



KCA
KANSAS CONTRACTORS
ASSOCIATION

January 25, 2022

**Neutral Testimony on HB 2484
House Tax Committee**

Chairman Smith and Members of the Committee,

Thank you for the opportunity to appear before you on behalf of the Kansas Contractors Association (KCA). The KCA represents more than 200 companies working in Kansas' heavy construction industry. Collectively, these companies create and sustain more than 40,000 good-paying, private sector jobs across our state.

The KCA applauds the Kansas Legislature and its work on the Eisenhower Legacy Transportation Program during the 2020 session. The IKE plan helped keep the Kansas economy moving forward during the onset of the COVID pandemic. Throughout the pandemic, the construction industry has never stopped working and has continued to invest in the Kansas economy.

I am not here today to speak to the merits of House Bill 2484 other than to point out what could happen if the revenue shortfall to the state highway fund is not restored by adjusting the rate of sales tax for the highway fund.

IKE Plan

It is important to note, the IKE plan was passed as an investment of \$9.9 billion over 10 years which included current estimates on sales tax collected. IKE prioritizes preservation so the first dollars spent are to maintain our current system. Safety and modernization of our system are also a concern, but with any revenues lost, would be the first projects to be delayed or eliminated.

Current Sales Tax Rate for the State Highway Fund

The current sales tax for the state highway fund is 16.154% of the 6.5% state rate. If the sales tax on food is eliminated, the state highway fund will take a considerable hit. Without seeing a current fiscal note on HB 2484, it is hard to know how much would be eliminated. Estimations are that the total revenue lost to the state highway fund would be well in excess of the \$82 million proposed in the Governor's budget this year to stop all extraordinary state highway fund transfers.

Proposed Amendment

The KCA would respectfully request an amendment to adjust the current sales tax rate of 16.154% of the 6.5% rate imposed in Section 4 (p. 14, lines 37-42) and Section 5(c) (p. 20, line 10) to a rate that would compensate for the lost revenue. I do not know the estimated drop in sale tax revenues from HB 2484, but the amount of the hit on the state highway fund can also be estimated and converted to an additional percentage amount that would be added to the 16.154% currently in statute and which could be amended in Sections 4 and 5(c).

Again, I thank you for allowing me the opportunity to appear before you today. We appreciate your favorable consideration of a proposed amendment to adjust the amount of sales tax revenue for the state highway fund so that Kansans' jobs and pending infrastructure projects are not inadvertently impacted.

Michael White, Executive Director
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