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TESTIMONY

TO: HOUSE TAX COMMITTEE

**FROM: SCOTT HEIDNER, EXECUTIVE DIRECTOR
ACEC OF KANSAS**

RE: HB 2237

DATE: FEBRUARY 7, 2017

Mr. Chairman, members of the committee, thank you for the opportunity to submit testimony today. My name is Scott Heidner and I serve as the Executive Director of the American Council of Engineering Companies of Kansas (ACEC of Kansas). ACEC of Kansas represents the private sector consulting engineering industry in Kansas.

We are officially “neutral” on HB 2237, but the bill creates an opportunity to share our thoughts and concerns about the future of state tax policy and its implications on state budgets and programs.

Monies designated for the state transportation fund have been diverted at unprecedented levels over the last several years. This has decimated the T-Works programs and resulted in a situation where we are growing further and further behind on routine maintenance and preservation.

Our member firms don’t hire and invest in the expectation that the state should simply provide enough work to utilize those investments. But when the state has made commitments to infrastructure investments as was done in the T-Works program, our member firms then have to take the leap of investment in people and equipment to be in position to compete for that work. When those projects are cancelled, jobs are lost and businesses suffer.



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Additional investment is cancelled. Growth is stunted, and businesses suffer.

We understand that the state faced record revenue shortfalls in recent years and needed available funds. But the transfers have to stop. Kansas needs to get a structural balance returned to its budget so that planned transfers to the state transportation fund can resume.

We are not singled minded about how this should happen. We are not steadfastly supporting one tax mechanism over another. But significant tax increases *are* going to be needed. While we support the use of fuel tax to raise money for the state transportation fund, we are *not* supportive of using it simply as a band-aid to generate some modest funds for transportation while the structural balance remains unfixed.

T-Works should be completed to the fullest extent possible, and visioning for a new transportation program should not be far off on the horizon. For either of these to be successful, we need a structurally balanced Kansas budget where revenue sweeps out of places such as the highway fund are no longer necessary if we are going to protect the state's infrastructure, which is so critical to both the safety and economic development of our state.

Thank you for the opportunity to share our thoughts and concerns as you review HB 2237.