

2015 LEAGUE OF WOMEN VOTERS OF KANSAS E-REPORT #10

Paul Johnson – March 13, 2015

THE RUSH TO LEGISLATE SCHOOL FINANCE

The school funding train is moving fast down the track. Although the Governor touted his proposal to block grant public school funding for two years in his mid-January State of the State address, it took till March 5 for an actual bill to be introduced and the House had all of one week to have committee hearings and have floor action. The actual impact on school districts was not revealed until last Monday when the House Appropriations committee hearings began. School funding is one half of the state's budget so it determines what revenue increases will be needed for 2016 and 2017.

The political games played with this bill seemed endless. The bill introduced in the House was House Bill 2403. Through the political gamesmanship of taking a minor Senate bill on information technology – SB 7, the House Appropriations committee gutted SB 7 and inserted HB 2403 to make the new bill 'House Substitute for SB 7'. The House floor debate was contentious. This proposed 'block grant' for public schools has not been piloted nor has there been an independent analysis on its impact been performed. The Governor had used his allotment power to cut all school districts by 1.5% (\$28 million) for the 2015 fiscal year that ends June 30, 2014. H sub for SB 7 rescinds this cut but reduces state aid by \$58 million to the least wealthy districts and leaving the wealthiest districts alone. To round up the final votes for passage, an amendment costing \$4 million was added to protect 3 or 4 school districts that had lost property valuation when cement plant property valuation was lowered by legislation from last year. An amendment was defeated that would have prohibited the Governor from making any allotment cuts to school funding for the next two years thus insuring the Governor's campaign promise he would protect public education.

H sub for SB 7 barely passed the House on a vote of 64 to 57. The Senate Ways and Means committee has been holding hearings on Senate Bill 273 – the same block grant proposal for school funding as the original House bill. SB 273 is still in committee and has not been amended to this point as the House bill has been changed. The Senate will have to make the decision whether to pass their own bill and conference the differences with the House or to just accept the amended House bill – H sub for SB 7 – (which is the likely course). In voting to accept the House bill, the Senate will not have the option to amend H sub for SB 7. Senators normally prefer to pass their own bills and find common ground with the House. With such a close vote in the House, a new, amended version between the Senate and the House may well not get the 63 votes needed in the House. The House bill spends more on public education than the

Governor proposed in his budget. There is no certainty that the necessary revenue increases will be found to fund this block grant proposal for public schools.

TAXATION TACTICS

The revenue picture is uncertain at best. The Governor's tax package is slowly being debated but there are many questions. The increases in tobacco and liquor taxes are on life support. These taxes were to raise \$212 million over two years. The Governor's plan to freeze income tax rates and accelerate the collection of itemized deductions (HB 2307 and SB 234) must pass to raise \$211 million over two years. As of February, the revenue projections of last November are now down \$38.4 million. The House and Senate Taxation committees are holding hearings on a number of tax bills that change sales tax exemptions, increases property taxes and considers taxation of passive income. The Governor significantly increases the transfer of revenue from the State Highway Plan to balance the state budget. For 2015, the grand total of transfers to the State General Fund and other state agencies totals \$421 million. For years 2011 to 2017, the entire transfer totals \$2.115 billion.

The final decision on revenues will not be made till the veto session in May as announced by the chairman of the House Taxation committee. No votes on House taxation bills will be taken before May. The state budget - including the block grant for schools - must first be passed. There will be the actual revenues from March and April to be included. The consensus revenue estimates will be updated mid-April for the next 30 months. These projections are the revenue figures that the Governor and Legislature are required to use to finalize the state budget. Individual income tax collections – down \$114 million from 2014 – will continue to decline if tax laws are not revised. Oil severance taxes are falling with \$50/barrel oil this year versus \$80/barrel last year. The litmus test for any tax or revenue increase will be the potential impact on conservative, Republican 2016 primary voters. While the Governor proposes budgets for both 2016 and 2017, there is an election for all House and Senate members in the middle of these two year budgets. Election results could alter these budgetary decisions.

SENATE BILL 171 – LOCAL ELECTIONS

The debate over moving local spring, elections to the fall moved to the House Elections committee last Wednesday. One two hour block of time was given for this committee hearing. The committee hearing room was too small for the great interest in this topic. As now written, SB 171 moves local elections from spring to the fall in odd-numbered years and keeps them non-partisan. County clerks and election officers across Kansas support this proposal and believe that annual fall elections will result in greater voter turnout. They also support expanding 'mail only' elections to candidate elections.

Existing law now limits 'mail only' elections to bond and tax issues. Oregon was the first state to go to mail elections exclusively. Washington and Colorado have also converted. Polling places are getting harder to find. Training poll workers to handle more ballots and electronic voting equipment is becoming more challenging. Under SB 171, election officers can request the use of certain school buildings for polling places if a request is made 365 days in advance. The worst scenario for the election officers would be if school district and municipal elections are put in even-numbered years but kept non-partisan. This would increase the number of ballot styles and cost of the election significantly in the even-numbered year primary elections.

The League of Kansas Municipalities (LKM) and the Kansas Association of School Boards (KASB) remain opposed to SB 171. LKM is concerned over the requirement that bond and sales tax question elections be held only during August or November elections. By forcing all bonds to hit the market at the same time, and starving the market at other times of the year, you will lower rates when bonds are inaccessible and raise rates when demand is the highest. LKM testified that because local elections are the only elections happening in the spring, local newspapers and other media outlets are covering the issues that are important in local communities. LKM supports mail-ballot elections and other alternatives like voting centers, same-day voter registration and a Saturday election day. KASB supports keeping school board elections non-partisan. KASB supports spring elections so that board members elected in April take office July 1 at the start of a new school year. KASB does support mail ballot elections, Saturday voting and moving spring elections several weeks later. This battle is far from over!

KANSAS' RENEWABLE ENERGY PORTFOLIO STANDARDS (RPS) REPEAL

For the third year in a row, hearings were held in the Senate and the House to repeal the RPS – a mandate that 20% of electrical capacity come from renewable sources - on January 1, 2016. Once again the respective committee chairmen gave unlimited time to the proponents of repeal and crowded the opponents into the time left over or forced the opponents to come back another day. Given the interest in this issue, the proper scheduling would be listing in the Calendar a day to hear the proponents and a day to hear the opponents. The Senate has already voted for repeal last year. With a stacked House committee, the battle over repeal will be fought again on the House floor.

Kansans for Clean Energy testimony by Jennifer Byer on Senate Bill 253:

'I honestly can't understand what we're doing here – again. It is the responsibility of our legislature to develop sensible policies to promote economic development throughout the state, and in that, the RPS has been widely successful, bringing wide-ranging economic, social, and environmental benefits to Kansas. Wind farms benefit our

entire state with an inexpensive, plentiful and clean energy source that keeps our air clean, while neither consuming nor endangering our precious natural resources, particularly water.'

'Do we really want to put our economic and environmental progress in jeopardy? Do we really want to say that plentiful, cheap, clean renewable energy is not part of our state's economic future? Do we want to deter business from considering Kansas a safe place to invest because our government is no longer a reliable partner? Are we going to sit out the clean energy boom, while neighbors like Oklahoma, Texas and Iowa cash in?'

'In conclusion: the RPS works. There is no need for repeal. When it comes to the RPS, we can take some good old-fashioned, sensible Kansas advice: "If it ain't broke, don't fix it"

WATER MONITORING

The primary focus of the Kansas Geological Survey (KGS) is on energy and water issues. On water, the primary focus is groundwater. With the Division of Water Resources in the Kansas Department of Agriculture, KGS measures some 1,400 in central and western Kansas every January to provide a snapshot of current conditions and long-term trends. Examples of KGS assistance include providing information on water use, water levels, water rights, 'hydro-geologic' characteristics, and groundwater quality of the aquifer. Currently, KGS is developing a tool for use by potential Local Enhanced Management Area (LEMA) groups to assess how much reduction in water-level declines will be achieved by a given reduction to pumping. KGS now has 11 wells in four Groundwater Management Areas that have real-time monitoring of water levels via satellite. These programs are funded through the state water plan.

A second KGS priority relates to the Kansas River alluvial aquifer. This aquifer provides water from the alluvium, or geologic material that surrounds the river bed. The Kansas River corridor is projected to be a major area of population and economic expansion in the coming decades. Currently, KGS has insufficient information to reliably assess how water levels in the aquifer and the Kansas River will respond to an increase in pumping. Management of groundwater storage in the aquifer in conjunction with management of reservoir system storage requires this information. KGS proposes a series of wells with equipment for real-time monitoring of water levels that would be installed from upstream of Manhattan to the junction with the Missouri River. From this information would come the development of a groundwater model of the Kansas River Alluvial Aquifer. This model would be updated every five years so that the state has a tool based on the most current data to evaluate future conditions in this the most important aquifer in eastern Kansas. Presently this priority has not been funded.

WEEK OF MARCH 16 – 20, 2015

Senate Agriculture on Tuesday March 17 at 8:30 am in Rm 159-S: HB 2016 – Amending the powers and duties of the Kansas Department of Agriculture division of conservation and the state conservation commission.

Senate Natural Resources on Wednesday March 18 at 8:30 am in Rm 159-S: SB 275 – Establishing water conservation areas.

Senate Assessment and Taxation on Monday March 16 at 9:30 am in Rm 548-S: SB 257 – Ten-year limit on property tax exemption for renewable resources or technologies
On Thursday March 19 – Hearing on SB 261 – Imposing sales tax on sales of gas, electricity, heat and other fuel sources for production of heat and lighting for residential premises and agricultural use.

House Health and Human Services on Monday March 16 at 1:30 pm in Rm 546-S: Hearing on SB 121 – Bob Bethell joint committee on home and community based services and KanCare oversight; members and meetings. SB 181 – Medicaid; restrictions of prescription-only drugs. On Wednesday March 18: Hearing on (proponents) HB 2319 – State medical assistance program; expansion of eligibility. On Thursday March 19: Hearing on (opponents & neutral) HB 2319 – State medical assistance program; expansion of eligibility.

House Agriculture and Natural Resources on Monday March 16 at 3:30 pm in Rm 346-S: Hearing on SB 227 – Local enhanced management areas; due consideration; corrective control measures.

House Education Budget on Wednesday March 18 at 3:30 pm in Rm 281-N: Hearing on K-12 Education Budget.

House Taxation on Monday March 16 at 3:30 pm in Rm 582-N: Hearing on HB 2408 – Repealing certain sales tax exemptions. On Tuesday March 17: Hearing on HB 2399 – Increasing sales and compensating use tax rate to 6.3% -- HB 2400 – Repealing the local ad valorem tax reduction fund. On Wednesday March 18: Hearing on HB 2401 – Imposing an excise tax on ethanol production and electricity generated by renewable resources. On Thursday March 19: Hearing on HB 2396 – Ten-year limit on property tax exemption for renewable energy resources or technologies.