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Kansas Contractors Association

February 16, 2021
House Transportation Committee
Proponent Testimony HB 2201

Chairman Proehl 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 thousands of good-paying, private sector jobs across our state.

On behalf of the KCA board of directors, we would like to thank the Legislature for their support of the IKE plan last session. It was a monumental accomplishment during a shortened session due to the pandemic.

KCA is supportive of all the provisions contained in HB 2201. As with any major piece of legislation, a "trailer" bill is common to clean up any unforeseen issues.

HB 2201 addresses three provisions of the IKE plan.

1. The IKE plan established a minimum \$100 million threshold for projects procured with an alternative delivery process. If a project is less than \$100M, alternative delivery procurement is not allowed.

As many of you know, alternative delivery is not something the KCA has historically supported. The KCA negotiated a compromise in the IKE plan regarding alternative delivery because it is certainly part of the heavy construction industry in Kansas and has support among some contractors. Typically used on more complex projects, alternative delivery allows design and construction work to continue simultaneous during the completion of a project. There are states with a minimum threshold to use alternative delivery and \$10 million is more in line with those states than \$100 million which is extremely high.

2. The Legislature certainly placed a priority in requiring at least one phase of every delayed T-WORKS project to be let before an IKE project could be let. HB 2201 proposes removing this requirement for projects funded with federal stimulus funds so that stimulus dollars can start working in the economy as quickly as possible. We understand and support the Legislature's desire to prioritize the remaining T-Works projects, however, it is our belief, when federal stimulus is part of a new IKE project, we should not delay it's letting and construction because of this requirement.

3. We also support the third provision of the bill that would clarify the 18% debt cap calculation to be consistent with bond rating agencies' debt coverage test. The proposal will allow the 18% debt cap to be calculated using gross revenue into the State Highway Fund instead of the current calculation based on net revenues after transfers to the State General Fund.

Again, I thank you for allowing me to appear before you today. We appreciate your favorable consideration of HB 2201.

A handwritten signature in black ink, appearing to read "Michael White". The signature is written in a cursive, flowing style.

Michael White, Executive Director