

SESSION OF 2021

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2201**

As Recommended by Senate Committee on
Transportation

Brief*

Senate Sub. for HB 2201 would modify certain provisions related to the Eisenhower Legacy Transportation Program (Eisenhower Program).

The bill would authorize the Secretary of Transportation (Secretary) to let to construction any modernization or expansion project under the Eisenhower Program that would utilize federal stimulus funds regardless of whether at least one phase of each of the remaining Transportation Works for Kansas Program (T-Works) modernization and expansion projects has been let. Current law requires at least one phase of each modernization or expansion project selected for construction during T-Works to be let before any Eisenhower Program modernization or expansion project is let to construction. The bill would prohibit federal stimulus funds from being expended for modernization and expansion projects under the Eisenhower Program without approval by an appropriation or other act of the Legislature, or approval of the State Finance Council as a matter of legislative delegation, when the Legislature is not in session.

For purposes of bonding, the bill would remove adjustments to projected State Highway Fund (SHF) revenues related to historical average annual increases or decreases, and to transfers. Continuing law prohibits the maximum annual debt service on all outstanding bonds issued by the Secretary, which are payable solely from the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

SHF, from exceeding 18 percent of projected SHF revenues. Continuing law also states projected SHF revenues for any fiscal year for which actual revenues cannot be determined are deemed to be the actual revenues for the most recently completed fiscal year.

The bill would state bonds issued for the purpose of refunding would not be subject to the maximum debt limitations on the issuance of bonds by the Secretary under T-Works or the Eisenhower Program or dollar limits for bonds issued under previous similar programs.

The bill would reduce the minimum costs for a project for which alternative delivery procurement methods could be used from \$100.0 million down to \$10.0 million.

The bill would clarify transfers from the SHF to the Broadband Infrastructure Construction Grant Fund would occur each July 1, rather than each July.

Background

The bill was introduced by the House Committee on Transportation at the request of a representative of the Kansas Department of Transportation (KDOT). [*Note:* This bill, as introduced, and SB 116, as introduced, contained the same provisions.]

House Committee on Transportation

In the House Committee hearing, **proponent** testimony was provided by the Secretary of Transportation and representatives of the Kansas Contractors Association and the South Central Kansas Transportation Coalition. Written-only **proponent** testimony was provided by representatives of Kansas Good Roads, Inc.; the League of Kansas Municipalities; and the Wichita Regional Chamber of Commerce. Proponents stated the changes would allow more

participation by Kansas contractors in alternative delivery projects and make such projects available to more communities; allow KDOT to take advantage of all federal transportation stimulus funds that could become available if no remaining T-Works project fit the criteria for those funds; and make the calculation of funds available for bonding consistent with the bond rating agencies' debt coverage test.

No other testimony was provided.

The House Committee amended the bill to remove provisions related to determining SHF revenues for purposes of bonding.

Senate Committee on Transportation

In the Senate Committee hearing, **proponent** testimony was provided by the Deputy Secretary of Transportation. Written-only **proponent** testimony was provided by representatives of the Kansas Contractors Association, the League of Kansas Municipalities, the SCK Transportation Coalition, and the Wichita Regional Chamber of Commerce. No other testimony was provided.

The Senate Committee replaced the contents of HB 2201 with the contents of SB 116 (which include provisions removed by the House Committee on Transportation relating to determining SHF revenues for purposes of bonding) and recommended a substitute bill.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, KDOT states enactment of the bill would have no fiscal effect on agency operations and it cannot estimate any future federal stimulus funding. KDOT further states enactment of the bill would allow the agency to take advantage of any potential bond refund

opportunities. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Transportation program; alternative delivery; bonding