

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on January 19, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Norman Furse, Revisor of Statutes
Michael Corrigan, Asst. Revisor of Statutes
Rae Anne Davis, KS Legislative Research Department
Debra Hollon, KS Legislative Research Department
Judy Bromich, Administrative Assistant to the Chairman
Ronda Miller, Committee Secretary

Conferees appearing before the committee: Secretary Dean Carlson, Department of Transportation

Others attending: See attached list

It was moved by Senator Jordan and seconded by Senator Morris that the Governor's appropriations bills be introduced. The motion carried on a voice vote.

Senator Salisbury moved and Senator Lawrence seconded that bill drafts 9rs 1434, 9rs 1496, 9rs 1507 be introduced as requested by the Department of Social and Rehabilitation Services. The motion carried on a voice vote.

It was moved by Senator Petty and seconded by Senator Downey that bill draft 9rs 1445 be introduced as requested by Senator Petty. The motion carried on a voice vote.

The Chairman welcomed the Secretary of Transportation, Dean Carlson, who presented an overview of the Comprehensive Transportation Program. (Attachment 1) He noted that 8 loans have been issued under the railroad loan program. In the aviation grant program, 27 projects have been approved for FY 2000, grant agreements are in progress on 28 projects in FY 2001, and 4 grant programs have been completed.

The Secretary told members that his agency has concern regarding the revenue estimating group's projections regarding receipts from motor fuel taxes and registration fees. He added, however, that the Department is confident that all the components of the Comprehensive Highway Plan (Major Modifications, System Enhancements, and Substantial Maintenance) could be completed under the Governor's budget adjustments assuming his demand transfer percentages are also adopted (9.5% in FY 2001, 11% in FY 2002, 11.25% in FY 2003, and 12% in FY 2004).

There was Committee discussion regarding the sale of bonds. The Secretary noted that \$325 million worth of bonds had been sold at 5.4% in August. In answer to a question, he clarified that actual bond sales were more expensive than projected in May. He stated that the agency may consider selling some variable rate bonds in FY 2001 and 2002 because the combination of fixed & variable rate bonds help lower the interest. He told members that the agency is spending proceeds from the sale of bonds and saving the Highway money as an offset. In answer to a question regarding the refinancing of bonds, Secretary Carlson stated that if the agency can maximize the return, the earnings would go into the Highway Fund and is reported to Legislative Research on a regular basis.

Secretary Carlson was asked whether rising costs of oil products will have an impact on any of the highway projects. He answered that if prices continue to go up, the Department may need to put adjustment factors into the bids.

CONTINUATION SHEET

SENATE WAYS & MEANS COMMITTEE MINUTES

In reviewing the federal demonstration projects (Attachment 1-13), Secretary Carlson told members that \$111 million of the \$132 million is federal money and \$20 million is the local match. In answer to a question regarding obligation authority (Attachment 1-14), the Secretary stated that the agency anticipated getting 93% of the T21 monies and is receiving only 89% because of the costs associated with the Federal Highway Administration, research programs, certain demonstration projects, etc. He added that every state is having the same experience. { Following the meeting, Secretary Carlson stated in a letter dated January 20, 2000 that “the agency has chosen to be slightly more optimistic by reducing projections to only 90% rather than the 89% that I indicated in my presentation,” and also provided corrections to a table in his written testimony. (Attachment 2)}

The Chairman thanked Secretary Carlson for his presentation and adjourned the meeting at 12:00 noon.

The next meeting will be January 20, 2000.