

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

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Paul Johnson – April 20, 2012

VETO SESSION STRUGGLES

The Kansas Legislative veto session that begins April 25 may well be historic for the state of Kansas. Tough decisions will have to be reached whether to restore critical budget cuts to public education, social services and public safety? Now that revenues have increased to Kansas, will tax policy reduce revenue to Kansas with substantial budgetary implications for future years? The largest health program in Kansas – Medicaid – is destined to be privatized and turned over to three managed care health insurance companies that promise quality services statewide. Legislative and Congressional districts must be redrawn reflecting the movement of persons from rural to urban areas in the midst of a battle over protecting moderate versus conservative political interests. All of these decisions could have a substantive impact on the future quality of life in Kansas.

The budget picture is starting to take shape. The Senate Ways and Means committee has decided to incorporate the State budget and the final Omnibus bill into one piece of legislation that will have to be finalized in a conference committee with the Kansas House. There are many key differences to be settled. Will additional funds be provided for public education to increase base student aid per pupil (BSAPP)? (Note: BSAPP in 2009 was \$4,400 – in 2012 it is \$3,780) State hospitals are severely understaffed and at risk of losing their accreditation. Will additional funds be provided for hiring more staff and increasing salaries to attract more workers? The Kansas courts have announced furloughs on five Fridays into June to handle a \$1.4 million budgetary shortfall. Will this funding shortage be settled soon after the veto session begins? The tobacco settlement payment of \$56 million has now been received. This money is used for several children programs but the Governor's budget assumed only \$40 million. Will the full \$56 million now be used for the children programs? With an increase of revenue to Kansas of \$252 million over the next 18 months, the Governor's budget now has an ending balance of \$673 million.

With the extra revenue of \$252 million in the ending balance, the tax battle will be more spirited than ever. Is there an easier sell in an election year than to enact more tax cuts without a plan for funding basic programs in the future? With the extra revenue, it will be possible to enact tax reductions for 2013 and

take that from the ending balance without doing further damage to existing governmental services. (Note: if the extra revenues go for income tax cuts there will be far fewer dollars for restoring existing budget cuts or providing local governments meaningful property tax relief.) Beyond 2013, revenues start to decline exponentially. The Senate tax bill income tax reduction jumps from \$250 million in 2013 to \$847 million in 2014 and the total 5-year reduction is \$3.8 Billion. The House tax bill does not decrease income taxes nearly as fast as the Senate's tax bill but the House has a 3% growth lid on state spending. If there is further growth in tax revenues to the State beyond the 3%, than income tax rates are decreased even faster. (For the record, the Consensus Revenue experts on April 13 projected for 2013 a 5.6% growth in individual income taxes and a 5% growth in sales tax.) This is truly a faith-based tax policy believing that just cutting or eliminating income taxes will automatically generate far more economic development and significant increases in sales tax. Once the income tax is reduced or eliminated, there is little chance to restore these cuts. Is Kansas on the road to a reduced quality of life comparable to Mississippi?

The privatization of Medicaid – KanCare - by January 1, 2013 is still on target as far as the Governor is concerned. Medicaid is serving over 380,000 Kansans. Kansas cannot accomplish this Medicaid conversion to privatized managed care for all Medicaid clients unless certain waivers are allowed by the United States Department of Health and Human Services. (Medicaid is funded roughly 60% by federal dollars and 40% state dollars.) There are also important computer upgrades that must be funded by the Kansas Legislature to implement KanCare. Several lawmakers have expressed support to move KanCare from January 1, 2013 to July 1, 2013. 20 counties across Kansas have passed resolutions requesting that independent living services for the disabled not be part of the KanCare contracts. The executive reorganization order built around these changes in Medicaid is now final and will be implemented July 1. The Department of Social and Rehabilitation Services will be renamed the Department of Children and Families. State hospitals, mental health services and disability services move from SRS to the renamed Department of Aging and Disability Services. The independent Kansas Health Policy Authority that administered the Medicaid program has been eliminated and the Division of Health within the Kansas Department of Health and Environment will administer the contracts with the 3 private managed care health insurance companies. (Complete coverage on KanCare – Kansas Health Institute -- www.khi.org)

The election and redistricting battles may be the most intense. Legislation has been introduced to move the primary election date from August 7 to August 25 if redistricting maps cannot be finalized by May 15. The filing deadline for candidates would be changed from June 11 to July 1. The Kansas House will vote again to move from January 1, 2013 to June 15, 2012 the mandate that proof of citizenship is required to register to vote. A federal court in Arizona ruled that a

similar requirement in Arizona law was unconstitutional. House Substitute for Senate Bill 17 is the legislation to make this date change. After the Kansas House passes this bill early in the veto session, the Senate President will rule whether this bill has been materially changed. This ruling cannot be challenged. If ruled materially changed, the bill would be assigned to a committee. I will continue to report on the political maneuverings to find some consensus on Congressional and Legislative maps.

WATER LAW

SENATE BILL 310 sets up a process by which a local enhanced management area (LEMA) can be established within a groundwater management district (GMD). The process for establishment of a LEMA requires a GMD to recommend a plan to the Chief Engineer of the Kansas Department of Agriculture's Division of Water Resources.

SENATE BILL 272 establishes an opportunity for water management practices to enable multi-year flexibility in the use of water authorized to be diverted under a groundwater water right, provided such flexibility does not impair existing water rights or increase the total amount of water diverted.

HOUSE BILL 2516 amends the statutes relating to the establishment of water banking. The bill deletes language that limited the number of water banks. The bill clarifies when a water bank is subject to review after its initial charter.

HOUSE BILL 2517 extends the Water Right Transition Assistance Program (WaterTAP). The program is designed to permanently retire all or portions of irrigation water rights.

PRELIMINARY SUMMARY OF LEGISLATION 2012 KANSAS LEGISLATURE

This Kansas Legislative Research Department publication contains summaries of selected bills enacted by the Legislature by March 29, 2012. A supplement containing summaries of major bills enacted during the week of April 2, 2012 is also available. An additional supplement will be available after the wrap-up session in May. <http://skyways.lib.ks.us/ksleg/KLRD/Summaries.htm>

HORIZONTAL DRILLING AND ROAD DAMAGE

This article appeared in the April 2012 Kansas Association of County's 'COUNTY COMMENT' newsletter. It was written by Norm Bowers, Local Road Engineer. It covers a visit to Harper County to see four horizontal drilling rigs at one site. Oil and gas drilling permits are handled through the state and the county was not

notified in advance. This drilling site consists of a level area of about 4 acres. 2 to 3 feet of shale is hauled in and topped with 1 foot of crushed rock. 1,200 semi loads were required. The 'fracking' takes about 2 million gallons of water which is the equivalent of 300 tanker loads. All told it takes over 2,000 truckloads of material and equipment for one drilling site. There are few county roads that can handle 2,000 truckloads without substantial damage. Harper County has taken the position that they will not fix or repair roads so the drilling companies can get to their sites. That works well where the road is not a school bus route and people do not live on the mile. If drilling occurs in counties with a blacktop road network, they can expect damage to the blacktops. In Harper County most of the water has been purchased from farm ponds. Harper County has allowed the drilling company to place pipe in the road ditch for a fee. The county has just hired a codes enforcement officer to handle all the utility permits and to observe and document damage to the roads. Mr. Bowers ends the article with essential steps that should be taken in advance by a county.

<http://www.kansascounties.org/DocumentView.aspx?DID=647> (pages 6-8)