178

Concerning abolishing the Kansas Turnpike Authority and transferring its powers, duties and functions to the Kansas Department of Transportation

February 12, 2009

Mr. Chairman and Committee Members:

I am Deb Miller, Secretary of the Kansas Department of Transportation (KDOT), and I am here to testify concerning HB 2178, an Act to abolish the Kansas Turnpike Authority (KTA) and transfer its powers, duties and functions to KDOT.

The bill requires that all of the KTA's property, property rights and records would transfer to KDOT. It also transfers KTA employees to KDOT who the Secretary determines are engaged in administrative, technical and other support functions and specifies them to be placed in unclassified service subject only to enumerated state civil service act protections. It appears that there may not be significant redundancies between KTA and KDOT personnel; for instance, KDOT has no similar personnel for collecting tolls. As a result, KDOT's FTE count would have to be increased to accommodate the added KTA personnel but we do not know the exact number at this time.

KDOT would also assume responsibility for KTA's concessionaire leases and toll collections. In addition, the KTA has an agreement with the Kansas Highway Patrol to finance the costs of policing and patrolling the turnpike and its facilities. I assume this arrangement would remain in effect if the provisions of this Act are adopted.

The Act would add 236 centerline miles to the state highway system, which is statutorily capped at 10,000 centerline miles, but the addition would not cause the cap to be exceeded. However, the added miles would hamper KDOT's flexibility to add new miles to the state highway system without changing the mileage-capping statute.

There would be significant challenges to absorb the added KTA mileage into KDOT's highway operations structure. KTA highway maintenance personnel play a critical support role in KTA functions. KDOT would not be able to take over responsibility for maintaining the added KTA mileage without also transferring the KTA road maintenance personnel to KDOT. Pending further study, I believe most of the current KTA personnel, equipment and facilities would need to be retained in the short term because there are few comparable KDOT assets with reasonable access to the limited number of turnpike interchanges.

Section 6 of the bill seems to transfer existing liability for claims against the KTA to KDOT. KTA is insured for those claims, but KDOT does not have liability insurance for non-vehicle related claims. It is possible that some or all of the KTA claims could become liabilities to the state highway fund. The language of the section would need to be clarified because it refers to the KTA as a state agency, which it is not, under current statutes.

House Transportation
Date: 2-/2-09
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H.B. 2178 Page 2 February 12, 2009

For CY 2007, the KTA's revenues were approximately about \$91.6 million. Its operating and long-term debt expenditures were a little more than \$81 million and it had \$246.4 million in outstanding bond indebtedness. The estimated principal and interest payments for FY 2010 through FY 2012 were \$21 million annually, which would be included in the operating and interest expenditures above. The bill does not outline the funding structure required for KDOT to absorb the various KTA fund categories, so I assume the current KTA funding structure would be recreated in the state treasury for KDOT to manage. If so, this authority would have to be outlined in subsequent legislation.

The bill would have KDOT assume the KTA's outstanding debt obligations and I question if the KTA's debt can be transferred by statute to KDOT without issuing new bonds to refund the KTA debt. Cost concerns related to issuing new debt revolve around whether the existing bonds could be called and the market conditions when new bonds are issued. Those costs are not quantifiable at this time.

Given the complexities of a merger, we may need more time to implement the bill than is provided.

Finally, it is clear that merging the KTA and KDOT is a very complicated issue and I firmly believe it deserves careful, thorough study to determine its feasibility, costs and benefits before making such a decision.

Thank you for your time and I will gladly stand for questions.

TESTIMONY PRESENTED BY MARK E. SCHEMM, SMITH COUNTY TREASAURER, SUPPORTING HOUSE BILL 2212 BY COMMITTEE ON TRANSPORTATION

Chairman Hayzlett and members of this committee, my name is Mark Schemm, Smith County Treasurer and Vice President of the Kansas County Treasurers' Association and member of the Associations' Legislative Committee. I sincerely appreciate the opportunity you've given me to testify on behalf of Kansas County Treasurers in support of House Bill 2212.

I would like to take a moment of your time to explain my qualifications for supporting HB 2212. I have 25 years of law enforcement experience eighteen of those years as a Trooper for the Kansas Highway Patrol. I was elected to the office of Smith County Treasurer in 2000. When I was working the road parts of my duties were to enforce Kansas registration laws. Now it is my responsibility to make sure that when a member of the motoring public arrives in my office to register a vehicle that they register it properly.

Passage of House Bill 2212 will clear up the confusion associated with registering and titling trailers used on the farm. Presently a trailer used by a person engaged in farming is exempt from registering his trailer if the farmer does not plan to haul more than 6000 pounds of cargo and is used exclusively to transport agricultural products' produced or purchased by the farmer. To add to the confusion the empty weight of the trailer and the 6000 pound cargo shall not be considered in determining the gross weight for which the truck shall be registered. For example: On a farm operation with a trailer that weighs 2000 pounds empty caring 6000 pounds of farm cargo for a gross weight of 8000 pounds is exempt a license tag on the trailer, also the gross trailer weight in this example is exempt from the registered weight on the truck that pulls the trailer. That law only applies to a farm operation. If the same farmer uses the trailer to haul something not produced or purchased for the farm the same trailer would require to be registered if the gross weight of the trailer exceeded 2000 pounds, and the motor vehicle used to pull the trailer would require a tag heavy enough for the gross combined weight of both vehicles. Confusing! We think so. Oh I forgot that if the gross weight of the trailer does not exceed 2000 pounds that it doesn't need a tag either.

If the owner of the trailer does not title and tag his trailer the only way a lien holder can secure a lien is to file a lien under the Uniform Commercial Code or UCC for short. Many bankers would rather just file a lien on a title for the vehicle.

If the trailer is not titled and then stolen there is no way to prove ownership or even begin to look for the stolen vehicle because the Vehicle's Identification Number is not on file with the motor vehicle department for use by law enforcement.

House Transportation
Date: 2-12-09
Attachment # 8

Confusion also persists when the trailer is used in another state and does not display a license tag. Often times the person is stopped for not having a tag on his trailer and questioned. Can you imagine trying to explain why he is not required a tag on his trailer to a law enforcement officer?

In conclusion, House Bill 2212 would clear up the confusion in our registration laws with regard with trailers by titling and tagging all trailers with minimum expense to the motoring public.

At this time I will stand for questions or comments from the committee.

TESTMONY PRESENTED BY SHARON K UTLEY ALLEN COUNTY TREASURER SUPPORTING HB 2212 BY COMMITTEE ON TRANSPORTATION

Good Afternoon Chairman Hayzlett and members of this committee. I am Sharon Utley, Allen County Treasurer, and representing the Kansas County Treasurer's Association. Thank you for allowing me to present my testimony on HB2212, and to support the testimony you have just heard from Mark Schemm, Smith Co. Treas.

I have worked in the Allen County Treasurer's office for 25 years, being the treasurer since 2001. In all these years I have actively worked in the motor vehicle part of the office so I feel I am quite aware of the rules concerning motor vehicle registration.

At this time the rules concerning whether or not to tag and title trailers are very confusing for the general public.

Currently the rules are: if the trailer **gross** weight is less than 2,000 lbs, tagging is optional. If the **gross** weight is more than 2,000 lbs, it does need to be tagged unless it is used exclusively for Agriculture. In that case, the rule is: if the **cargo weight** is less that 6,000 lbs it does not have to be tagged. If the **cargo weight** is more than 6,000 it must be tagged.

Some of the confusion created by these rules is whether everyone understands the term **exclusively agriculture**. This stock trailer is not agriculture use if they are transporting show or rodeo horses; it is not agriculture use if you or a friend are moving furniture in this trailer. Perhaps it is a flat bed trailer used normally for hauling hay or farm equipment. If someone decides to load a car on this trailer to take it to a repair shop, it is no longer agriculture use.

Another problem counties that are close to the borders have encountered; in Kansas the trailer is not required to be tagged for various reasons, but when going out of state they are sometimes stopped because that state requires all trailers to be tagged.

If a trailer is not tagged and titled in the owner's name, it makes theft of that trailer much easier. Law enforcement needs a tag on the trailer to make it more recognizable. Also, how do you prove ownership when the trailer is found if you do not have a title verifying the VIN?

Banks need titles to secure loans. If the customer does not title the trailer, the loaning institution can not easily have a secured loan.

Testimony by Sharon Utley, Allen County Treasurer

House Transportation
Date: 2-/2-09
Attachment #_9

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785-587-6000 • Fax 785-587-6914 • www.kfb.org 800 SW Jackson St., Suite 1300, Topeka, Kansas 66612-1219 • 785-234-4535 • Fax 785-234-0278

PUBLIC POLICY STATEMENT

HOUSE COMMITTEE on TRANSPORTATION

RE: HB 2212 – an act relating to vehicles; concerning the registration of trailers.

February 12, 2009 Topeka, Kansas

Testimony provided by:
Brad Harrelson
State Policy Director
KFB Governmental Relations

Chairman Hayzlett and members of the House Committee on Transportation, thank you for the opportunity to appear before you today. I am Brad Harrelson, State Policy Director—Governmental Relations for Kansas Farm Bureau. KFB is the state's largest general farm organization representing more than 40,000 farm and ranch families through our 105 county Farm Bureau Associations.

K.S.A. 79-201i lays out in law the purpose for farm machinery and equipment property tax exemptions. It stipulates that the purpose of the act is "to promote, stimulate and develop the general welfare, economic development and prosperity of the state of Kansas by fostering the growth and development of agricultural endeavors within the state". It goes on to state that, "Considering this state's heavy reliance on agriculture, the enhancement of agricultural endeavors is deemed to be a public purpose which will promote the general welfare of the state and be for the benefit of the people of the state."

House Transportation
Date: 2-/2-09
Attachment # /0

It is on this basis that we oppose HB 2212. It is our understanding that proponents of the bill have the best interest of farmers and ranchers in mind, merely attempting to eliminate confusion and provide additional protection from theft. By requiring registration for most farm trailers, it is likely more confusion surrounding whether property tax is due on farm trailers will occur, both for trailer owners and county treasurers. This added confusion will likely lead to trailer owners unnecessarily paying the tax that is clearly not owed, which may be the underlying intent.

Furthermore, the farm trailers being considered in this bill are indeed used exclusively in a farm or ranch enterprise, and as such may only be used occasionally. The added burden of expense by registration and tagging far outweigh any benefit of theft protection or recovery.

In conclusion, Kansas Farm Bureau respectfully urges your recommendation to not pass favorably HB 2212. Thank you, once again, for the opportunity to appear before you and share the policy of our members. KFB stands ready to assist you as you consider this measure. Thank you.



Since 1894 TESTIMONY

To:

The House Committee on Transportation

Rep. Gary Hayzlett, Chairman

From:

John Donley

Date:

February 12, 2009

Re:

House Bill 2212 - Vehicle Registration, trailers

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing over 5,000 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf and stocker production, cattle feeding, grazing land management and diversified farming operations.

The Kansas Livestock Association opposes HB 2212.

By requiring farm trailers to be licensed and registered in this state, there is the potential to create confusion. Farm trailers are exempt from both sales tax and property tax as farm machinery and equipment. By requiring a farm trailer to be registered and licensed, there is a strong likelihood that the county official will mistakenly try to apply sales tax on newly purchased trailers and property tax on trailers every year. This is not an uncommon occurrence on items that are required to be registered but are tax exempt.

I receive multiple calls monthly regarding issues dealing with the confusion surrounding other farm machinery and equipment that may have to be registered (e.g. bale beds on pickups.) It is a hassle to the owner of the farm machinery and equipment to have to clarify with the county officials that these items are tax exempt. In fact, I would guess that many farmers and ranchers give up and just pay the tax without being required to do so by law.

Additionally, while there is a small fee for registration, these fees and regulatory burdens begin to add up for small businesses in Kansas. Therefore, KLA respectfully asks you to oppose HB 2212.

House Transportation
Date: 2-/2-09
Attachment #______



816 SW Tyler St., Ste. 300 Topeka, Kansas 66612 Phone: 785-233-4085 Cell: 785-220-4068

Fax: 785-233-1038 www.kansasco-op.coop

House Transportation Committee

February 12, 2009 Topeka, Kansas

HB 2212 - Removing the registration exemption on farm trailers.

Chairman Hayzlett and members of the House Transportation Committee, thank you for the opportunity to comment in opposition to HB 2212. I am Leslie Kaufman and I serve the Kansas Cooperative Council as Executive Director.

The Kansas Cooperative Council represents all forms of cooperative businesses across the state -- agricultural, utility, credit, financial and consumer cooperatives. Approximately half of our members are agriculture cooperatives. These co-ops are owned and governed by farmer members.

The exemption from registration for farm trailers is a provision that has benefited not only farmer but the agribusiness cooperatives they have formed. Removing this exemption is a reversal of long-standing state policy and an action we do not support. As such, we hope this committee will see value in maintaining the current registration exemption for farm trailers by not advancing this proposal.

If you have any questions regarding our testimony, please feel free to call me. Thank you.

Leslie Kaufman, Executive Director Kansas Cooperative Council 785-220-4068

House Transportation
Date: 2-12-09
Attachment # 12