



TESTIMONY

in opposition to HB 2255
Transportation Revolving Fund
House Transportation Committee
Randall Allen, Executive Director
February 17, 2015

Chairman Proehl and members of the Committee:

Thank you for the opportunity to express our opposition to HB 2255, which essentially disables the Transportation Revolving Fund (TRF) by 1) prohibiting any bonds to be issued to further capitalize the Fund; and 2) prohibiting the Secretary of Transportation from accepting any applications from or entering into any agreements with any qualified borrowers.

Since December, 2003, KDOT has operated a Revolving Loan Program allowing cities and counties in Kansas to borrow money for locally-sponsored projects both on and off the state system. First authorized by the 1999 Comprehensive Transportation Program, the program allowed cities and counties to borrow up to \$6 million annually for road, street, highway, culvert, or bridge projects. According to KDOT's 2015 Annual Report, "the fund provided 119 executed loans totaling \$141.7 million to 58 cities and counties" since its inception.

KDOT's Revolving Loan Fund has been a very economical alternative to traditional general obligation (GO) bonds. The cost of issuing GO bonds varies depending on the size of the issuance but the cost to pay for legal and financial services can range from \$20,000 to \$60,000. By comparison, KDOT's interest rate is competitive with the GO bond rates and KDOT has charged 0.25% interest to administer the loan. Additionally, the borrower (county, city) could pay off the loan at any time in contrast to waiting for bonds to be callable, which is typically 7-10 years. The application process was simple, and the wait time between the date of application to the receipt of funds was relatively short (about 45-60 days). In summary, the program has been a flexible and much-utilized program benefiting cities and counties across Kansas.

There are seemingly fewer and fewer ways for the State and its local governments to work together on mutual goals. In this instance, our mutual goal is to build and sustain a modern transportation system. We respectfully ask the Committee to stop HB 2255, which would remove a working model of constructive intergovernmental cooperation. Thank you for the opportunity to submit this testimony and thank you for listening to our concerns.