



# Capitol Briefing



**My Committees**  
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## Session News Week 3: January 26-30, 2009

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- [This Week At The Statehouse](#) At the Capitol, we're now a quarter of the way through the 2009 legislative session. After three weeks, we have yet to consider any legislation on the House floor. In addition, most House committees are at a virtual standstill. We've lost considerable opportunities to make this a productive session in spite of fiscal limitations.
- [Senate debates first budget bill](#) On Thursday, the Senate considered the first version of the revised FY 2009 budget bill, which must close the \$200 million shortfall we face in the current fiscal year which ends June 30th. By the end of the debate, the Senate agreed on a compromise. They agreed on a lower, 1.5% cut across-the-board cut, while holding education funding flat which amounts to just a \$33 per pupil cut due to enrollment growth and other factors. The plan avoids making any budget cuts to school districts so close to the end of the school year and keeps more money in the Kansas economy which is so important at this time. The end budget cut totaled \$334 million against about a \$200 million shortfall.
- [Understanding across-the-board cuts and their impact on Kansas schools](#) Dennis told the caucus that the 3.4% cut would actually mean a much larger cut for schools in the last 5 months of the fiscal year. With about 80% of school district budgets tied up in contractual obligations – many of which are for classroom teachers—districts will be hard pressed to implement the cuts as proposed.
- [House Energy Committee considers net metering proposals](#) This week, the House Energy and Utilities Committee was one committee that stayed very busy, discussing a variety of different bills. Particularly, the committee held hearings on legislation that would establish net metering in Kansas, House Bills 2043 and 2051.
- [Bill recommends suspending phase out of Kansas estate tax](#) The House Committee on Taxation continued hearings this week on how to modify tax policy as one method for filling the current budget gap. The committee considered House Bill 2047, which proposes a suspension of the repeal of the Kansas estate tax.
- [House Democrats announce revenue neutral policy initiatives](#) House Democrats collaboratively developed a variety of proposals to help empower Kansans and their families, communities and businesses, all at no cost to the state. The bills address a number of important issues ranging from tax policy to insurance to governmental ethics. Some bills are still in the drafting process, but others have already been read into committees.
- [Kansas Bioscience Day at the Capitol tees off major collaboration](#) Governor Kathleen Sebelius and leaders from the University of Kansas and Kansas State University gathered for Kansas Bioscience Day at the Capitol on Tuesday. This teed off the announcement of a new statewide goal: obtaining the National Cancer Institute (NCI) designation for the University of Kansas Cancer Center as a Comprehensive Cancer Center.
- [Department of Commerce helps minority and women-owned businesses](#) Led by Rep. Annie Tietze and a coalition of Kansas small business/minority and women business organizations, many Kansas businesses can now take advantage of contracting and subcontracting opportunities from those in the private and public sectors committed to the inclusion of minority and women-owned businesses.
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## **This Week at the Statehouse**

Kansas celebrated its 148<sup>th</sup> birthday this week, in addition to the bicentennial anniversary of President Abraham Lincoln's birth.

At the Capitol, we're now a quarter of the way through the 2009 legislative session. The time is flying, and I am growing increasingly alarmed by the slow start in the House. After three weeks, we have yet to consider any legislation on the House floor. In addition, most House committees are at a virtual standstill, with only one committee officially approving a bill.

Of course the number one focus of the session must be responsibly balancing the budget. I am concerned; however, that majority leadership has become too short-sighted. It is possible to enact good policy without spending money, and there are a number of critical issues on which Kansas families expect progress in 2009. With only 90 days to accomplish our work and 20 of them already gone, we've lost considerable opportunities to make this a productive session in spite of fiscal limitations.

## **Senate debates first budget bill, sends to House**

On Thursday, the Senate considered the first version of the revised FY 2009 budget bill, which must close the \$200 million shortfall we face in the current fiscal year which ends June 30th. The proposal received wide criticism from Republicans and Democrats alike and eventually failed to pass in its original form. It approached the budget with an "across-the-board" cutting philosophy, requiring a 3.4% budget cut in all state agencies. This would have been detrimental to Kansas schools, the corrections system, and necessary social services. Governor Sebelius promised to veto the budget if it arrived on her desk with these effects.

Under the original bill, the Kansas Department of Corrections would have been forced to stop supervising 5,800 parolees beginning April 1, end treatment programs for inmates, or close prison facilities, all of which could have had a dangerous impact on our communities and lead to the termination of hundreds of employees. In addition, the plan would have stricken \$100 million from K-12 public schools, just four months before the end of the school year. Overall, it would have reduced the base state aid per pupil (BSAPP) rate by \$117.50. In contrast, the Governor's budget proposal would reduce the BSAPP by only \$22. In addition, the legislation would have again put Kansas in a precarious position with the Kansas Supreme Court opening the door to renewed school finance litigation.

By the end of the debate, the Senate eventually agreed on a compromise. They agreed on a lower, 1.5% cut across-the-board cut, while holding education funding flat which amounts to just a \$33 per pupil cut due to enrollment growth and other factors. The plan avoids making any budget cuts to school districts so close to the end of the school year and keeps more money in the Kansas economy. The end budget cut totaled \$334 million against about a \$200 million shortfall.

Our national and state economy are facing severe economic problems and our state's laws require us to think and act like Herbert Hoover, balancing our state budget and reducing spending at a time when our problems are made worse by too little money in the economy -- money having been removed from the system by worried consumers and fearful banks afraid to extend credit. **The wisest course for our State Government in this challenging time is not to take more money out of the Kansas State economy than is necessary while making sure we set priorities so that what we do take out least effects the priority needs of Kansas citizens and minimizes harm to the economy.**

The House will consider the bill next week.

**Remember...** This bill only addresses how to close up the \$200 million deficit within the current budget, which originally passed last year. **We have yet to begin the process of crafting the FY 2010 budget, which promises a deficit of over \$1 billion.** The debate is far from over. Stay tuned.

## **Understanding across-the-board cuts and their impact on Kansas schools**

Dale Dennis, Assistant Commissioner of Education and the state's chief expert on school finance, spoke to the Democratic members and answered questions from the caucus on Thursday. Dennis concentrated on the effects of the 3.4% across the board cuts proposed by Republican Senators and what that would mean for individual school districts.

Dennis told the caucus that the 3.4% cut would actually mean a much larger cut for schools in the last 5 months of the fiscal year. With about 80% of school district budgets tied up in contractual obligations – many of which are for classroom teachers – districts will be hard pressed to implement the cuts as proposed. Field trips for students, cleaning classrooms, routine maintenance, textbooks, classroom materials, athletic programs, and other student-related expenses will be on the chopping block for this year if the cuts would have gone through as proposed. Though it looks as if school districts have been saved for this fiscal year, we must continue this discussion in an effort to protect education in FY 2010.

## **House Energy Committee hears proposals on net metering**

This week, the House Energy and Utilities Committee was one committee that stayed very busy, discussing a variety of different bills. Particularly, the committee held hearings on legislation that would establish net metering in Kansas, House Bills 2043 and 2051.

Net metering is an opportunity for customers to generate their own electricity by way of renewable resource, meter it bi-directionally on one meter, and receive credit for their contributions, paying only for the “net” electricity provided to them by their utility. House Bills 2043 and 2051 are mirror bills, meaning they are essentially the same piece of legislation, only one addresses wind generation and the other addresses solar generation.

According to the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE), net metering programs serve as an important incentive for consumer investment in renewable energy generation, and represent a low-cost, easily administered method that benefits not only consumers but utilities, because consumer systems often offer support during times of peak load. Net metering is already offered in 35 states and is a major component of Governor Sebelius' energy plan.

While the bills support a 150% payback to customers using renewable energy, House Bills 2043 and 2051 differ from the current parallel generation statute. Parallel generation involves two meters: one to measure the total amount of energy used and one to measure the energy saved by using renewable resources. Although both the current statute and the proposed bills reimburse customers at a rate of 150%, opponents of net metering argued that it ignores the energy that the customer does use. Proponents, on the other hand, recommended a greater payback because it would provide a greater incentive for renewable energy use.

Utility representatives voiced concerns about Sections 19 in the bills because they declare local regulations regarding any wind turbine (or solar energy device) void an unenforceable, which removes control from local governments. These representatives were also apprehensive where the cost burden of renewable energy will fall. Technically, the bills are a subsidy to those who can afford to pay for a solar panel or wind turbine, while those who cannot afford one will foot the bill. There appeared to be general support among the committee for net metering, but only if there becomes a way to prevent the costs of the initiative from being passed on to other customers and only if there was a way to prevent the undermining of local authority.

There were also concerns raised about Section 18 because it references “restrictive covenants,” which are similar to conservation easements. These are agreements between landowners and land trusts in which the

landowner retains ownership of the property, but forfeits certain uses of it. In exchange, the land trust protects the land from certain types of development, all under private financial agreements. In Section 18 of these bills, there is a loophole which would allow homeowners to evade conservation easements. There was also worry that tax deductions of those with conservation easements would be called into question.

Additionally, it is important to remember that these programs are highly cost prohibitive. Although “going green” is in the best interest of the state and the country, many people currently will not be able to take advantage of these policies.

Similar to the RPS proposals we heard last week, I expect other net metering proposals to come before the committee in the near future. I am hopefully we will find a way to move some productive policy through this session that advances our long-term energy goals for the state.

### **Bill proposes to suspend phase out of Kansas estate tax**

The House Committee on Taxation continued hearings this week on how to modify tax policy as one method for filling the current budget gap. The committee considered House Bill 2047, which proposes a suspension of the repeal of the Kansas estate tax.

The estate tax is imposed on a decedent’s right to transfer property and is levied on the net value of the decedent’s estate, but only if it exceeds \$1 million. Fewer than 1,000 Kansans are affected by the tax, due to the \$1 million threshold. Currently, the tax brings \$32 million in revenue to the state, but will be reduced in 2009 and is scheduled for total repeal in 2010. House Bill 2047 would suspend the repeal.

Most in opposition of this proposal made objections similar to those against the corporate franchise tax. Primarily, business and farm interests argue that taxes reduce incentives to save and invest, they are unfair, and they are harmful to small business owners and farmers.

In defense, the Kansas Department of Revenue pointed out that the tax is not targeted toward small businesses because it is determined by whatever compiles an individual’s estate. This can include any number of assets. Additionally, it has little to no impact on farmers because farm ground is only taxed on farm use value, not fair market value (meaning that a farmer could own more than \$1 million in land but still fall below the threshold).

There is also a federal estate tax in place, which includes its own set of confusing and arbitrary guidelines. House Bill 2047 proposes to suspend the phase out in anticipation of changes to the federal law, with the understanding that Kansas will adjust the policy to better align with federal standards and ease compliance.

The Governor signed the original repeal of the estate tax into law in 2006 with support and good faith. Unfortunately, the current budget crisis requires a shared sacrifice in order to fill the gap, minimize cuts, prevent tax hikes, and protect vulnerable citizens. Ultimately, it is more efficient and fair to suspend a previously scheduled tax decrease than to propose a new tax increase. This is one way to help fill the gap while also having minimal impact on Kansans across the state.

### **House Democrats roll out revenue neutral policy agenda**

The House Democratic Caucus on Thursday announced a series of revenue neutral policy proposals to help Kansas consumers, communities and businesses. The budget crisis, of course, tops our priority list this year, but that does not mean it is acceptable to spend three weeks at a virtual standstill. We’ve lost considerable opportunity to make some positive progress for Kansans during the first quarter of the session. We can enact sound, productive policy without dipping into the State General Fund.

House Democrats collaboratively developed a variety of proposals to help empower Kansans and their families, communities and businesses, all at no cost to the state. The bills address a number of important issues ranging from tax policy to insurance to governmental ethics. Some bills are still in the drafting process, but others have already been read into committees.

Two bills discussed will allow abandoned property to be purchased by outside organizations for renovation. Another will address problems associated with nuisance abatement, as well as the power of neighborhood associations to address those problems. These proposals will empower citizens to take back areas of their communities that may have fallen into disarray.

Another measure will be offered to allow consumers to freeze credit reports and avoid identity theft. This will help protect consumers from paying the price for someone else's wrongdoing, securing their financial reputation and hard-earned credit score.

One bill proposed a tax moratorium on retirement accounts when small business owners use them as collateral to secure a loan, or make a withdrawal to use the money for a legitimate business purpose. This moratorium is a targeted, timed and temporary economic stimulus proposal that will not disrupt the marketplace. Additionally, a broad-based strategy will be introduced to deter, detect and eliminate abusive tax shelters used by those unwilling to pay their fair share. Kansas loses up to \$89 million dollars every year in lost revenue, which translates to at least a six percent tax hike on honest Kansas workers. Finally, a bill will propose a Family Time Flexibility Agreement, between workers and their employers to choose the equivalent in paid-time off as compensation for working overtime. This voluntary agreement will empower Kansas workers to recover the family time lost when working overtime.

After devastating natural disasters in 2007 and 2008, a bill has been introduced to protect Kansans who become victim to natural disasters. The bill eases restrictions on homeowners to enable them to more quickly pay their contractors and rebuild their damaged or destroyed homes. It will allow reimbursement checks from insurance companies go directly to the victim as opposed to the mortgage company, cutting out the middle man and more quickly starting the rebuilding process.

These proposals cover a wide scope of issues, with the aforementioned offering only a few highlights. All proposals focus on empowering Kansans during a time when many have been stripped of their ability to provide basic necessities for their families. We must remain committed to solving the FY 2010 budget crisis, but it is also important to enact positive, creative measures to help ease the burden of these difficult times in any way possible.

### **Kansas Bioscience Day at the Capitol tees off major collaboration**

Governor Kathleen Sebelius and leaders from the University of Kansas and Kansas State University gathered for Kansas Bioscience Day at the Capitol on Tuesday. This teed off the announcement of a new statewide goal: obtaining the National Cancer Institute (NCI) designation for the University of Kansas Cancer Center as a Comprehensive Cancer Center. Under the terms of a new agreement, cancer researchers at both institutions will combine their strengths, share their resources and collaborate in every way possible in the push toward NCI designation.

In the spirit of Kansas Bioscience Day at the Capitol, Tom Thornton (head of the Kansas Bioscience Authority) briefed the House Committee on Commerce and Labor to inform members about the progress the Kansas Bioscience Authority (KBA) has made in creating new jobs, attracting new investment, and putting Kansas at the forefront of bioscience and agricultural research.

Since establishing the Kansas Bioscience Authority (KBA) in 2004, our state has seen a remarkable return on investment. Headed by premier leaders in science, business, and academia, KBA treads the path for major commercial research investment in Kansas. Their efforts were instrumental in the Department of Homeland Security's decision to pick Kansas as the new site for their \$650 million federal research facility.

Unfortunately, in this difficult budget year KBA is on the chopping block along with every other state-funded initiative in 2010. I believe it is in the economic and intellectual interest of the state to maintain KBA funding as close to its current level as possible and I hope we will be able to do so, although it is difficult to tell what lies in store for the FY 2010 budget. In times of economic hardship we need as much investment as possible in new, high wage, high tech jobs for the 21<sup>st</sup> century. KBA's work will advance a variety of our state's most important interests: health care, clean energy, education, economic vitality, and innovative research. Our commitment to bioscience will be critical to our economic recovery in the years ahead.

### **Department of Commerce helps minority and women-owned businesses**

Last June, Governor Kathleen Sebelius signed an executive order to support Kansas small, minority and women-owned businesses. Led by Rep. Annie Tietze and a coalition of Kansas small business/minority and women business organizations, many Kansas businesses can now take advantage of contracting and subcontracting opportunities from those in the private and public sectors committed to the inclusion of minority and women-owned businesses.

Specifically, the executive order expanded the current Kansas Statewide Certification Program, where women and minority businesses can now obtain a Minority Business Enterprise (MBE) or a Woman Business Enterprise (WBE) Certification.

At present, the Kansas Department of Commerce (Commerce) and the Kansas Department of Transportation (KDOT) jointly provide certification services to minority and women-owned businesses as Disadvantaged Business Enterprises (DBEs) utilizing Code of Federal Regulation 49, Part 26. Under this regulation, businesses are required to be at least 51% owned and controlled by one or more socially and economically disadvantaged individuals.

Kansas recognized that there was a segment of minority and women-owned businesses that did not meet the economically disadvantaged definition, thus did not qualify for DBE Certification. (Economic disadvantage is a personal net worth under \$750,000 excluding equity in the applicant business and the applicant's primary residence). With the creation of the MBE/WBE Certification Program, the personal net worth cap was eliminated, which allows more minority and women-owned businesses an opportunity to obtain certification and in turn create additional opportunities for them to compete in the procurement and contracting arena where goals have been established for minority and women-owned businesses.

The Kansas Department of Commerce, Office of Minority and Women Business Development is responsible for processing the MBE and WBE Certifications, while maintaining the current DBE Certification Program. The office started accepting applications in October of 2008. You may contact Rhonda Harris with the Kansas Department of Commerce for additional information at (785) 296-3425 or [rharris@kansascommerce.com](mailto:rharris@kansascommerce.com).

### **Keep in Touch**

It is a special honor to serve as your state representative. I value and need your input on the various issues facing state government. Please feel free to contact me with your comments and questions. My office address is Room 49, Docking State Office Building, Topeka, KS 66612. You can reach me at (785) 296-7698 or call the legislative hotline at 1-800-432-3924 to leave a message for me. Additionally, you can e-mail me at [Gene.Rardin@house.ks.gov](mailto:Gene.Rardin@house.ks.gov). You can also follow the legislative session online at [www.kslegislature.org](http://www.kslegislature.org).

**Useful State Numbers and Resources:**

The following is a list of the numbers I receive the most requests for during the legislative session. You can find these as well as many others online at <http://da.state.ks.us/phonebook>. I hope you will find this information helpful.

<b>Kansas Jobs</b> (785) 235-5627	<b>Tax Refund Status Info</b> (800) 894-0318	<b>Taxpayer Assistance</b> (800) 259-2829
<b>Highway Road Conditions</b> (800) 585-7623	<b>Unclaimed Property</b> (800) 432-0386	<b>Governor's Constituent Svs.</b> (800) 748-4408
<b>Crime Tip Hotline</b> (800) 572-7463	<b>Driver's License Bureau</b> (785) 296-3963	<b>Kansas Department on Aging</b> (800) 432-3535
<b>KPERS</b> (888) 275-5737	<b>Housing Hotline</b> (800) 752-4422	<b>Vital Statistics</b> (785) 296-1400
<b>Legislative Hotline</b> (800) 432-3924	<b>Voter Registration</b> (800) 262-8683	<b>Crime Victim Referral Service</b> (800) 828-9745
<b>Child/Adult Abuse Hotline</b> (800) 922-5330	<b>School Safety Hotline</b> (877) 626-8203	<b>Kansas Lottery</b> (785) 296-5700
<b>Welfare Fraud Hotline</b> (800) 432-3913	<b>Consumer Protection</b> (785) 296-3751	<b>Insurance Consumer Assistance</b> (800) 432-2484