

Testimony

Regarding SB 188, an Increase in Revenue Before the Senate Assessment and Taxation Committee February 14, 2017

Madame Chairwoman and Members of the Senate Taxation Committee: I am Bob Totten, of the Kansas Contractors Association. I represent more than 230 companies involved in the construction of roads and bridges around the state. Our member companies have been involved in the legislative process since 1923.

Our members, who are mostly LLC's are in support of this measure as it provides additional revenues into the system.

As you are well aware, much of the funds destined for the Kansas Department of Transportation for highway construction have been diverted over the past 7 years because of the LLC exemption. The latest information from the Kansas Legislative Research Department indicates that with the governor's recommendation for 2018 and 2019, KDOT will have seen \$3.4 billion dollars removed from the \$8 Billion dollar T-Works program which was passed in 2010. This amounts to over 1 million dollars a day from KDOT.

Our members understand that the quality of life is diminishing in Kansas due to reduction of revenues into the state's coffers.

Next year, if you implement the governor's recommendation KDOT will be treating only 230 miles of pavement in 2018..compared to the 1200 suggested in the T Works program passed in 2010.

Besides the restoration of the LLC exemption, I want to also you consider a hike in the motor fuels tax. The Kansas Contractors Association is supporting a hike in fuel tax because such a user fee is constitutionally protected and the money generated from such a tax has to be used on our roads and bridges. It cannot be diverted to other parts of government like we have seen with the sales tax transfers to KDOT in the recent past.

In some parts of the capitol, there has been talk of a five cent hike in motor fuel taxes. Unfortunately, that would raise only \$90 million dollars a year and that pales in comparison to the loss of over a half billion dollars each year the governor has recommended for 2018 and 2019.

Our association believes the motor fuels tax increase should be higher and we support the legislation that was contained in HB 2237. That legislation calls for an 11 cent a gallon hike in motor fuel taxes beginning July 1st. It would raise \$197 million dollars and would be a step in the right direction to supporting KDOT with the funds necessary to keep our roads and bridges in good shape.

This is part of the Rise Up Kansas proposal which has a budget plan which if fully implemented would raise \$825 million dollars next year. It is a plan, you should consider as you strive to find a solution to the problems brought about by your predecessors.

To give you some support on this issue, We conducted a poll in late November which I shared with you several weeks ago and the results are attached to my testimony. It shows 86 percent of those surveyed said investment in highways is a good use of our public funds.

63 percent of the people surveyed said the legislature has not adequately funded our road program and 59 percent believe the roads are in poor condition and need repair.

We also polled whether or not a hike of 15 cents a gallon was worthwhile and close to half of those surveyed supported such an increase.

I also need to stress to you that we need to fix the roads now. The Federal Highway Administration released a report about 2 weeks ago that says in 2015 that our pavement conditions for all arterials(which includes interstates) and collectors in Kansas indicates that 13 percent are in poor condition, 24 percent are in mediocre condition, 8 percent are in fair condition and 56 percent are in good condition. Is 56% good enough for you?

We are talking about the safety of our people traveling from one place to another. You can't travel safely if our roads and bridges are not in good condition.

We urge you to turn this ship of state around and restore the quality of life to Kansans. We need good roads, good schools and we need to take care of people who can't take care of themselves.

Thank you for the opportunity to present my thoughts today. I will stand for questions at the appropriate time.