



Capitol Briefing



My Committees
Taxation
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2009 E-News
Volume 2 Issue 7 Representative 16th District

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Session News Week 7: February 23-27, 2009

In This Issue (For easy navigation, press Ctrl and Click on desired link heading for more details)

- [This Week At The Statehouse](#) We had an abbreviated week at the Statehouse as the week after Turnaround is traditionally a four-day week for both chambers. We only considered one piece of legislation all week, but it was the infamous and highly controversial coal bill that dominated most of the 2008 legislative session.
- [The Energy Debate](#) House Sub for 2014 was debated on the House floor on Thursday and officially approved by a final action vote of 79-44 on Friday. As you probably remember, the question of whether to approve legislation that would allow the construction of two coal-fired power plants in Holcomb derailed the 2008 legislative session and became an issue of political tension last year. Although I could not support the current bill as written, ultimately, I only hope that the politics of the Holcomb debate do not prevent the Kansas Legislature from making some progress in developing a comprehensive energy plan for the state by the end of this session.
 - [Basics of the Bill](#)
 - It limits the power of the Secretary of Health and Environment to regulate energy providers (thereby making Secretary Bremby's decision to deny air quality permits to Sunflower illegal).
 - Second, the bill provides regulations for increasing energy efficiency in government-owned property.
 - The bill attempts to move Kansas in a renewable direction through processes like net metering, although many argued strongly that the bill fails to accomplish this objective.
 - [Concerns](#) *Lack of oversight for energy providers.* This bill significantly decreases the Kansas Corporation Commission and the Secretary of Health and Environment's authority to regulate certain utility companies. *Coal is the way of the past.* The Obama Administration has assured the country that they intend to enact stricter regulations on carbon emissions and aggressively advance green energy initiatives. Already 83 coal plant projects across the country have been canceled, put on hold, or shut down. Currently, \$45 billion in federal dollars is available to states for energy purposes, but mostly in the form of application-only grants.
 - [Proposed Amendments](#)
 - [The Proponent Position](#) This legislation is the best way to provide adequate, reliable, affordable, long-term energy for the entire state. Most of the components are very similar to energy proposals debated last year, and the fundamental argument is centered on the Holcomb coal-fired plant proposals. Serious implications will result in allowing Kansas to become the first state in the nation to impose limits and controls on carbon dioxide emissions.
 - [The Opponent Position](#) House Sub for 2014 is far too similar to the energy bills put before the Legislature in 2007, which were all vetoed by the governor. Though certain special interests have masked the bill as a "jobs" or "renewable energy" bill, at the end of the day this is still just the coal bill. The bill's only true purpose is to use the Legislature to sidestep the judicial process and solve a problem with legislation rather than negotiation.

In This Issue continued (For easy navigation, press Ctrl and Click on desired link heading for more details)

- [In Conclusion](#) Regardless of individual opinions, we must not lose sight of the bigger picture. Kansas has a unique opportunity to become a national leader in the production of biofuels and wind energy in the United States. Good policy is not a question of Republican or Democrat, liberal or conservative, east or west. Good policy is measured by how well it serves public interest. This is what has guided me through this debate as I worked to best balance the needs and beliefs of the 16th House District with the interests of the entire state.
- [Federal Stimulus Bill good for Kansas](#) There has been a great deal of focus on the Federal Stimulus Bill recently signed into law by President Obama. This bill will offer a great deal of assistance to Kansas, which will be enormously helpful in a year when we face a \$1 billion budget shortfall.
- [Keep in Touch](#)
- [Useful numbers](#)

This Week at the Statehouse

We had an abbreviated week at the Statehouse as the week after Turnaround is traditionally a four-day week for both chambers. We only considered one piece of legislation all week, but it was the infamous and highly controversial coal bill that dominated most of the 2008 legislative session. I included more information about the bill below. Things should start to pick up again next week as the House committees begin to consider Senate bills and vice versa.

House Sub for Bill 2014: The Holcomb Bill of 2009

House Sub for 2014 was debated on the House floor on Thursday and officially approved by a final action vote of 79-44 on Friday. As you probably remember, the question of whether to approve legislation that would allow the construction of two coal-fired power plants in Holcomb derailed the 2008 legislative session and became an issue of political tension last year. I appreciate the many calls and e-mails I have received from my community regarding this issue. I remain committed to further investing in renewable energy, providing for the base load energy needs of the state, and protecting the Kansas ratepayer- and environment- as much as possible. I will support legislation that meets these necessary standards.

Ultimately, I only hope that the politics of the Holcomb debate do not prevent the Kansas Legislature from making some progress in developing a comprehensive energy plan for the state by the end of this session. We all felt the volatility of the world energy market throughout the last year. This volatility, combined with our weakened economy, makes a long-term energy plan more important than ever.

Basics of the Bill

House Sub for 2014 is a massive piece of legislation, combining 14 different bills into one. Energy and utility legislation is quite complicated, but here are the bare bone basics of the bill:

- It limits the power of the Secretary of Health and Environment to regulate energy providers (thereby making Secretary Bremby's decision to deny air quality permits to Sunflower illegal).
- Second, the bill provides regulations for increasing energy efficiency in government-owned property.
- The bill attempts to move Kansas in a renewable direction through processes like net metering, although many argued strongly that the bill fails to accomplish this objective.

Concerns

- *Lack of oversight for energy providers.* This bill significantly decreases the Kansas Corporation Commission and the Secretary of Health and Environment's authority to regulate certain utility companies. If enacted, utility cooperatives with more than 50,000 members will be granted the authority raise utility rates as they see fit, leaving the government powerless to protect Kansas ratepayers. While some argued that deregulation could help the Kansas economy, others raised the point that deregulation has resulted in severe damage to our national economic security. The effects of deregulation on Wall Street prove that this is a critically dangerous time to take an economic risk of this magnitude.

Additionally, concerns linger from last year's debate that the bill circumvents regulatory authority of the Kansas Department of Health and Environment in the permitting process. The bill would overturn KDHE's decision to deny two air quality permits to Sunflower Electric Company, which would allow the two coal-fired power plants to move forward with construction. The Legislature's attempt to enact legislation specifically to overturn an executive branch decision, strip an agency of regulatory oversight and place it within the legislative branch sets a dangerous precedent and disrupts Kansas' honored tradition of checks and balances.

- *Coal is the way of the past.* The Obama Administration has assured the country that they intend to enact stricter regulations on carbon emissions and aggressively advance green energy initiatives. Already 83 coal plant projects across the country have been canceled, put on hold, or shut down. Currently, \$45 billion in federal dollars is available to states for energy purposes, but mostly in the form of application-only grants. By moving forward with a project that would almost certainly be shut down under new federal standards, we push Kansas to the end of the line for federal energy funds. Instead, Kansas must send the message to the Obama administration that our state is ready to move forward with new, clean energy technology.

On the other hand, proponents of the bill countered that the Obama administration's energy plan technically provides no penalty for using coal. Instead, the administration acknowledges that we still need coal, so we should work on making it cleaner. This does not mean that we should not devote resources to clean energy, as the administration has made clear. Proponents also pointed out that the Obama administration supports clean coal, although many argue that clean coal technology will not be available for at least a decade and all coal is currently detrimental to the environment.

- *Lack of incentives for consumers.* Net metering is an initiative that has been frequently discussed by both Democrats and Republicans in terms of renewable energy investment. Simply put, net metering allows Kansans to generate their own electricity from renewable sources such as wind or solar power. A critical facet of net metering, however, is that consumers be allowed to effectively sell back the extra electricity they produce or be credited by the utility company in some way. The bill as it is currently written provides no incentive for consumers to use net metering because savings are passed on monthly to the utilities rather than to ratepayers themselves. Proponents argued that this bill will save consumers money by allowing utilities to cover their costs, thus mitigating price increases and passing on the savings to rate payers. There was a proposed amendment to allow net metering savings to be passed on to the consumer at the end of each year (rather than be returned to the utility companies), but this amendment was rejected.

Proposed Amendments

- One proposed amendment will expand the benefits of net metering to urban areas by preventing cities and counties from prohibiting residents from putting solar panels on their roofs. Currently, many municipalities restrict what can be placed on houses for aesthetic purposes. This amendment passed, but a similar amendment regarding wind turbines did not.
- Another proposed amendment addressed renewable portfolio standards. It stated that if an energy provider builds a plant in Kansas and sells power outside the state, it is still subject to the in-state RPS. This would help our state economic development as well as the environment, although opponents to the amendment stated that it would hinder economic development. This amendment was voted down.
- A third proposed amendment would have required any new coal plant to purchase at least 5% of coal requirements from Kansas coal. This takes advantage of in-state resources and provides new jobs in Kansas. Because there were uncertainties as to the quantity of coal that would be produced and how easy it would be to mine, this amendment was voted down and recommended to go through the committee process.

The Governor's Proposal

Governor Kathleen Sebelius and Lieutenant Governor Mark Parkinson announced their own energy plan in January, although to date those recommendations have been largely ignored.

The plan's components include:

- Allowing Kansans to generate their own electricity through Net Metering. Net Metering enables customers to use their own generation and effectively sell back the extra electricity they produce.
- Codification of Kansas' existing voluntary Renewable Portfolio Standard.
- Requiring that new or extended state leases for real property and state-owned real property meet energy efficiency standards.
- A modification of last year's Cessna legislation to attract and expand wind related manufacturing investment and jobs to Kansas.

The Proponent Position

This legislation is the best way to provide adequate, reliable, affordable, long-term energy for the entire state. Most of the components are very similar to energy proposals debated last year, and the fundamental argument is centered on the Holcomb coal-fired plant proposals. Serious implications will result in allowing Kansas to become the first state in the nation to impose limits and controls on carbon dioxide emissions. Until federal standards are set, the Kansas executive branch should not be responsible for deciding what carbon emission levels are safe on a case by case basis, with no approved criteria for that determination. The two coal-fired plants in Holcomb, using the most up-to-date technology, will help reduce dependency on Kansas' existing coal-fired power plants, which have much higher carbon emission rates. Additionally, in this weak economy we are in no position to turn down any opportunities for new jobs, which will be provided through the construction of the plants.

Ultimately, there is a growing need to provide reliable, reasonably priced power to Kansans across the state. Due to the volatility in energy markets and lack of proven technology, coal-fired generation will help Kansas supplement the state's energy needs while a statewide comprehensive energy plan is developed- which will include a mix of renewable energy technology.

The Opponent Position

House Sub for 2014 is far too similar to the energy bills put before the Legislature in 2007, which were all vetoed by the governor. Though certain special interests have masked the bill as a “jobs” or “renewable energy” bill, at the end of the day this is still just the coal bill. The bill’s only true purpose is to use the Legislature to sidestep the judicial process and solve a problem with legislation rather than negotiation. No matter what jobs may be created or what renewable energy incentives might be included in the legislation, the bill is written specifically to overturn an executive branch decision, strip an agency of regulatory oversight, and put large utilities ahead of Kansas ratepayers.

Despite efforts to use the Legislature as a means of circumventing the normal process, the fate of the Holcomb plants ultimately rests in the courts. We have already wasted one legislative session on this fight - it is time to move on so we can enact comprehensive energy legislation that everyone can be proud to vote for and that the Governor will happily sign. We have too many other issues of critical importance this year to spend taxpayer time and money on the same old game of political tug-of-war.

In conclusion

Regardless of individual opinions, we must not lose sight of the bigger picture. Kansas has a unique opportunity to become a national leader in the production of biofuels and wind energy in the United States. Increased renewable energy production will not only help our country become more energy independent, it will boost our state’s economy, provide new markets for agricultural products and make Kansas a better place to live and do business.

The need for clean and reliable energy will not go away. I will continue to keep my mind open to new ideas and work across party lines to find solutions, as I have throughout my legislative career. Good policy is not a question of Republican or Democrat, liberal or conservative, east or west. Good policy is measured by how well it serves public interest. This is what has guided me through this debate as I worked to best balance the needs and beliefs of the 16th House District with the interests of the entire state.

Federal Stimulus Bill good for Kansas

There has been a great deal of focus on the Federal Stimulus Bill recently signed into law by President Obama. This bill will offer a great deal of assistance to Kansas, which will be enormously helpful in a year when we face a \$1 billion budget shortfall. Below is a description of some aid our state is set to receive, as provided by the newly launched web site for information on the American recovery act as it pertains to Kansas:

Tax Cuts

This act provides a tax cut of up to \$800 for working Kansans and their families. It also expands the child tax credit and provides a new tax credit for families. It helps first-time home buyers and strengthens the housing market by expanding the current credit for first-time home purchases. It provides incentive to buy new cars by creating a tax deduction for State and local sales taxes made on the purchase. It helps business by enabling them to quickly recover costs of new capital investments and includes a cut in the capital gains tax for certain small businesses. It also creates new jobs with tax credits for hiring veterans and certain youth.

Transportation

Kansas will receive an estimated \$350 million under the American Recovery and Reinvestment Act of 2009 for highway construction projects that will create or sustain thousands of jobs and make important improvements to the state’s transportation system. In addition, Kansas will receive an estimated \$27 million to be spent on transit projects throughout the state. Soon, agencies such as the department of transportation will have a list of new projects as a result of the stimulus package.

Education

Kansas will receive increased funding in a State Fiscal Stabilization Fund, distributed in part to local school districts using existing funding formulas, which can be used for preventing cutbacks, preventing layoffs, school modernization, or other purposes, as bonus grants for meeting key performance measures in education, and to states for other high priority needs such as public safety and other critical services, which may include education.

The stimulus provides increased funding for Early Head Start and Head Start, which provide comprehensive development services to low-income infants and preschool children, and increases funding for the Kansas Child Care Development Block Grant to provide child care services to additional children in low-income families while their parents go to work.

More Kansans will be able to afford college with increases in the higher education tax credit; an increase in the maximum Pell Grant by \$500, for a maximum of \$5,350 in 2009 and \$5,550 in 2010; and the addition of \$200 million to the vital College Work-Study program.

Dale Dennis from the Kansas Department of Education testified to the Senate Education Committee that the federal stimulus package may have \$563 million for Kansas schools, if the state meets “maintenance of effort” standards that are starting to become clearer from the federal government. There is a similar “maintenance of effort” standard to be eligible for higher education funding.

It’s the state buy-in or maintenance of effort that is the key, but it appears that there could be \$367 million of the \$563 million for the state that is pretty well assured based on preliminary federal guidelines that call for maintenance of at least 2006 levels of support for K-12.

Health Care

\$71.5 million in new federal Medicaid money will be available to Kansas this week. The money represents the first installment of new federal Medicaid funds provided under the federal stimulus bill. Overall, KHPA estimates Kansas will receive \$440 million in additional Medicaid money from the stimulus package.

The stimulus package increases the federal government’s share of the cost of Medicaid, which means the state can spend less while still maintaining the services. In addition, the additional stimulus money is retroactive to Oct. 1, 2008, which means the federal government is paying additional reimbursement for costs already incurred. That should provide direct, immediate fiscal relief for the state of Kansas.

Energy

The economic recovery bill provides a total of \$30 billion for such initiatives as a new, smart power grid, advanced battery technology, and energy efficiency measures, which will create nearly 500,000 jobs across the country and funds the Smart Grid Investment Program to modernize the electricity grid to make it more efficient and reliable.

The legislation also provides tax incentives to spur energy savings and green jobs, including \$20 billion in tax incentives for renewable energy and energy efficiency over the next 10 years, a three-year extension of the production tax credit (PTC) for electricity derived from wind (through 2012) and for electricity derived from biomass, geothermal, hydropower, landfill gas, waste-to-energy, and marine facilities (through 2013).

\$5 billion has been provided to improve the energy efficiency of more than 1 million modest-income homes through weatherization across the country. This will save modest-income families on average \$350 per year on their heating and air conditioning bills. The bill also provides funding for increasing energy efficiency in federally-supported housing programs.

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. You can also follow the legislative session online at 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.

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