

# **2014 LEAGUE OF WOMEN VOTER E-REPORT #1**

Paul Johnson – January 17, 2014

## **THE 2014 KANSAS POLITICAL MYSTERY TOUR**

- **Revenue from Tax Income Tax Cuts is 20% less than last year**
- **Sales Tax Revenue is 3% less than last year**
- **Tax burden is shifting to property tax increases at local level**

The Governor's tax and budget experiment continues on. The full impact of cutting individual income taxes and eliminating income taxes for 191,000 business entities is starting to show. Income taxes to the state have fallen by 20% in the last twelve months. Sales taxes are 3% lower in the last year. The belief was that income tax reductions would spur significant new economic growth and that sales tax increases would offset the lost income tax. Sales tax will have to increase 8-10% yearly to offset the loss. Property taxes are also increasing across the state. The full impact of the income tax reductions will be better understood in 2014 but it may take years for the complete impact. Kansas was the first state to eliminate the income tax for the business entities so there is no template for what the real cost may be. For decades, Kansas had a balanced tax system of income, sales and property taxes and now one-third of the revenue stream is significantly reduced with these changes in income tax rates.

- **Two year budget adjustments currently are increases:**
  - **2014 increases by 44 million dollars in education and social services**
  - **2015 increases by 71 million dollars in education and state employee salaries and retirement**
  - **Governor adjusts Dept of Corrections budget upward**
  - **Legislature must act on these adjustments.....stay tuned as talk about annual ending balance and falling short of the 7.5% goal may dominate.**

The Governor's 2015 State Budget is now available at <http://budget.ks.gov/gbr.htm>. Volume 1 has the narrative explaining the funding decisions presented by the Governor. Last May, the Governor vetoed the entire 2015 budget for the Department of Corrections so that \$363 million budget has to be included in the additions to the 2015 budget. The revised budget by the Governor for Fiscal Year 2014 (July 1, 2013 to June 30, 2014) includes \$17.8 million for school finance (lower property taxes and more students), \$11.7 million for health/human service caseloads, \$9.3 million for technical education tuition for high school students and \$5.2 million to restore university

professor salary cap cuts for the remaining six months of the fiscal year. The base state aid per pupil (BSAPP) budget remains at the 2013 level of \$3,838. By statute, the BSAPP should be \$4,432. The Kansas Supreme Court should rule on this disparity soon.

For 2015, the Governor submits an enhanced budget for the Department of Corrections. The revisions to the 2015 budget include \$20 million for school finance (same reasons as 2014), \$16.3 million for all-day Kindergarten, \$15.3 million for technical education, \$8.3 for special projects at Regent universities, \$5.8 for Regents salary cap restoration and \$5.2 million for a 1.5% classified state employee salary increase. The BSAPP increases \$14 from \$3,838 to \$3,852. The Governor does increase spending for school employee retirement (KPERs), special education costs, all-day kindergarten, capital improvement aid to schools and tuition for high school students going to technical colleges. These increases are not included in the BSAPP calculation. The State General Fund (SGF) which is \$6.2 Billion of the entire \$14.57 Kansas Budget for 2015 has an ending balance of \$247.6 million (4% of the SGF). By law the Governor should offer a budget that has a 7.5% SGF ending balance so this budget is \$218 million short of that requirement. This will be hotly debated by the conservatives as will the Governor's proposal to fund all-day kindergarten with more state funds.

## **KANSAS LEGISLATIVE PROCESS NOTES**

- **Legislative process: Bills introduced in 2013 are still alive**
  - **Link to 740 such bills is provided below**
    - **These bills can appear on the agenda with little or no public notice.**
    - **Committee action escapes public input or observation.**
- **Rules of the Governing Bodies reflect the times.....elections do have consequences.**

The Kansas legislative process is a two year cycle that starts in odd number years following fall elections. So the first year for this cycle was 2013 and the second year will be this 2014 session. This means that all legislation introduced in 2013 remains in play for 2014 either in a committee or on the House or Senate calendar. (In rare cases, a bill can be killed by legislative process.) Technically, there are now 280 Senate Bills and 460 House bills at [http://www.kslegislature.org/li/b2013\\_14/measures/bills/](http://www.kslegislature.org/li/b2013_14/measures/bills/). By clicking on an individual bill, you can track its progress through the Legislature. Committee chairpersons have incredible power to call hearings on any bill in their committee. Or if hearings have been held on a given bill and not passed out of the committee that can happen at any time if the votes are there to pass the bill. Similarly, there are dozens of

bills sitting on the House and Senate calendar that can be scheduled for debate at any time by legislative leadership. There is no requirement that the chairperson list in the calendar that a specific bill will be debated and voted on. Often times, the only listing in the calendar for a given committee is that all bills that have had hearings may be considered for action. For the general public, this is not a very transparent process.

In 2013, the Governor offered up a two year budget that covered Fiscal Years 2014 and 2015. This was historic in offering a two year budget. While the 2014 budget had the normal specific recommendations for program spending and staffing needs, the 2015 budget was much more general with more guesstimates on programs and staffing needs. The 2015 budget did have specific budget numbers adopted for each agency. The conservative mantra has been to reduce or eliminate the income tax, downsize government at every opportunity and whatever is left over will be called a 'core state service' that may be inadequately staffed. Serious state budget reductions started with the recession of 2009 with the hope that some of these reductions would be restored as the economy recovered. This Governor doubled down on the reductions by cementing the reductions in place while cutting tax revenues by hundreds of millions of dollars. The conservative takeover of the House in 2012 and the Senate in 2014 assured that government programs would be considered evil and inept. With the 2015 budget essentially established, will the budget committees now take the time to see if there is proper funding and staffing for community mental health services, child abuse social workers, state mental hospitals, prisons, 'fracking sludge' disposal, etc., etc.?

## **KANSAS CORPORATE AGRICULTURE STATUES**

- **Regulations regarding family owned and corporate managed ag businesses are being reviewed.**
  - **LWV US ag study may enhance our interest in Legislative actions.**

The Kansas Judicial Council was asked by the Kansas House Agriculture & Natural Resources committee and the Kansas Senate Natural Resources committee to research and report on the constitutionality of the corporate agriculture statues in Kansas. Kansas is one of nine states that have restrictions on certain corporations owning confined animal feeding operations (CAFO's) and most importantly owning land in Kansas. Similar laws in Nebraska, South Dakota and Iowa were declared unconstitutional by federal district court justices because they violated the interstate commerce clause.

The Kansas Judicial Council appointed a special seven member committee of six lawyers and a Kansas' lawmaker to review the Kansas law. The good news is that the Kansas law does not have the same flaws as the other three states. The primary problem was that the labor and management of the farm required a person to be a resident of the state. Kansas split labor and management so it is possible to manage a farm from another location. Kansas has established a county resolution option so if Tyson or Seaboard wants to build a CAFO in a county there must a vote of the county commissioners or the residents. This provision was found to be perfectly constitutional. The Kansas law does need some refining in establishing family farm corporations without Kansas residency and some clarifying language that management of a farm does not require physical presence on the farm. The first 5 pages of this memo list the committee's findings. There is included a memo from the Kansas Legislative Research Department on the history of corporate agricultural law in Kansas. There is also a letter from the Kansas Attorney General saying this debate over changing the corporate farming laws in Kansas is a public policy matter meant for the Kansas Legislature. <http://www.kansasjudicialcouncil.org/Aq%20Corps%20Final%20Report%20w%20attachments%2012-13.pdf>

(If the above listed site does not work, try <http://www.kansasjudicialcouncil.org/StudiesReports.shtml> and you will see report title.)

## **KANSAS COULD DO MORE FOR POOR FAMILIES WITH CHILDREN**

An Analysis of TANF Budget and Policies

- **This money comes from a federal block grant (\$101 million) and state match (\$62 million) intended to provide poor families with children cash assistance for food and other life necessities.**
  - **Numbers in need are up but dollars provided are down .....leaving \$48 million in reserve.**
    - **This money is being diverted to other programs for children.**
    - **Keep this in mind when you talk to Legislators.**

United Community Services of Johnson County developed an excellent report on the reduction of families and children qualifying for Temporary Assistance for Needy Families (TANF). This public welfare program is vital to protecting our most vulnerable families with children. Child poverty rates have increased from 17% in 2008 to 22.8% in

2012 which means 34,000 more Kansas children now live in poverty. At the same time the number of Kansans receiving help through TANF cash assistance declined 33% from 2008 to 2012. The annual funding for the TANF block grant is \$101 million from federal funds and \$62 million from state funds. The TANF block grant now has an ending balance of \$48 million. The report concludes that Kansas 'should work to return to the original mission of TANF – temporary assistance until people get back on their feet, and employment and child care help for them to do so'. <http://ucsjoco.org/>

**LWV-K will observe Election Administration, Education and Judiciary meetings during the 2014 session. Below is the schedule for the coming week. Anyone can attend, take notes and share them with me at [dfurtado08@gmail.com](mailto:dfurtado08@gmail.com)**

### **Week of January 20-24, 2014**

Senate Ethics and Elections – 9:30 a.m. – Room 159-S – Thursday January 23 – Guest speaker: Secretary of State Kris Kobach

Senate Ways & Means – 10:30 a.m. – Room 548-S – Wednesday January 22 – Presentation on KanCare: Shawn Sullivan, Secretary of KDADS

House Appropriations – 9:00 a.m. – Room 112-N – Thursday January 23 – Informational Briefing: Kansas Housing Resources Corporation

House Energy and Environment – 9:00 a.m. – Room 582-N – Tuesday January 21 – Kansas Corporation Commission and Hydraulic Fracturing Regulations

House Agriculture and Natural Resources Budget – 1:30 p.m. – Thursday January 23 – Kansas Aqueduct Study on Kansas Water in Missouri River

House Elections – 1:30 p.m. – Room 281-N – Wednesday January 22 – Overview and Update by Secretary of State Kris Kobach

House Agriculture and Natural Resources – 3:30 p.m. – Room 346-S – Tuesday January 21 – Review of Kansas Corporate Farming Law – KU Professor Richard Levy

House Taxation – 3:30 p.m. – Room 582-N – Wednesday January 22 – Overview of new income tax law – Secretary of Revenue Nick Jordan