

## Section 9: Funding

Funding for transportation comes from many different sources. For most of the key corridors in the 5-County region, the funding for improvements comes from federal and state sources (because of the corridor’s designation as a Federal or State highway). For roadways off the State system and other modal programs, funding comes from a variety of sources, which can include the federal and state governments, but often are financed solely by the local (city and/or county) governments.

As future projects are identified in the 5-County region, it is important to analyze the effectiveness of the project against the availability of funding for implementation and maintenance. Through their local consultation efforts, KDOT has found that there are many more projects identified on the State highway system than funding allows. The following section provides information on federal and state sources of funding for transportation. The historic information related to these two sources was used to identify that amount of funding estimated for transportation projects in the 5-County region through 2040.

### FEDERAL AND STATE FUNDING

KDOT receives funding for transportation projects from the United States Government (as distributed by the United States Department of Transportation) and the State of Kansas. This funding is distributed to KDOT through specific categories; some with requirements for a financial match. Funding from the USDOT is identified in a multi-year transportation bill and is appropriated annually. The current multi-year transportation bill is called MAP-21. This program became law on October 1, 2012 and provides the transportation policy for fiscal years 2013 and 2014.

Guidance is forthcoming for many of the new programs under MAP-21. However, one significant change is performance measurement reporting. Over the next two years, state DOTs and MPOs will develop performance measures to report to the federal government. The US DOT will provide guidance on the requirements, but in the mean time, Kansas and the regional MPOs are beginning to consider potential performance measurement in their jurisdictions. The performance measures developed in this study could provide a starting point for this. The strategy and corridor evaluation was conducted using commonly defined performance measures for the 9 Desired Outcomes of the stakeholders.

Performance measures were developed for:

- engineering factors
- mobility
- safety
- economic impact
- regional prosperity
- financial resources
- community development/quality of life
- environment
- public health
- social equity
- livability
- choice

Analysis of funding for investments in the 5-County region was completed by reviewing the provisions of the previous multi-year transportation funding program, called SAFETEA-LU, and assuming that the amounts

appropriated annually for its implementation would be similar to those for MAP-21.

Funds are distributed annually to KDOT (or a local recipient in the case of public transit funds) from the USDOT based on funding formulas that take into account such things as highway miles, population and number of bridges. These funding programs generally require a local funding match. Depending on the program, that match can be anywhere from 20 to 50 percent.

Oftentimes, KDOT packages federal funding with funding from the State of Kansas for project implementation. Funds provided by the State of Kansas come from three sources: motor fuels taxes, sales tax and registration fees. Bonding is also used as a financing mechanism. In 2008, KDOT met with local stakeholders through a process called T-LINK to identify transportation needs and possible revenue sources. Through the T-LINK process, other possible sources of revenue were considered, such as: casino gaming revenues, tolling, and a freight tonnage tax, amongst other options. In 2010, then Governor Mark Parkinson signed T-WORKS into law, which provided the funding for a 10-year transportation program from 2010-2020. This program used motor fuels taxes, sales tax, registration fees and bonding as the revenue sources.

T-WORKS is the latest multi-year transportation program funded by the State of Kansas to fund KDOT and local projects. The first multi-year transportation bill, the Comprehensive Highway Program (CHP), provided transportation funding for the years 1990-1997. Due to the success of the CHP, the Comprehensive Transportation Program (CTP) was passed and was the funding program for the years 2000-2009.

These three multi-year transportation bills, along with funding from Federal multi-year bills, provide the resources to implement many projects in the 5-County region. Figure 9-1 provides annual averages in state funds that were provided to the five counties during the previous multi-year transportation programs.

### FUTURE FUNDING ESTIMATES FOR THE 5-COUNTY REGION

In order to estimate the amount of funding that may be available for State highway projects during the decades of 2020-2030 and 2030-2040, the study team analyzed the amount of state and federal funding expended in this region over previous years. In doing this, the study team used a baseline of \$1.2 billion that was available for funding transportation projects under T-WORKS from 2010-2020. This baseline was adjusted for inflation and \$1.3 billion was assumed to be available from 2020-2030 and \$1.4 billion from 2030-2040. There are ongoing changes in transportation technology and funding that may change the way projects are identified and implemented in the future, therefore the estimates identified in this study should be considered for planning purposes.

As mentioned previously, there are many local roadways and multimodal transportation programs that play an important role in the functioning of the regional transportation system. While many of these programs receive support through the federal and state government, local sources oftentimes make up the majority of the funding. Generally, local governments use tax revenue (both sales and property) for transportation projects. Additionally, there are many options for local governments to use financing techniques to assist with funding of transportation projects. Most of these techniques are for projects that are required because of new development.

Figure 9-1: Annual Average Funds During Previous Multi-Year Transportation Programs

|                    | Comprehensive Highway Program 1990-1997 | Interim Program 1998-1999 | Comprehensive Transportation Program 2000-2009 | Interim Program (2010) | T-WORKS (2011-2020) |
|--------------------|---|---------------------------|--|------------------------|---------------------|
| <b>Douglas</b>     |   |                           |  |                        |                     |
| Highway            | 4.5                                     | 3.4                       | 8.1  | 2.5                    | 18.9                |
| Transit            |   |                           | 0.54   |                        |                     |
| <b>Johnson</b>     |   |                           |  |                        |                     |
| Highway            | 31.2                                    | 20.5                      | 36   |                        | 69.69               |
| Transit            |   |                           | 1.54   |                        |                     |
| <b>Leavenworth</b> |   |                           |  |                        |                     |
| Highway            | 5.9                                     | 1.5                       | 3.1  |                        | 2.88                |
| Transit            |   |                           | 0.27   |                        |                     |
| <b>Miami</b>       |   |                           |  |                        |                     |
| Highway            | 0.9                                     | 5                         | 19.1   | 0                      | 4.2                 |
| Transit            |   |                           | 0.26   |                        |                     |
| <b>Wyandotte</b>   |   |                           |  |                        |                     |
| Highway            | 10.7                                    | 23.5                      | 34.8   |                        | 16.22               |
| Transit            |   |                           | 0.53   |                        |                     |

\*Annual Average is displayed in millions of dollars

**Benefit Districts**

Cities in Kansas are allowed to issue bonds for the purpose of infrastructure improvements (limited to arterial roadways, water lines and sanitary sewers), which are then paid back through an assessment that is levied on the properties that benefit from the improvement.

**DEVELOPMENT IMPACT BASED MECHANISMS**

**Impact Fee**

A one-time charge, collected by the developer or property owner, to fund public infrastructure required of the new development. For an impact fee, this charge must be consistent with the amount required to implement the new infrastructure.

**Excise Tax**

Similar to an impact fee except that the amount levied is not required to be consistent with the amount required to implement the infrastructure. Additionally, the funding gained through this tax is not required to be used in serving the area that paid the tax and instead can be used throughout the community.

More information related to the these financing options, as well as an analysis of how these options could benefit specific areas within the 5 Counties, can be found in the 5-County Regional Value Capture Analysis in the Appendices.

**TAX-INCREMENT BASED MECHANISMS**

**Tax Increment Financing**

Generally used in areas where reinvestment increases property values, Tax Increment Financing (TIF) Districts use all tax revenues that are generated from greater property values to finance projects within the district.

**Sales Tax Revenue (STAR) Bonds**

This state financing program allows cities or counties to issue bonds for a certain district to finance improvements in the district. Future taxes collected in this district are then used to repay the bonds.

**SPECIAL TAX ASSESSMENT MECHANISMS**

**Transportation Development Districts (TDD)**

Defined districts are assessed a special tax, which is then used to fund transportation projects in the district.

**Community Improvement Districts (CID)**

Similar mechanism to a TDD, but allows more flexibility in the types of projects that can use the proceeds of the assessment.

*The appendices include the 5-County Regional Value Capture Analysis with information about financing options and an analysis of how these options could benefit specific areas in the 5-County region.*