

**Testimony of the Kansas Society of Professional Engineers**  
**By Ron Gaches, Executive Director**  
**In Opposition to HB 2747 Regarding Distribution of State Sales Tax Revenues**  
**House Taxation Committee**  
**Thursday, February 16, 2012**

Thank you Chairman Carlson and members of the Committee for this opportunity to share our comments regarding the sales tax provisions of HB 2747. At this point, the Kansas Society of Professional Engineers has no position on the underlying purpose of the bill, which is to reduce income taxes. However, we wish to express our strong objections to the manner in which the initial income tax reductions are funded.

The comprehensive transportation plans implemented by Kansas have been one of the very best job creation programs of our state. T-Works, the latest comprehensive program, was begun with great promise of badly needed jobs and significant economic and safety improvements to our state transportation infrastructure. Redirecting funds from this program so early in the funding cycle for the many projects that have been announced will inevitably increase the costs of individual projects and cost jobs.

What analysis demonstrates that the income tax rate reductions available as a result of this bill will offset the loss of jobs and income that appear likely as a result of redirecting the flow of funds into the State Highway Fund? Why substitute a program with known benefits for a program that has uncertain benefits?

Perhaps the thinking is that the reallocation of sales tax revenues can be implemented without slowing implementation of the T-Works program. But if that is the case the \$350 million reduction in funding over two years will surely impact the ability of the State to make payments on the bonds used to finance T-Works programs. The Kansas House has been the leader in trying to reduce the State's bonded indebtedness. Why would you consider increasing the costs of T-Works bonds by deferring bond payments.

For these reasons we urge you to reject the bill as currently drafted.