



# Capitol Briefing



**My Committees**  
Taxation  
Transportation  
Education Budget

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2009 E-News  
Volume 2 Issue 9  
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Representative 16<sup>th</sup> District

## March 21, 2009 Forum Announced

You are invited to join a number of your local legislators, including Senator Tim Owens and myself for a public forum being held in the Overland Park Matt Ross Community Center from 10:00-11:30 a.m. on March 21, 2009. Agenda items to be determined. [Directions](#) (Ctrl and Click)

## Session News Week 9: March 9-13, 2009

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

- [Conference committee on House Sub for 2014 meets this week](#) After the Senate passed the controversial energy bill last week- House Sub for 2014- the proposal went to a joint conference committee on Monday to reconcile differences between the House and Senate versions of the bill. In short, the bill allows for the construction of two coal-fired power plants in Holcomb, Kansas, overturning a decision last year to deny the air permits necessary for the project to move forward. Also, the bill would strip the Kansas Secretary of Health and Human Services of his authority to regulate greenhouse gases.
- [FY 2010 Budget Updates](#) This week the House Appropriations Committee more carefully reviewed components of the American Recovery and Reinvestment Act. Specifically, the committee (and subcommittees) debated the Governor's budget amendments that reflect how to apply the federal dollars. We are nowhere close to finished with this process
- [Smoking Ban debate moves to House Health and Services Committee](#) The House Committee for Health and Human Services held hearings on Senate Bill 25 this week, also known as the Kansas Indoor Clean Air Act. The bill, if passed, would ban smoking in all public places, including taxicabs, restrooms, lobbies, hallways, and common areas in public and private buildings across the entire state of Kansas. It does include several exemptions, including private clubs and the gambling floor of state-owned casinos.
- [House Appropriations Committee rejects stimulus money for higher education](#) On Monday, Republicans on the House Appropriations Committee voted to reject federal stimulus money that would have been tremendously beneficial to Kansas colleges and universities. Had the committee accepted the stimulus money for higher education, more Kansans would have been 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. Additionally, the money would have provided the funding of several deferred maintenance projects at crumbling universities across the state.
- [Higher unemployment numbers underscore need for federal stimulus money](#) This week the Kansas Department of Labor released information that reflected a 6.9 percent increase in unemployment. This shoots the number of unemployed in Kansas to nearly 96,000, the highest since June 1983. This increase is the highest unemployment rate in nearly 26 years and the biggest month-to-month increase in seven years (January's unemployment rate was 31 percent higher than what was reported in December).

## **In This Issue (continued)**

These numbers are troubling for everyone in Kansas. The American Recovery and Reinvestment Act will provide an important opportunity to expand unemployment benefits to Kansans struggling to make ends meet. The Kansas Legislature, however, must do its part. In order to qualify for \$69 million in federal stimulus money, the Legislature must modify the method of determining a worker's base wage period.

- [Senate Bill 288 would allow for tax exemptions on leased motor vehicles](#) The House Tax Committee held a hearing this week on Senate Bill 288, which would allow for a property tax exemption on motor vehicles that are being leased for at least one year if the vehicle would otherwise qualify for an exemption as being used exclusively by the state or any municipality or political subdivision of the state.
- [Voter Identification bill passes out of Elections Committee](#) The House Elections Committee amended Senate Bill 3 this week, replacing it with language from House Bill 2077. House Bill 2077 requires all voters to provide identification at every election, revises acceptable identification documents, allows voters without identification to provide a signed statement, and provides a form of identification to those who qualify based on federal standards.
- [House Taxation passes bills out of committee](#) House Bill 2324 changes the way sales tax exemptions are calculated for expanding retail businesses located in a town of 2,500 or less. Currently, these businesses qualify for a sales tax exemption if the previous census calculated the population at 2,500 or less. The bill changes this to use the yearly Kansas division of budget population figures.
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## **Conference committee on House Sub for 2014 meets**

After the Senate passed the controversial energy bill last week- House Sub for 2014- the proposal went to a joint conference committee on Monday to reconcile differences between the House and Senate versions of the bill. In short, the bill allows for the construction of two coal-fired power plants in Holcomb, Kansas, overturning a decision last year to deny the air permits necessary for the project to move forward. Also, the bill would strip the Kansas Secretary of Health and Human Services of his authority to regulate greenhouse gases.

There are a few differences between the two versions of the bill, but nothing that is expected to prevent a hasty negotiation. Once the conference committee finishes the reconciliation process, the bill will go back to both chambers for an up or down vote. If approved, it will go to the governor for signature or veto, who is expected to veto the measure. Governor Sebelius vetoed three similar proposals in 2008.

## **FY 2010 Budget Updates: House Appropriations Committee debates stimulus funds**

This week the House Appropriations Committee more carefully reviewed components of the American Recovery and Reinvestment Act. Specifically, the committee (and subcommittees) debated the Governor's budget amendments that reflect how to apply the federal dollars. We are nowhere close to finished with this process, but here is an update of some components that have been considered to date:

### Higher Education

On Monday, Republicans on the House Appropriations Committee voted to reject federal stimulus money that would have been tremendously beneficial to Kansas colleges and universities.

Had the committee accepted the stimulus money for higher education, more Kansans would have been 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. Additionally, the money would have provided the funding of several deferred maintenance projects at crumbling universities across the state.

“Kansas is facing a \$1 billion budget gap for 2010,” said Rep. Bill Feuerborn, Garnett. “The Legislature cannot afford to turn down help from the federal government. We made the decision to utilize stimulus money for K-12 education and transportation projects, yet we decide to turn down this help for our universities. It makes no sense.”

“Rejecting these funds was a bad policy decision that will most adversely affect the very Kansans this money was allocated to help: folks out of work, students struggling to pay for college and the business community relying on an educated workforce to help strengthen our economy,” said House Democratic Leader Paul Davis, Lawrence. “After spending the first six weeks of the session just trying to figure out how to stay afloat until July, we are not in a position to turn down federal dollars.”

In a recent study, the Docking Institute of Public Affairs noted that every \$1 million spent on university deferred maintenance projects, \$2.2 million is generated in increased economic output of goods and services, \$644,600 in increased state earnings and 19 new jobs created in Kansas.

If the entire \$439.7 million in “shovel-ready” campus infrastructure projects were addressed, they would produce an immediate and profound statewide impact, increasing the economic output of goods and services by \$967.3 million, increasing earnings by \$283.4 million and creating 8,254 new jobs statewide.

#### K-12 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.

The Education Budget Committee voted to accept the Governor’s recommendations for application of Federal Stimulus Money to the 2010 K-12 Education Budget. This 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.

To delay in accepting those recommendations- or ignoring them altogether- will simply place an added burden on local school districts in making staffing plans for contract personnel for no good reason.

Accepting the recommendations will allow balance the 2010 budget, end with money in the bank and not raise taxes.

#### Medicaid

Throughout the span of nine quarters, October 1, 2008 to December 31, 2010, the federal share of Medicaid will increase by 6.2 percent. 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.

To receive the additional funding, Kansas must maintain current eligibility standards, but the new federal funding directly offsets planned State General Fund appropriations. On Thursday, the House Social Services Budget Committee voted not to accept the Governor’s recommendation that would have enabled Kansas to take advantage of the recent federal reauthorization of SCHIP. This would have moved eligibility for Kansas children to 250 percent of the federal poverty level, providing health insurance for 8,000 additional children.

The action not to fund SCHIP is deeply troubling to me, as most of the Legislature last year voted for this measure (when SCHIP was unfunded and essentially just an empty promise), but now that it has been federally authorized, many legislators choose to go back on their vote, leaving thousands of children without coverage.

### **Smoking Ban debate moves to House Health and Services Committee**

The House Committee for Health and Human Services held hearings on Senate Bill 25 this week, also known as the Kansas Indoor Clean Air Act. The bill, if passed, would ban smoking in all public places, including taxicabs, restrooms, lobbies, hallways, and common areas in public and private buildings across the entire state of Kansas. It does include several exemptions, including private clubs and the gambling floor of state-owned casinos.

Last year- at the request of the Legislature- the Kansas Health Policy Authority unveiled a series of recommendations for comprehensive health care reform. A statewide smoking ban was a critical component of these recommendations, as a cost-effective, preventative policy to protect nonsmokers and encourage those who do smoke to quit or cut back.

Supporters of this bill argue that research has repeatedly proved that both smoking and secondhand smoke leads to smoking-related illness, poorer quality of life, higher health care costs, and premature death. Additionally, because 80 percent of Kansans do not smoke, this is necessary legislation to protect those who are currently exposed to secondhand smoke in public places- something 300 Kansans die from each year. These supporters contend that public health should take precedence over anything else. They also argue that there is insufficient evidence that smoking bans have an adverse economic impact on local businesses. One argument of those opposing the bill was the detriment such a smoking ban would have on businesses, particularly smaller ones. One small business owner claimed that 85 percent of her tavern's customers are smokers, and that such a ban would force her out of business. Other business owners who had already been forced to institute smoking bans by city resolution testified that their establishments had lost up to 50 percent of business from the Lawrence area. While some argued that such difficult economic times already strain business and therefore do not warrant an additional obstacle, others argued that decisions regarding whether a business, particularly a restaurant, should ban smoking should be left to that business itself. Local control emerged as the primary reason for opposing this legislation. Many believe that the market alone should drive business decisions; if consumers want a smoking ban then business owners will provide a smoke free environment or the consumer will go elsewhere. Additionally, it is important to remember that tobacco products generate an enormous amount of tax revenue, and a smoking ban would significantly lower this income.

### **Higher unemployment numbers underscore need for federal stimulus money**

This week the Kansas Department of Labor released information that reflected a 6.9 percent increase in unemployment. This shoots the number of unemployed in Kansas to nearly 96,000, the highest since June 1983. This increase is the highest unemployment rate in nearly 26 years and the biggest month-to-month increase in seven years (January's unemployment rate was 31 percent higher than what was reported in December).

These numbers are troubling for everyone in Kansas. The entire state has felt the burden of the economic downturn, with some of the state's largest employers significantly scaling back personnel. Throughout the last few months we have seen mass layoffs at Cessna, Hawker Beechcraft and Boeing in Wichita, Goodyear in Topeka, and General Motors in Kansas City.

The American Recovery and Reinvestment Act will provide an important opportunity to expand unemployment benefits to Kansans struggling to make ends meet. The Kansas Legislature, however, must do its part. In order to qualify for \$69 million in federal stimulus money, the Legislature must modify the method of determining a worker's base wage period.

House Bill 2374 would lengthen the period of employment that can be considered in deciding whether a laid-

off worker is eligible for benefits. It would also allow workers to receive unemployment benefits if they voluntarily leave their jobs to care for a sick or disabled member of their immediate family. The bill will increase the number of workers eligible for unemployment benefits, helping those without work pay for basic necessities.

### **Senate Bill 228 would allow for tax exemptions on leased motor vehicles**

The House Tax Committee held a hearing this week on Senate Bill 288, which would allow for a property tax exemption on motor vehicles that are being leased for at least one year if the vehicle would otherwise qualify for an exemption as being used exclusively by the state or any municipality or political subdivision of the state. The bill would also provide the same exemption for vehicles used exclusively for literary, educational, scientific, religious, benevolent, or charitable purposes.

Because this bill provides a tax exemption, it would also reduce revenue to the State Educational and Building Fund. Due to an uncertain number of leased cars under these guidelines, however, an accurate conception of this bill's fiscal effect is relatively unknown, although it is expected to be insignificant.

Proponents of the bill testified that vehicles purchased by entities that are normally exempt from property taxes, so it makes sense to allow leased vehicles to fall under the same guidelines. Currently, because vehicles being leased by these organizations are taxable, it creates a market disincentive to lease a car – an increasingly growing trend given our current unstable economic condition. In order to help facilitate business and expand customer choice, proponents asserted that this bill is beneficial for all Kansans.

There were no opponents to the bill and, if enacted, Senate Bill 228 would take effect on the first day of the tax year for 2010.

### **Voter Identification bill passes out of Elections Committee**

The House Elections Committee amended Senate Bill 3 this week, replacing it with language from House Bill 2077. House Bill 2077 requires all voters to provide identification at every election, revises acceptable identification documents, allows voters without identification to provide a signed statement, and provides a form of identification to those who qualify based on federal standards.

### **House Taxation passes bills out of committee**

House Bill 2324 changes the way sales tax exemptions are calculated for expanding retail businesses located in a town of 2,500 or less. Currently, these businesses qualify for a sales tax exemption if the previous census calculated the population at 2,500 or less. The bill changes this to use the yearly Kansas division of budget population figures. The bill was amended in committee to repeal the sunset. The bill is not retroactive and carries no fiscal note.

House Bill 2325 clarifies the existing limitations on a county's authority to raise taxes, although it makes no statutory changes. The county tax rate currently rises in fixed increments of .05 percent and cannot exceed a cumulative 1 percent for general purposes, and 2 percent for special purposes. Any attempt to raise taxes more than that must be approved by the Legislature, prior to a vote of the population. Committee members raised the question of the validity of this policy, saying that the population of a city should be able to make their wishes clear before the Legislature acts. It was also pointed out that a majority vote in favor of a tax increase helps a county's position when they ask the Legislature for approval. The bill will have no fiscal impact.

House Bill 2353 adds disabled veterans and their surviving spouses to the list of eligibility for the Homestead Act. Under this proposal, a veteran must be 50 percent disabled, as calculated by federal standards in order to qualify. To qualify a surviving spouse, the military personnel must have been killed in the line of duty. This bill will have an estimated negative fiscal impact of \$215,000 in 2010.

## March 10, 2009 Page Visit

On March 10<sup>th</sup> Students from Indian Woods Middle School served as House Pages.



**Pictured Left to Right: Isaac Brethour, Thomas Peterson and Anna Torchia**

### **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