

**LEGISLATIVE E-REPORT
LEAGUE OF WOMEN VOTERS OF KANSAS**

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(See Addition from LWVUS at the end of this report)

December 18, 2012 – Paul Johnson

CHALLENGES FOR THE 2013 KANSAS LEGISLATURE

The election is over. The conservatives have taken over the Kansas Legislature. The leaders of the Kansas Senate and the Kansas House have been chosen. The new committee chairs have been appointed and the 2013 session will begin on January 14. With the passage of the mega-income tax cut bill last year, the revenue picture for the 2014 Kansas' budget and future years is very troublesome. Now that conservatives have taken over the Kansas Senate, several controversial social, judicial and economic issues - that passed the Kansas House last year - will be re-debated in 2013.

THE 2014/2015 KANSAS' BUDGET AND TAX POLICY

The Governor will present his budget and legislative priorities in the State of the State address on the evening of January 15. The Governor has stated he will present a two-year budget for the Kansas Legislature to consider. This 2014/2015 state budget will be a first for the Kansas Legislature in over 50 years and will give the lawmakers a clear picture of revenue and spending challenges facing Kansas over the next two years.

The consensus revenue experts met on November 6 and developed new revenue projections for the next 18 months. The mega-income tax cut bill is making an impact. While the FY 2013 State budget ends on June 30, 2013 with a positive balance of \$473 million, the FY 2014 State budget - that begins July 1, 2013 - has a revenue decline of \$705 million that will necessitate cutting \$290 million just to balance the state budget. This decline is caused by a 15% reduction in individual income taxes and a 12% cut in the sales tax as the state sales tax declines from 6.3% to 5.7%. Kansas is unique among the 50 states in enacting a massive tax reduction while slowly coming out of the most severe national recession since the Great Depression of the 1930's.

There are many angles to this revenue conundrum. To find savings, there are several transfers to local governments or special funds such as the State Water Plan (\$6 million) that are in statue but the Kansas Legislature can ignore. For local governments, it means less help from the State to offset property taxes. Kansas' government cannot operate with a zero ending balance so some funds will have to be left in the ending balance. (By law, the Governor's proposed budget has to have a 7.5% ending balance -

**LEGISLATIVE E-REPORT
LEAGUE OF WOMEN VOTERS OF KANSAS**

\$409 million – but that can be waived by the Legislature.) When the revenue estimates were developed, school funding was also examined and Kansas falls \$165 million short for 2013 and \$216 million in 2014. Without this funding, the \$3,838 per pupil funding may have to fall. KHI's Duane Goossen blogs on state budgets and revenues.

<http://www.khi.org/weblogs/budget-blog/2012/dec/07/school-finance-vs-budget/>

The Governor's original tax proposal last year was to keep the state sales tax at 6.3% and use that \$270 million to pay for the income tax reductions. The Governor also proposed eliminating certain tax deductions such as mortgage and charitable gifts to help pay for the loss of income tax revenue. The Governor also proposed doing away with the \$90 million Kansas' Earned Income Tax Credit for low-income working families. The Governor will not allow the new lower individual income tax brackets to be increased or the individual income of 119,000 businesses -- LLC's (limited liability corporations), sub-chapter S corporations or sole proprietors -- be taxed. The Governor may well propose keeping the sales tax from declining on July 1, 2013 but that proposal could not pass one legislative committee last year. If no new taxes are passed, the Highway Plan may be raided for at least \$200 million. There is some confusion over provisions of last year's mega tax bill so a technical clean-up bill will be introduced.

The Governor ordered state agencies to cut 10% from their budgets. The promise from the Governor was that K-12 school funding would be protected from any cuts as well as Medicaid and public safety (prisons). These three items comprise close to 75% of the State General Fund. Initially, the Governor promised no cuts to the universities and community colleges but now the Budget director is mandating 8% in cuts. While the 2014 State budget can be cobbled together by spending down the ending balance from 2013 one time and possibly pulling funds from the Highway Plan -- revenue continues to decline in 2015 and future years. The fundamentals of budgeting have changed in Kansas. In prior years, governmental programs were developed and revenues found to fund those essential programs. Going forward – reduced revenues will rule and dictate which governmental programs can survive.

2013 KANSAS LEGISLATIVE ISSUES

The 2013 Kansas Legislature starts with a blank slate. The Legislature operates on a two year cycle so bills introduced in 2013 can carry over to 2014 for final consideration. The Kansas Legislature has a website where you can track bills as they are introduced and assigned to a committee. On this same website you can identify your legislator and their specific committee assignments. You can also listen in to live debates on the floor of the Kansas House or the Kansas Senate when they are in session. The daily calendars list the bills to be considered on the floors and committee activities for the week.

**LEGISLATIVE E-REPORT
LEAGUE OF WOMEN VOTERS OF KANSAS**

The Kansas House usually starts at 11:00 am and the Kansas Senate usually begins at 2:30 pm. The 2013 Kansas Legislative information will begin on January 2.

<http://www.kslegislature.org/li/>

REDISTRICTING

The incoming President of the Kansas Senate – Sen. Susan Wagle – is requesting legal advice to see if it is possible to redraw the congressional and state legislative districts in 2013. Kansas was the last state in the country to redistrict and that was done by a federal court. If you remember U.S. Representative Tom Delay from Texas? He funded key legislative races so redistricting could be redone midway between the censuses to redraw key Congressional districts in Texas to protect Republican control in Congress.

KANSAS GOVERNMENTAL ETHICS COMMISSION (GEC)

GEC administers, interprets and enforces the Campaign Finance Act. The funding for GEC's \$690,000 budget has been 75% from State General Funds and 25% from fees. In search of more SGF savings, the Governor has proposed shifting the funding balance to 75% from fees and 25% from SGF. Legislation was proposed the last two years to increase filing, candidate and lobbyist fees but that legislation did not pass. If the Governor proposes more SGF cuts to GEC this year, a compromise funding bill on fees must pass. For GEC information, click on <http://www.kansas.gov/ethics/>

IMMIGRATION

The Kansas Secretary of State has promised that he will introduce immigration legislation in 2013. One probable piece of legislation is to mandate that employers in Kansas must utilize the federal 'E-Verify' system to ascertain the citizenship status of all employees. A second proposal will be to repeal the 'in-state' status of undocumented college students. A third proposal may be to force local law enforcement officials to check the immigration status of offenders. Last year, the Kansas Department of Agriculture discussed a special 'guest worker' program for undocumented workers to staff large dairies and large confined animal feeding operations. While in the U.S. Senate, Sam Brownback co-sponsored the 'DREAM ACT' that allows undocumented high school students the opportunity at college or serving in the military as they progress towards citizenship. The Governor may well be forced to address this issue this year.

THE PRIVITIZATION OF MEDICAID – KANCARE

The federal government has now given the green light to allow Kansas to privatize Medicaid by selecting three managed care health insurance companies to provide medical

**LEGISLATIVE E-REPORT
LEAGUE OF WOMEN VOTERS OF KANSAS**

services to over 380,000 Kansans. A majority of these patients are pregnant women and children who have been under managed health care for many years. What is truly unique in KANCARE is the provision of managed care for the disabled and the elderly in nursing homes and homecare. Kansas will be the first state in the nation to completely convert its entire Medicaid program to privatized managed care. With the federal 'Affordable Care Act <Obamacare>', the Governor will have to decide whether to expand Medicaid by covering all residents under 130% of the federal poverty level. Projections are that this expansion will add 130,000 Kansans to KANCARE with the federal government covering the 100% of the cost for 3 years and then covering 90% of future costs. Kansas has an uninsured rate of 13% and this expansion might reduce this uninsured rate by half. Legislation will be introduced to establish a legislative oversight committee of KANCARE.

WATER AND THE ENVIRONMENT

The drought continues on in Kansas with most climatologists predicting that the drought will continue on in 2013. 77% of Kansas is now in exceptional or extreme drought. http://droughtmonitor.unl.edu/DM_state.htm?KS,HP There are cooling water supply concerns at the La Cygne coal power plant in Linn county as well as John Redmond reservoir that supplies back-up water to the Wolfcreek Nuclear Power Plant. Eastern Kansas lake reservoirs such as Perry, Tuttle, Clinton and Milford are filling in with soil at a faster rate than projected. These reservoirs are critical water sources for several cities. At the same time, the funding for the State Water Plan continues to decline as the Kansas Legislature struggles to balance the state budget. (State Water Plan – FY 2012 -- \$16.8 million/ FY 2013 -- \$14 million) The over pumping of the Ogallala aquifer continues on in Western Kansas. This map shows the historical decline. http://www.kgs.ku.edu/HighPlains/HPA_Atlas/Water%20Levels/Saturated%20Thickness%20-%20Percent%20Change%20Predevelopment%20to%202010-12.jpg

KANSAS COURT OF APPEALS SELECTION

The Kansas Supreme Court Selection Commission of five lawyers selected by the Kansas Bar Association and four citizens selected by the Governor provides the Governor with a list of three names to fill vacancies on the Supreme Court and Court of Appeals. This procedure is in the Kansas Constitution for the selection of Kansas Supreme Court justices but it is only in statue in regards to the Kansas Court of Appeals. The Governor will offer legislation to change the system so the Governor can nominate his choice and the Kansas Senate will have to confirm that selection for the Kansas Court of Appeals within 60 days. If the Kansas Senate is out of session, the Kansas Senate will be called into session. One issue is whether appointed and confirmed justices will stand for a reten-

**LEGISLATIVE E-REPORT
LEAGUE OF WOMEN VOTERS OF KANSAS**

tion vote every four years as now applies to sitting Appeals Court justices? This legislation passed the Kansas House last year but died in the Kansas Senate.

CHILDREN'S INITIATIVES FUND

This fund is tobacco settlement proceeds that Kansas utilizes for a broad array of early childhood development programs from child care to early head start to mental health services to family preservation. The tobacco companies are suing several states including Kansas for violating certain parts of the settlement. These funds come to Kansas in April. The 2013 Kansas State budget assumes that \$56.7 million will be coming in April. Now, the debate is over the 2014 State budget and how much settlement funds to anticipate. The recommendation to the Governor is that only \$37 million will be available in FY 2014. Priorities have been established to handle this shortfall by cutting \$5 million in child care services, \$4.7 million in mental health services for children and several other programs. The Kansas Health Institute has covered these budgetary choices and priorities in detail. <http://www.khi.org/news/2012/dec/03/childrens-cabinet-sets-spending-priorities/>

KANSAS OIL & GAS UPDATE

Kansas now has 140 drilling rigs statewide with a recent average of 600 intent-to-drills per month. There are 17 horizontal rigs currently active in Kansas. Within the last two years, Kansas has experienced an influx of out-of-state, highly capitalized companies who have leased large amounts of mineral acreage to drill horizontally and frac in the Mississippian Lime Play (Harper, Barber, Comanche counties). Eastern Kansas has recently experienced a shallower oil play south of Kansas City in Johnson and Miami counties where the drillers are plugging older wells and infield drilling new wells to exploit trapped oil from years of waterflooding. The current Kansas' forecast is oil production of 45 million barrels in 2013 and 48 million in 2014. (This compares to 33 million barrels in 2005 and the record high of 122 million in 1955.) Natural gas production continues to decline 7% a year from 306 billion cubic feet in 2012 to 265 billion cubic feet projected for 2014. (The Hugoton gas field maxed out at 883 billion cubic feet in 1971.) Legislation was passed last year to allow drillers to 'land spread' the initial drilling muds and rock if certain environmental standards are met. To this point, no application to the Kansas Corporation Commission (KCC) has been made for land spreading. The KCC is developing new rules and regulations for horizontal drilling.

**LEGISLATIVE E-REPORT
LEAGUE OF WOMEN VOTERS OF KANSAS**

THE 2012 KANSAS HUNGER ATLAS

The Kansas Association of Community Action Programs published this atlas to document by county the extent of hunger in the nation's breadbasket. 1 in 7 family households and 1 in 5 Kansas' children live in households where there is uncertainty how everyone will be fed. The hope is that this atlas - with its comprehensive county data - will provide a roadmap towards eliminating food insecurity and hunger in our state.

<http://www.kacap.org/ProgramsandResources/ProgramsandResources/The2012KansasHungerAtlas.aspx>

A CHRISTMAS LEGISLATIVE ISSUES WISH LIST

There are certain fundamental, infrastructural issues that I wish would be debated. Kansas needs a comprehensive 'affordable' housing discussion. Kansas has 1.1 million occupied housing units with 68% owner-occupied (749,151 units) and 32 % renter-occupied (355,825 units). Over 36% of these renters are cost burdened by paying more than 35% of their income for their housing costs. 45% of these housing units are located in cities and entitlement areas that deal directly with the federal government. The rest of the housing units are found in the rural areas and come under the administration of the Kansas Housing Resources Corporation in Topeka. The good news is that the Kansas Legislature put \$2 million into the State Housing Trust Fund to assist with rural housing. Over \$11 million in funding requests came in for this \$2 million. The bad news is that Kansas does not have a dedicated funding source for the State Housing Trust Fund. The cities and entitlement area housing needs are not debated nor coordinated with rural housing needs in Topeka. The Governor has passed legislation assisting 50 specific rural counties (rural opportunity zones) with income tax relief and student loan assistance but housing is the major barrier for recruiting new residents.

Kansas is 48th of the 50 states in providing utility based or governmental energy efficiency programs. The truth is that we have no idea what % of our 1.1 million occupied housing units are adequately insulated? Kansas' greatest use of electricity comes in the summer driven by air conditioning. Once again we have no idea how efficient our air conditioning systems are and what utility bill savings could be realized by replacing these inefficient air conditioning units? The Kansas Corporation Commission regulates (KCC) the large investor-owned utilities such as Westar, Kansas City Power & Light and Kansas Gas Service. These utilities are regulated monopolies that are given certain areas to serve with no allowance for any competing utility companies. By law, they are required to provide 'sufficient and efficient' natural gas and electrical service. The KCC has yet to define 'efficient' services. Most energy research analysis shows that 'efficiency' improvements such as adding insulation or upgrading older appliances such as air con-

**LEGISLATIVE E-REPORT
LEAGUE OF WOMEN VOTERS OF KANSAS**

ditioners cost 1-2 cents per kilowatthour (KWH) while generating electricity costs 4-5 cents per KWH. The KCC has once again opened general hearings on energy conservation and the responsibility of utilities to provide such efficiency programs. In recent utility rate cases, the KCC has allowed the stockholders of these 'regulated monopoly' utilities to earn 9.5% on their stock. The KCC needs to fully analyze the 'energy efficiency' savings potential for these utilities and find that proper balance between investing in more power production facilities and funding the most cost effective energy conservation programs.

Several states such as Iowa, Michigan and North Carolina have developed statewide 'local farm and local food' plans. Kansas desperately needs such a comprehensive plan. Kansans spend over \$7.5 Billion a year on food. \$767 million of this \$7.5 Billion total is spent on fruits and vegetables but only \$32 million (4%) is grown in Kansas. Consumer demand for local foods continues to increase and the number of farmers markets in Kansas has doubled to 113 over the last eight years. According to the U.S. Centers for Disease Control (CDC), a healthy diet should include 2 servings of fruit and 3 servings of vegetables a day but only 10% of all Kansans meet that goal. 60% of Kansas' adults are now overweight or obese while one-third of Kansas' children are overweight or obese. The Kansas Health Institute estimates that annual obesity-related medical costs now top \$561 million. A Kansas' food and health plan could improve diets, lower medical costs and keep millions of food dollars circulating in our local communities. While Kansas has 9 million acres in wheat and 5 million in corn & soybeans, it would only take 127,000 fruit and vegetable acres to meet 100% of the produce needs in Kansas. It will take some visionary political leadership and comprehensive business planning to facilitate this 'local food and farm' transition.

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Addition from LWVK president Ernestine Krehbiel, sent 12/18 by Tim O'Brien, LWVUS, Specialist for the Public Advocacy for Voter Protection project:

As we move into the 2013 and new state legislative sessions I want to share with you [a *Huffington Post* blog by LWVUS President Elisabeth MacNamara](#) that discusses four "pro-voter" reform issues the League will be focusing on next year. In an effort to change the way we discuss voting rights it is important to offer solutions as well as fight back voter suppression tactics. To that end, the League has identified four proactive priorities for our elections administration reform work next year:

**LEGISLATIVE E-REPORT
LEAGUE OF WOMEN VOTERS OF KANSAS**

1. Secure Online Voter Registration
2. Permanent and Portable Statewide Voter Registration
3. Expanded Early Voting
4. Improved Polling Place Management

We realize and respect the fact that these issues may not be a “good fit” for your state at this time. However, in states where these issues can be incorporated into a larger pro-voter reform strategy we will do our best to support your efforts with additional details and tools to help you push these issues to the forefront in the coming year.

In case you have problems accessing the blog post above here is the direct link: http://www.huffingtonpost.com/elisabeth-macnamara/path-free-fair-accessible_b_2278842.html