

# STATE OF KANSAS



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## Before House Appropriations

March 6, 2018

### Proponent Testimony On Senate Bill 276

Submitted by Mike Hoeme, Director of Transportation  
On behalf of the Staff of the Kansas Corporation Commission

Chairman Waymaster and members of the Committee, thank you for the opportunity to appear before you today on behalf of the staff of the Kansas Corporation Commission (Commission).

SB276 proposes to amend K.S.A. 66-1,142 which requires transfers on July 30 and January 30 of each year from the motor carrier fee fund (MCFF) to the state highway fund of all unencumbered balances in excess of \$700,000. This bill would raise the balance from \$700,000 to \$2,800,000 before any transfers. The amendment would allow the KCC Transportation Division to continue to operate, make transfers to the Kansas Highway Patrol (KHP) and to the state highway fund.

- The MCFF revenue is mostly generated from the Unified Carrier Registration (UCR) program in the amount of \$4,344,290.
- Kansas had been receiving additional funds for the last four years to restore underpayments. The underpayments have all been paid and from this point forward Kansas should receive the \$4.3 million.
- The UCR funds are to be used for motor carrier safety programs, enforcement or administration of the program.
- The Commission receives these funds between October and December each year.
- The KCC Transportation Division budget is approximately \$2.2 million (about \$183,000 monthly).
- The Transportation Division transfers \$1.3 million to the KHP in two installments of \$650,000, these transfers occur in January and July.
- KDOT is to receive semi-annual transfers on January 30 and July 30 of all unencumbered balances in excess of \$700,000.
- Under the existing statute, this creates a timing and cash flow issue for making the required transfers from the MCFF to KHP, KDOT and to maintain sufficient funding to operate the Transportation Division.

If we continue to disperse funds above the \$700,000 cash balance to the state highway fund as currently required, the Commission will have insufficient funds to operate the Transportation Division. This would require a layoff of seventeen (17) FTE's and result in a loss of the UCR

funding as Kansas would no longer be considered a participating State in the UCR program, thus impacting the Commission, KHP and KDOT.

The tables below show the Divisions current budget balance scenario of \$700,000 versus the SB276 amended budget scenario of \$2.8M. The amendment to SB276 will allow the required transfers from the MCFE as well as the continued operation of the Transportation Division of the Kansas Corporation Commission.

Thank you for the opportunity to appear before you today in support of Senate Bill 276. I will gladly stand for questions at the appropriate time.

Current Scenario	
UCR payment Oct-Dec	\$ 4,334,290
January 30 pymt KHP	\$ 650,000
balance	\$ 3,684,290
66-1,142 pymt KDOT	\$ 2,984,290
balance Feb 1 for KCC	\$ 700,000
KCC Transportation is unable to operate to make July payments to either KHP or KDOT	

66-1,142 cap changed from \$700,000 to \$2.8	
UCR payment Oct-Dec	\$ 4,334,290
Jan 30 pymt KHP	\$ 650,000
Balance	\$ 3,684,290
pymt KDOT	\$ 884,290
balance Feb 1 for KCC	\$ 2,800,000

KCC - Transportation Division monthly costs *	\$ 183,333
KCC Operations Jan-June	\$ 1,099,998
Balance June 30	\$ 1,700,002
July 1 pymt KHP	\$ 650,000
KCC Operations July	\$ 183,333
Balance July 30	\$ 866,669
KCC Operations - Aug - Dec	\$ 916,665
UCR Payment Oct-Dec	\$ 4,334,290
Balance Dec 30	\$ 4,284,294

\*This assumes expenditures hold steady