



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 #5

TAX/BUDGET BATTLE UPDATE

February 10, 2017

On Thursday Feb. 9, the Kansas Senate was set to debate a tax bill and a budget bill for Fiscal Year 2017 that ends on June 30. The 21 votes needed to pass these bills vanished and so the debate never started. The tax bill – SB 147 – raised \$600 million for 2018 and 2019 but Kansas is facing a deficit over \$1 billion.



The budget bill – SB 27 – made serious cuts to K-12 education funding (\$128 million – 5%), higher education (\$23 million – 3%) and state programs (\$3 million – 1 to 2.5%). Given that these cuts must be made in four months that would magnify these cuts. While the Governor proposed using \$317 million in 'idle funds' for 2017, the Senate plan used only \$100 million. Most Senators ran on protecting public education funding so this cut was clearly unacceptable, while the tax bill was insufficient to fix the structural State budget imbalance. While the Kansas Supreme Court is debating the adequacy of funding public schools, this last minute cut would damage the

State's case on adequate funding. The Vice-President of the Senate has stated that no other legislation will be debated on the Senate floor till these budget and tax issues are settled.

The House Taxation committee voted out a tax bill yesterday on a 13 to 9 vote. This bill completely eliminates the LLC loophole for 333,000 filers. This bill adds a third income tax bracket for individuals making more than \$50,000 and couples over \$100,000. It reinstates medical cost deductions but does not restore mortgage or property tax deductions. It would become effective in the 2017 tax year that started January 1, 2017.

The bill was assembled in an hour and the revenue estimates are still being assembled. It appears to raise \$500 to \$570 million a year. This bill should be debated on the House floor next Monday or Tuesday.

WATER FUNDING STRUGGLES

Many proposals have been offered to fund the State Water Plan (SWP) at an annual amount of \$55 million—the amount water resource advocates argue is needed to address water quality and quantity problems in the state. Right now the SWP budget is \$13.6 million for 2017 and falls to \$10.2 million for 2018. The agribusiness interests along with municipalities and groundwater districts want no increase in water fees or chemical fees. They want a constitutional amendment – HCR 5008 – to dedicate one-tenth of 1 cent of the sales tax to the SWP. This would raise \$45-50 million annually.

Since it would take until 2019 to start this dedicated sales tax funding, these special interests want the State to transfer \$6 million from the State General Fund and \$2 million from lottery funds. When asked what state programs should be cut \$45 million to free up these sales tax dollars to the SWP, there were no answers. The sales tax is the most regressive tax in Kansas. This tax hits the lowest income the hardest since Kansas has the second highest sales tax on food of all 50 states.

The House Water and Environment committee will consider all options to raise funds for the SWP to see what consensus can be obtained. The hope is that a revenue plan can be crafted and voted out of the committee by next Thursday. Next week is the final week for committees to meet and pass legislation. The following week of February 20 to the 23rd will be reserved for floor debate to move legislation on to the second chamber.

The Legislature will be off from Feb. 24 to March 6 to start the second half of the session that concludes on April 7. Overall the revenue picture is so uncertain to fund the basic services that it is difficult to predict where funding the SWP falls on the priority list. House Bill 2241 – that raises drinking water fees and places a fee on groundwater - was given a hearing and thoroughly trashed by the special interests. Unless existing water users and especially groundwater users are willing to provide more revenue, it is very doubtful that lawmakers will put the whole burden on sales tax.

NOXIOUS WEED WAR

The debate over expanding the war on noxious weeds is back before the Kansas Legislature this year. House Bill 2246 was introduced on February 1, assigned to the House Agriculture committee on February 2, placed on the House Calendar on February 3 and given a hearing on February 7. This is called the fast track with

complete coordination between the Kansas Department of Agriculture, the agribusiness chemical dealers and the Chairman of the committee. There was not time to schedule two hearings for the proponents and the opponents. The bill's hearing was squeezed into the schedule following two reports by the Local Food and Farm Task Force and the Kansas Association of Conservation Districts.

House Bill 2246 is the same bill introduced last year without any of the improvements added to the House bill before it passed to the Senate. This bill moves the regulation of noxious weeds from elected Legislators to an unelected political bureaucrat. In this case it is the Kansas Secretary of Agriculture. There are no guidelines or 'risk assessment' in this bill to designate a noxious weed. The Secretary has emergency power to designate any plant species a noxious weed for up to 18 months.

Counties will have unlimited power to access any private property looking for noxious weeds and the right to spray those weeds. Fines to non-cooperative landowners are doubled from \$100 to \$200 a day with no maximum limit. Right now a private landowner does not have a right to post their land as a 'no spray' zone. There is no definition in law of 'drift' and county weed departments are protected from chemical drift or wrongful applications.

Now that glyphosate (Round-Up) has been overused for 20 years, 'superweeds' are emerging and so 2-4D is added to tank mixes. 2-4D is far more volatile and will drift greater distances damaging gardens and grapes.

The Kansas Rural Center has requested that the committee direct the Kansas Department of Agriculture to form a 'broad-based' stakeholder task force to meet over the summer and fall to bring recommendations to the 2018 session. Testimony on HB 2246 – Noxious Weed Law can be seen from the hearing on February 7 at http://www.kslegislature.org/li/b2017_18/committees/ctte_h_agriculture_1/

SPECIALTY CROP INFORMATIONAL HEARING

The House Agriculture Committee held an informational hearing on specialty crops, the beginning farmer loan program, and county food councils. Rebecca Floyd – General Counsel for the Kansas Development Finance Authority (KDFA) – gave the report on the Beginning Farmer Loan Program that resides at KDFA. This program allows 'beginning farmers' to acquire agricultural property, facilities, livestock, equipment, etc. at lower federally subsidized interest rates. From 2011 to 2016, 152 projects were approved for a total of \$29.4 million in loans. 36 counties were involved; the most loans were in Marshall, Nemaha, Reno, Harvey and McPherson. The average amount was

\$193,471. Started in 1987, there have been \$86.2 million in loans with \$34.3 million outstanding today involving 279 loans.

Tom Buller, Specialty Crops Program Manager for the Kansas Rural Center, gave a report on the specialty crop grants to KRC from the Kansas Department of Agriculture. Tom is a fruit and vegetable grower operating on five acres in Douglas County since 2006. He grows 50 different types of vegetables and a few fruits. Tom is using that experience with high tunnels (unheated greenhouses) to develop crop enterprise business plans for seven different groups of crops such as tomatoes, spinach and peppers. In 2016 Tom helped develop an introductory manual for Kansas growers, titled, "[Growing Under Cover: A Kansas Growers Guide](#)" that is available on KRC's website. Tom is currently providing presentations at the Kansas Department of Agriculture's farmer's market workshops across Kansas in February. Kansans spend over \$770 million a year on fruits and vegetables but less than \$40 million of that is grown locally.

Missty Lechner from the American Heart Association gave a report on local food councils in Kansas. Kansas now has 24 food councils established by cities or by county commissions to research local food opportunities and develop action plans to increase local food production and healthier food consumption. In 2010, Kansas had 320 cities with a grocery store but 85 of these cities have watched their only grocery store close. Committee members had several questions for Missty on various activities by these councils. A healthy diet is five servings of fruits and vegetables per day but only 25% of all Kansans meet this goal. One in six Kansas' households are food insecure in not having enough food to last the entire month. Food councils often discuss these challenges to improve access to a healthier diet that is also affordable. The testimony by Rebecca, Tom and Missty can be viewed at: http://www.kslegislature.org/li/b2017_18/committees/ctte_h_agriculture_1/ for the hearing on February 8.

LEGISLATIVE NOTES

The hearings over expansion of KanCare (Medicaid) – HB 2064 - were intense and very well attended before the House Health and Human Services committee. It is expected that the vote on HB 2064 will come Wednesday February 15 at 1:30 pm in RM 546-S.

Legislative Post Audit released a report on consolidating public schools – K-12 – health insurance plans. 101 of the 286 school districts – accounting for 75% of health spending – were audited. \$63 million could be saved under a health pool administered and modeled after the State Employee Health Plan. \$38 million of the \$63 million comes from efficiencies such as eliminating the need for purchasing catastrophic coverage but

the other \$25 million would come from shifting costs to the school employees. House Bill 2142 - to establish a unified school district health care benefits program - will be heard before the K-12 Education Budget committee on Monday – Feb. 13 at 1:30 pm in RM 346-S.

On Monday February 13 at 1:30 pm in RM 281-N, the House Elections committee will hold a hearing on House Bill 2251 – Election audits; voting machine requirements; time of canvass. This bill deals with questionable electronic voting results especially in Wichita.

On Wednesday February 15 at 9:30 am in RM 118-N, the Senate Public Health & Welfare committee will take final action on Senate Bill 95 – Amendments to public assistance requirements and benefits. This bill reverses some of the most onerous restrictions on public assistance programs passed the last two years.

On Wednesday February 15 at 9:30 am in RM 548-S, the Senate Assessment and Taxation committee will hold a hearing on SCR 1604 – Constitutional amendment lowering the rate of sales and use taxation on food and food ingredients. KRC has spent the past three and a half years traveling the state and getting input from hundreds of Kansans who are concerned about healthy food access in their communities. Lowering or eliminating the sales tax on food was a clear recommendation from the public. Kansas currently has the second highest food taxes in the country.



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