



# Capitol Briefing



**My Committees**  
Taxation  
Transportation  
Education Budget

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## Session News Week 8: March 2-6, 2009

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- [This Week At The Statehouse](#) We are now two-thirds of the way through the 2009 legislative session, with only four weeks to go before the regular session ends. At this point in the session we should be debating several bills on the floor, every day. I am very concerned that a number of proposals which have passed through committee are not being allowed to go to the full House.
- [Civics 101: Understanding the Legislative Calendar](#) Once the Legislature convenes each January, it has 90 taxpayer-paid days to complete its work for the year. Majority leadership controls the calendar and decides what bills are debated (or not debated). Each day the Legislature meets over 90 adds to the taxpayer bill.
- [What the American Recovery and Investment Act Means for Kansas](#) On February 17<sup>th</sup> President Obama signed into law The American Recovery and Reinvestment Act, making one-time fiscal stabilization funds available to all states. The Act provides for \$800 billion in total with \$300 billion in tax cuts and \$500 billion in spending. Kansas's share of the total is around \$1.7 billion. There are four main categories in which the recovery funds will stabilize the Kansas State General Fund: Medicaid, Fiscal Stabilization – Education, Fiscal Stabilization – Flexible and Special Education.
- [Important Budget Vote On K-12 Funding](#) The Education Budget Committee, of which I am a member, voted to accept the Governor's recommendations for application of Federal Stimulus Money to the 2010 K-12 Education Budget. On Monday, March 9<sup>th</sup>, this decision was upheld in the full Appropriations Committee. It will allow us to hold per pupil funding at \$4400 for FY 2010 and FY 2011 and maintain eligibility for federal recovery funds. The Senate Ways and Means Subcommittee also voted to accept those budget recommendations but the full Senate Ways and Means Committee has yet to vote.
- [Minimum wage proposal finally receives committee hearing](#) On February 19, the Kansas Senate voted overwhelmingly- 33-7 - to raise the state minimum wage to \$7.25 beginning January 1, 2010. On Thursday, the House Commerce and Labor Committee held a hearing on this proposal, Senate Bill 160.
- [Energy and Utilities Committee urges KCC to study energy storage opportunities](#) The main form of storage discussed was compressed-air energy storage, which is the most cost-effective form of electricity storage. CAES is basically a way to store energy made by wind turbines by compressing it and storing it underground, and then using it as needed.
- [House Bill 2196 would eliminate tax exemptions on renewable energy resources](#) On February 27<sup>th</sup> and March 2<sup>nd</sup>, the House Taxation Committee held hearings on House Bill 2196, which would eliminate property tax exemptions for renewable energy resources and technologies in the 2009 taxable year. Right now, instead of taxes, these entities negotiate "payments in lieu of taxes" with individual counties. Proponents say this would send the wrong message to companies interested in taking advantage of Kansas's excellent potential for wind energy and contributing to the economic development within the state.

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

- [House Bill 2095 heard before House Appropriations Committee](#) House Bill 2095 which would allow school districts to levy a property tax of up to two mills for the next two years to pay for insurance and utility costs, or to pay for municipal bonds issued by cities. The bill amends the previous law by doubling the amount that can be taxed and allowing for payment not just of municipal bonds but for insurance and utility costs.
- [Kansas Board of Regents to study opportunities to increase efficiency in technical education](#) As one method for expediting Kansas' economic recovery, the Legislature is taking steps to improve technical education across the state. Technical education merges the best of the private and public sectors. The Technical Education Authority brings together stakeholders in both education and business to make technical education more efficient.
- [House Taxation Committee considers sales tax holiday on school supplies](#) The House Taxation Committee began hearings Tuesday on House Bill 2328. If passed, this bill would expand the state's sales tax exemptions to include a sales tax holiday for the purchasing of school supplies. The sales tax holiday would occur on the first Thursday in August at 12:01 A.M. and end at midnight on the following Sunday.
- [Kansas House continues to look at gaming legislation as a means of economic growth](#) With a troubling economy causing job loss, economic down turn and a stunting of foreseeable growth in the state, the state legislators have been looking outside of Kansas to see what other states have been doing to stay afloat. Economic development has been atop the list in several states with large projects aimed at drawing in tourism and providing jobs for state citizens. Returning to the front of this discussion is the notion of building a new casino resort in Kansas in order to help create jobs and stimulate the economy.
- [President Obama announces Sebelius as HHS nominee](#) This was an exciting week for Kansas with President Obama's announcement that Governor Kathleen Sebelius as his nominee for Secretary of Health and Human Services.
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**This Week at the Statehouse**

We are now two-thirds of the way through the 2009 legislative session, with only four weeks to go before the regular session ends. Because last week was such a slow week, I anticipated that legislative leadership would pick up the pace for Week 8. Unfortunately, this week was again frustratingly stagnant on the House floor. We did deliberate a handful of bills early in the week, but took no action as a legislative body on Wednesday, Thursday, or Friday. At this point in the session we should be debating several bills on the floor, every day. I am very concerned that a number of proposals which have passed through committee are not being allowed to go to the full House for consideration. As your representative I will continue to do all I can to get things moving in the final four weeks of the 2009 session.

**Civics 101: Understanding the legislative calendar**

You may notice that I frequently make reference to the legislative calendar. This is because the Kansas Legislature works under a rather stringent time frame each year. Once the Legislature convenes each January, it has 90 taxpayer-paid days to complete its work for the year. Majority leadership controls the calendar and decides what bills are debated (or not debated). Each day the Legislature meets over 90 adds to the taxpayer bill.

The halfway point of the session, known as “**Turnaround**,” is the day for non-exempt bills to be passed out of their house of origin. We reached this deadline two weeks ago, so now House committees consider Senate bills and vice versa. “**Drop Dead Day**” is the legislative deadline by which all bills from either chamber must be passed out of their house of origin (Most bills not passed out of committee by this date is essentially “dead” for the year, although some bills are considered “nonexempt” and are alive until the end of the session).

The Legislature will conclude its regular session after all conference committee reports are approved or rejected. This is referred to as “**First Adjournment**.” From there, the Legislature recesses for approximately three weeks while all bills approved by both the House and Senate go to the governor for signature or veto. At the end of April, the Legislature reconvenes for what is referred to as “**Veto Session**.” This is an opportunity to finish work on the budget or other bills that had not been finalized prior to First Adjournment. The length of Veto Session varies each year and can last anywhere from a few days to a few weeks. After Veto Session, the Legislature will reconvene once more for a ceremonial adjournment of the session, called “**Sine Die**.” Sine Die usually occurs near the end of the May, and marks the final meeting of the Legislature until 2010.

Hopefully, this will give you a better understanding of the Legislature’s remaining time schedule and restraints. Though Veto Session and Sine Die offer opportunities to meet later in the spring, most of the Legislature’s work must be complete by the beginning of April, leaving only a few more weeks to pass meaningful legislation.

**What the American Recovery and Investment Act Means to Kansas** On February 17<sup>th</sup> President Obama signed into law The American Recovery and Reinvestment Act, making one-time fiscal stabilization funds available to all states. The Act provides for \$800 billion in total with \$300 billion in tax cuts and \$500 billion in spending. Kansas’s share of the total is around \$1.7 billion. There are four main categories in which the recovery funds will stabilize the Kansas State General Fund:

- Medicaid - Over nine quarters, October 1, 2008 to December 31, 2010, the federal share of Medicaid will increase by 6.2%. As a result, Kansas is estimated to receive an additional \$103 million in FY2009, \$200 million in FY 2010 and \$102 million in FY 2011. Kansas must maintain current eligibility standards to receive the funding, but the new federal funding directly offsets planned State General Fund appropriations.
- Fiscal Stabilization – Education – An estimated \$367 million is available to Kansas to maintain minimum levels of state support for local schools and higher education. To access this money, Kansas must maintain, at a minimum, higher education and K-12 school finance at the FY 2008 or FY 2009 level, whichever is greater.
- Fiscal Stabilization – Flexible – An estimated \$81 million is available to Kansas to prevent deeper cuts in public safety or other government services.
- Special Education – An estimate \$107 million is available to Kansas in federal aid for special education

In addition, the Governor is recommending that Kansas take advantage of the recent federal reauthorization of SCHIP and move eligibility for Kansas children to 250 % of the federal poverty level, providing health insurance for 8,000 additional Kansas children.

She is also recommending that we make slight changes in unemployment eligibility requirements in order to receive an estimated \$68 million in new funding for thousands of unemployed Kansans. This does NOT require an increase in unemployment taxes for employers.

The state has already received \$71 million in recovery funds so there is no need to delay in accepting the Governor's recommendations for FY 2010 as some contend. To delay will simply add unnecessary uncertainty to the process and make it difficult for School Districts to determine staffing plans.

I can't think of any good reason to delay in utilizing the recovery money in these very difficult economic times for the state and the nation.

### **Education Budget Committee Votes To Accept Governor's budget Recommendations for 2010**

The Education Budget Committee, of which I am a member, voted to accept the Governor's recommendations for application of Federal Stimulus Money to the 2010 K-12 Education Budget. On Monday, March 9<sup>th</sup>, this decision was upheld in the full Appropriations Committee. It will allow us to hold per pupil funding at \$4400 for FY 2010 and FY 2011 and maintain eligibility for federal recovery funds. The Senate Ways and Means Subcommittee also voted to accept those budget recommendations but the full Senate Ways and Means Committee has yet to vote.

To delay in accepting those recommendations or ignore them would have simply placed an added burden on local school districts in making staffing plans for contract personnel for no good reason.

Accepting the recommendations will allow balancing of the 2010 budget, end with money in the bank and not require an increase in taxes.

### **Minimum wage proposal finally receives committee hearing in House**

On February 19, the Kansas Senate voted overwhelmingly- 33-7 - to raise the state minimum wage to \$7.25 beginning January 1, 2010. On Thursday, the House Commerce and Labor Committee held a hearing on this proposal, Senate Bill 160.

Currently, the Kansas minimum wage is \$2.65 per hour- the lowest in the nation. The last minimum wage increase was approved more than 20 years ago, in 1988. Approximately 20,000 Kansans work for this rate, which even at 40 hours a week keeps the worker well below the poverty line.

Senate Bill 160 is the result of bipartisan compromise in the Senate. The raised wage would not apply to workers receiving tips and gratuities (such as servers and bartenders). Instead the increase would apply to employees of businesses that are not a part of interstate commerce. This includes workers in about 20 job classifications, including workers on small farms, in small industries, child care facilities, and in companion care.

Proponents have long argued that a minimum wage increase will lead to several benefits, including a more self-sufficient citizenry, consumers with greater purchasing power, a more motivated and productive workforce, more cash flow in the local economy, new jobs and new businesses through a multiplier effect, and a healthier tax base. It would also generate \$3.6 million in revenue for the state in FY 2010.

Year after year this bill has been blocked by opponents who contend that no one in Kansas actually earns \$2.65 per hour, making a wage increase – or perhaps even a minimum wage at all - unnecessary. The Kansas Department of Labor, however, estimates that most of the 20,000 Kansans earning less than the federal minimum wage are not teenagers, but heads of households and providers, and are disproportionately women. These statistics are calculated using the same dataset trusted by economists and government officials to calculate every other trusted labor statistic (such as unemployment).

### **Energy and Utilities Committee urges KCC to study energy storage opportunities**

On Thursday, the House Energy and Utilities Committee began discussions on House Resolution 6011. It requests the Kansas Corporation Commission to convene a group of stakeholders to study energy storage as a cost-effective way to stabilize renewable energy generation, address transmission congestion costs, increase system reliability, increase the potential for distributive generation, and other energy storage issues the Commission identifies.

The main form of storage discussed was compressed-air energy storage, which is the most cost-effective form of electricity storage. CAES is basically a way to store energy made by wind turbines by compressing it and storing it underground, and then using it as needed. There are some startup costs to running CAES, but because it is extremely efficient, it absorbs those costs quickly. Kansas has many underground resources for CAES, which can be a valuable resource for Kansas, but CAES must be positioned to serve and get paid by more than one client, a problem which House Resolution 6011 helps to address.

### **House Bill 2196 would eliminate tax exemptions on renewable energy resources**

On February 27<sup>th</sup> and March 2<sup>nd</sup>, the House Taxation Committee held hearings on House Bill 2196, which would eliminate property tax exemptions for renewable energy resources and technologies in the 2009 taxable year.

“Renewable energy resources or technologies” include wind, solar, photovoltaic, biomass, hydropower, geothermal, and landfill gas resources or technologies. The Kansas Department of Revenue reported that House Bill 2196 would increase property tax revenues by approximately \$225,000. The bill also would have an effect on state expenditures for aid to school districts and increase revenues to local governments that levy property tax.

Right now, instead of taxes, these entities negotiate “payments in lieu of taxes” with individual counties.

Proponents of the bill include the Kansas Legislative Policy Group, an association of thirty western Kansas counties. The group believes the incentive to bring wind farms to Kansas are no longer needed because our state is such a valuable wind resource, and counties should be able to tax them. Opponents include Wind Coalition, Clipper Windpower, Wind Capital Group, Gamesa, Tradewinds, Iberdrola, Empire Electric, Sierra Club, and the American Institute of Architects. These groups want to maintain the incentive in an effort to keep Kansas competitive with other states and allow the state to assume a leadership position commensurate with our excellent potential for wind energy generation and the economic development benefits which will develop if we fully tap that potential.

The Kansas Rural Center was neutral on House Bill 2196 but believes there is a better way to tax. KRC suggests a production tax, instead of the property tax.

### **House Bill 2095 heard before House Appropriations Committee**

On February 3, 2009, the House Appropriations Committee heard testimony of House Bill 2095 which would allow school districts to levy a property tax of up to two mills for the next two years to pay for insurance and utility costs, or to pay for municipal bonds issued by cities. The bill amends the previous law by doubling the amount that can be taxed and allowing for payment not just of municipal bonds but for insurance and utility costs.

Opponents of the bill argue it is unequally advantageous to more wealthy districts and that attempts have been made in the past for similar changes with little success. They also pointed out that this change has been attempted, unsuccessfully, a number of times in the two education committees in the past.

Proponents of the bill support the intention of the proposed changes but did also admit a need for improvements.

### **Kansas Board of Regents to study opportunities to increase efficiency in technical education**

As one method for expediting Kansas' economic recovery, the Legislature is taking steps to improve technical education across the state. Technical education merges the best of the private and public sectors. The Technical Education Authority brings together stakeholders in both education and business to make technical education more efficient. TEA will allow technical education institutions to receive direct input from the business world, enhancing technical education curriculum to include real world issues facing the business community.

We have taken steps this session to get all institutions in Kansas to a "per credit hour" funding formula. This formula will help the state's ability to provide the technical education institutions (and also the institutions that have combined with technical education schools) more balanced funding. It would also help streamline federal funds to technical education institutions.

This proposal is only beginning to gain momentum. The Kansas Board of Regents has been requested to study the issue further and report back to the Legislature on the best methods for implementing a new formula and also on how to complete the multi-year process of standardization of the programs in technical education.

As much work that has been this year, even more will be done next year and will be ready to go by the start of next session. Kansas has an opportunity in technical education that if capitalized on can throw back the weight of this recession on lead this country into a bright future.

### **House Taxation Committee considers sales tax holiday on school supplies**

The House Taxation Committee began hearings Tuesday on House Bill 2328. If passed, this bill would expand the state's sales tax exemptions to include a sales tax holiday for the purchasing of school supplies. The sales tax holiday would occur on the first Thursday in August at 12:01 A.M. and end at midnight on the following Sunday.

Proponents argue that Kansas businesses are losing revenue to Missouri and Oklahoma, who currently already have such a law. Instead of shopping in Kansas, consumers who live on the border of neighboring states cross state lines during these grace periods in order to purchase the tax-free goods. Furthermore, consumers spend on items while there that are not school related, and therefore are sending unnecessary Kansas dollars to other states.

Opponents suggest a number of problems with the bill. Although the bill appears to lend itself towards the enablement of low income families, it actually may not help them as anticipated. Presumably low income families are the least able to save up for a tax holiday and are the least able to make these often expensive purchases, while upper income families who can already afford these items would have the greatest ability to take advantage of such a proposition. In addition, there is evidence that those who can afford it simply group their purchases during the sales tax holiday period and do not purchase more than they normally would in the long run due to the incentives offered by the holiday.

I continue to support serious reform for Kansas' method of issuing tax exemptions. Instead of creating more tax exemptions on a case by case basis with no set standard for qualification, the state should seek to reduce exemptions and broaden the tax base to allow lower rates and more stable revenue. The continual shifting of the tax burden to a smaller and smaller base results in the necessary raising of other tax rates, such as property tax.

The Kansas League of Municipalities also weighed in on the issue. Referring to a study published in 2005 by the Institute on Taxation and Economic Policy called "*Talking Taxes*," KLM pointed out that there is evidence suggesting there has been a fair amount of abuse in this regard. The study, part of which took place in Florida, observed that while the tax holiday was in effect, some retailers simply raised the price of the items in question, and perhaps even negated up to 20% of the potential benefits from the sales tax holiday in the form of higher prices.

### **Kansas House continues to look at gaming legislation as a means of economic growth**

With a troubling economy causing job loss, economic down turn and a stunting of foreseeable growth in the state, the state legislators have been looking outside of Kansas to see what other states have been doing to stay afloat. Economic development has been atop the list in several states with large projects aimed at drawing in tourism and providing jobs for state citizens. Returning to the front of this discussion is the notion of building a new casino resort in Kansas in order to help create jobs and stimulate the economy.

There is still a gaming license that can be awarded in Ford County which requires a \$5.5 million privilege fee and an investment of over \$45 million. This license is for building a casino. Proponents for gaming contend that money will be infused into the Kansas economy creating jobs and a sustainable source of income for the state. The House is currently considering a bill that would lower the investment amounts for the construction of a resort casino in southern Kansas to the amounts required in Ford County to build a casino. It is important to note that there is a difference between building a resort casino and a casino. The differences deal with what is being built in addition to a casino and whether or not it is simply a place to gamble versus a resort that also has a casino in it.

Supporters have found that resort casinos tend to provide for much more sustained development by offering a wider variety of opportunities for economic development. Additionally, lowering the requirement cost could act as an incentive to bring business to Kansas and help to establish jobs. Opponents of the bill expressed concern about allowing gambling. They contended that even resort casinos will not provide a stable source of income for the state. Additionally they felt that casino's bring a greater propensity for things like crime and illicit activities. Supporters did note though, that the project revenue would provide the state with an additionally \$200 million in revenue which would go a long way to helping that state budget's short fall.

### **President Obama announces Sebelius as HHS nominee**

This was an exciting week for Kansas with President Obama's announcement that Governor Kathleen Sebelius as his nominee for Secretary of Health and Human Services. Although I am saddened to lose such a wonderful asset to our state, I know that Kansas and the entire nation would benefit to have Governor Sebelius in the Department of Health and Human Service.

It is important to remember that the Cabinet confirmation process is very in-depth. Although the Governor is currently preparing for confirmation hearings before the United States Senate, her main priority will remain her service to Kansas until the confirmation is approved. She will continue to work with the Kansas Legislature, Lieutenant Governor Mark Parkinson and her Cabinet to move our state forward.

### **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.

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