



League of Women Voters of Kansas

Policy Watch Weekly Update by Paul Johnson

*Members receive **Policy Watch Weekly Update** throughout each Kansas legislative session. Reports may also be found at lwvk.org.*

Week #4

TAX DEBATE PROGRESS

February 3, 2017

After collecting information on income, sales, fuel and property tax options, the [House Taxation committee](#) will start hearings on [House Bill 2237](#) that tackles income tax rates, motor fuel taxes, tax credits and sales taxes. This bill was introduced in House Taxation on February 1 and has now been scheduled for a hearing on Tuesday February 7 at 3:30pm before House Taxation in Room 346-S. This is the plan from [Rise Up Kansas! Developed by the Kansas Center for Economic Growth](#). (See their Guide to Comprehensive Tax Reform, Dec. 2016 here.)

For now there is only one day of hearings set, but if this bill becomes the primary vehicle to raise taxes, there will be several days of hearings. From a political standpoint, lawmakers do not want to take votes on several different tax bills so a combined bill - where many taxes are joined together - with only one vote required. There will be nothing easy in this process to find the right balance of acceptable taxes and consensus. Quite honestly - the final vote on taxes will come in the May veto session after the new consensus revenue estimates are completed late April or early May.

Many conservative lawmakers complain that they have had no practice in raising taxes so this is hard. What created this revenue crisis have been indiscriminate income tax cuts that did not have to be reconciled with basic State budget needs. The House and Senate both have a 'pay go' rule that demands that any additional spending added to a budget bill on the floor must be offset with a comparable budget reduction. No such rule was ever established for tax cuts.

The promise was always that tax cuts will pay for themselves with expanded economic growth. Such was not the case nationally with President Reagan's tax cuts (that were mostly reversed by the President) or the tax cuts to the wealthy by President George W. Bush which created massive budget deficits. Governor Brownback used the same economist as Reagan – Arthur

Laffer – to concoct the magical growth projections for income tax cuts that overwhelmingly went to the wealthiest 5% of Kansas taxpayers. The revenue crisis facing Kansas is very real and requires some true political leadership to walk Kansas back to a sane balanced budget.

BUDGETARY TWO-STEP

Budgets can be handled in far different ways before the Kansas Legislature. The [Senate Ways & Means committee](#) is having an open and inclusive discussion over handling the 2017 deficit that must be reconciled by June 30. Several days of hearings have been planned to discuss practical options. Legislative Research has presented in detail the Governor's plan to delay certain payments (KPERS and public schools), sweep more funds from fee agencies, and primarily fix this \$320 million deficit with an 'idle funds' loan that must be repaid over seven years. The Governor's Budget Director has been present to answer questions on the delayed payments and the idle funds loan. Mark Tallman from the [Kansas Association of School Boards](#) testified in detail that school districts operating funds have been falling behind inflation for several years and that delaying school payments puts further pressure on school district cash flows to pay all bills and start the schools on time. It may well take another couple weeks to agree on the loan and decide what if any budget cuts are possible this late in the fiscal year.



In contrast, the [House Agriculture & Natural Resources Budget committee](#) handles budgets in a speed dating fashion. In one week, they zoom through the budgets of Kansas Department of Agriculture, the Kansas Water Office and the Division of Environment in the Kansas Department of Health & Environment. In one hearing, Legislative Research gives a quick, general review of the multiple programs found in the agency. After that the Secretary or Division Chief gives a general overview of the agency and the Governor's budget recommendations. There is no provision for the public to comment on the adequacy of these budgets.

The Committee is only hearing from legislative staff that has to be neutral and state employees who have no option but to agree with the proposed budget. The committee decided they would make final decisions on the budget 24 hours after this one-day hearing. These three hearings took place this last week and the presentation to the full [House Appropriations committee](#) comes this Wednesday February 8. One wonders what is the hurry given the critical importance of these agricultural and environmental programs? The State Water Plan is slowly dying as water fees decline and state revenue transfers are not made.

Of greatest concern has to be the [Division of Environment](#) that is vital to protecting our air and water. This \$61 million dollar budget is funded 35% from trusts (1 cent gas tax for clean-ups), 28% from federal funds, 27% fee funds, 3% from the State Water Plan and 7% from the State General Fund (SGF). From 2014 to 2019, SGF will have fallen by 24% while the number of full

time employees will have fallen 14%. There is not the time in the committee to ask the detailed questions on adequacy of water testing or air emission testing. Does this agency have adequate staffing to monitor and regulate the 2,000 large confined animal feeding operations in Kansas?

In the 2018 and 2019 budget, the Governor deletes two employees from the Bureau of Environmental Field Services Topeka office. The number of public water supplies tested annually is 53,201 in 2016 and will drop to 46,000 in 2017. 'Solid waste site' annual inspections were supposed to be 450 in 2016 recommended by the Governor, but only 275 were made. One has to be concerned with the reductions to EPA funding almost certain under the Trump administration. Will this Division continue to collapse under further budget reductions? Will Kansas just give up on monitoring our environment and just rely on voluntary self-regulating schemes for solid waste sites, air emissions and water quality? The move to defund what some see as "regulation" is really a defunding of water and air and basic environmental protections for citizens.

LOCAL FARM AND FOOD TASK FORCE REPORT

On Tuesday and Wednesday February 7 and 8, the second report from the legislatively established statewide 'local food and farm' task force will be presented to the House and Senate Agriculture committees. The specific task force recommendations will be covered next week in Policy Watch, but this task force has been presented with tremendous information on the opportunities and barriers to expansion of local food production.

Kansans spend \$770 million annually on fruits and vegetables (\$260/per person times almost 3 million Kansans) but less than \$40 million worth is grown in Kansas. The number of farmers markets has increased to 129 from 80 such markets in the late 1980's. 29 of these markets can now accept food stamps. There are over 24 counties in Kansas that have established or are considering establishing local food councils of local citizens to consider local food plans. In 2010, there were 320 cities in Kansas that had a grocery store but 85 of these cities (under 2,500 in population) have lost their only grocery store. The number of small meat plants has fallen from 90 to 75 in the last few years. Consumer demand for local food continues to skyrocket and Kansas needs a state plan to respond to that demand through financing and business planning.

The House Agriculture committee is also holding a 'specialty crop' hearing on Wednesday February 8 at 3:30 pm in Room 582-N. Rebecca Floyd from the Kansas Development Finance Authority will make a presentation on the Beginning Farmers Loan Program that has been operating since 1987. Tom Buller, Specialty Crops Projects Program Director at the Kansas Rural Center will report on his work to help growers increase their specialty crop production and develop specialty crop business plans to guide farmers. The [Kansas Department of Agriculture](#) will report on their work with farmers markets across Kansas. Missty Lechner from the American Heart Association will report on her work across Kansas in assisting counties to establish local food councils. While Kansas has over 27 million acres in cropland and 3 million of these acres

are irrigated, we have less than 10,000 acres in fruits and vegetables. Kansas could grow 100% of the basic fruits and vegetables we consume on less than 100,000 acres.

HOME RULE

In 1966, Kansans passed a constitutional amendment giving cities constitutional home rule. The counties were granted home rule by statute in 1974. Counties and cities derive their power from the State. The concept of home rule means that the State has delegated power to local governmental units to address matters of local concern.

[House Concurrent Resolution \(HCR\) 5004](#) is a proposal to extend constitutional home rule to Kansas counties. Under home rule, a city or county assumes authority to transact all business and perform all powers of local legislation and administration it deems appropriate, subject only to limitations enacted by the State. There are now 39 such limitations enacted by the State such as the regulation of confined animal feeding operations (CAFO's) and enacting certain local taxes.

In terms of the constitutional home rule for cities, the State can restrict the cities but it must be uniform statewide or the cities can petition out of that restriction. Under home rule, if the State has not legislated on a certain power, this power is left to the city or county. The large farm groups were the strongest opponents in this hearing before the House Federal and State Affairs committee. They contended this would give too much power to the counties and that only two of the three county commissioners could take control. They stated that this excessive power would threaten private property rights and this county home rule could destroy a statewide uniform business environment. They were particularly worried that if the State does not take statewide action on certain issues such as regulating drones or GMO labelling, counties would have the authority to act. Agriculture has special statewide protection from zoning laws. Of the 105 counties, 54 have adopted zoning and there is speculation that 25 are in violation of the agriculture statutes. There were several great questions on home rule and this debate will go on.

FILED LEGISLATION

As of today, there have been 268 bills introduced in the House and 148 bills introduced in the Senate. Some dreadful bills from last session have been introduced again in this session. [House Bill 2199](#) would provide counties the authority to limit and even terminate conservation easements. **House Bill 2246** starts the debate again over noxious weeds by moving the regulating authority from the Legislature by law to the Kansas Department of Agriculture through simple executive authority. However, [Senate Bill 148](#) would bring Kansas into a compact of states that elect to pledge their electoral votes to the candidate that won the national popular vote. There are several election law bills that have been filed and some given hearings. I will report on these next week.

WEEK OF FEBRUARY 6 – 10, 2017

House Appropriations on Thursday, February 9 at 9 am in RM 112-N: Hearing on House Bill 2068 – Enforcement of child support orders against persons in arrearage.

House Water and Environment on Tuesday, February 7 at 9 am in RM 582-N: Hearing on Water Funding Bills.

House Health and Human Services on Monday February 6, Wednesday February 8 and Thursday February 9 at 1:30 in RM 112-N: Hearings on House Bill 2064 – Establishing the KanCare bridge to a healthy Kansas program (Medicaid expansion). Monday for neutral parties, Wednesday for proponents, Thursday for opponents.

House K-12 Education Budget on Thursday February 9 at 1:30 pm in RM 346-S: Work on FY 2018-2019 Operational Budget: Kansas State Department of Education.

House Agriculture on Tuesday February 7 at 3:30 pm in RM 582-N: Local Food & Farm Task Force Annual Report plus the Kansas Association of Conservation Districts Report. On Wednesday February 8 – Specialty Crop Reports and Beginning Farmer Loan Program.

House Taxation on Tuesday February 7 at 3:30 pm in RM 346-S: Hearing on House Bill 2237 – concerning taxation. (See top article above.)

Senate Agriculture and Natural Resources on Wednesday February 8 at 8:30 am in RM 159-S: Local Food & Farm Task Force Report / Beginning Farmer Loan Program

Senate Public Health and Welfare on Tuesday February 7 at 9:30 am in RM 118-N: Hearing on Senate Bill 95 – Amendments to public assistance requirements and benefits

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The **League of Women Voters of Kansas** is a grassroots, volunteer, political organization with [nine local Leagues across the state](#). For nearly 100 years, LWVK has encouraged the informed and active participation of citizens in government and has influenced public policy through education and advocacy. The League never endorses candidates or political parties.

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