



KANSAS RURAL CENTER

Kansas Rural Center Legislative Policy Watch

Legislative Preview Special Edition

Legislative Policy Watch

Watch is a weekly online publication of the Kansas Rural Center (KRC) during the State of Kansas legislative session. KRC is a private, non-profit organization that promotes the long term health of the land and its people, through education, research and advocacy that advances an ecologically sound, economically viable, and socially just agriculture.

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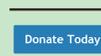
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2024 KANSAS LEGISLATURE PREVIEW

The 2024 legislative session will be 'primarily oriented to politics' and 'secondarily oriented to policy'. 2024 will be an election year for all 125 seats in the Kansas House and the 40 seats in the Kansas Senate. Retirements will play a role. Certain projections have at least 15 current Senators retiring and one-fifth of House members. While House members ran in 2022 on the redrawn 2022 House districts, Senate candidates will be running in their new 2022 redrawn districts. A number of lawmakers will have no opponent in the primary and general election. Legislative sessions run on a two-year cycle, so the House bills (482) and the Senate bills (329) introduced in the 2023 session are still alive. The President of the Senate and the Speaker of the House will determine which issues will be seriously debated in committees and make it to the floor for debate. The session lasts approximately 90 days. The second year of a session starts faster since committee chairs are in place and legislation debated in 2023 can be further discussed. If there are legislative proposals recommended by the numerous interim committees that met summer & fall in 2023, those bills have been somewhat vetted and often stand a better chance of legislative success. Bills have to be of a bipartisan nature for a committee bill to stand a chance for debate, let alone passage. The following is a list of topics & issues that will be debated and a list of substantive policy issues that should be front and center.

STATE BUDGET

The Governor will unveil her State Budget the first week of the session. Kansas Legislative Research Department (KLRD) will take 3-4 weeks to fully analyze the Governor's interim recommendations before budget hearings convene in the House and Senate. The Legislature does not produce its own independent budget. The State Budget is in a very healthy state with one of the largest ending balances ever and a newly created 'rainy day fund' of some \$1.7 Billion to fend off coming economic cycles. The State Budget is split between the State General Fund (SGF - \$9.5 Billion) and other funding sources (such as federal funds, highway funds, registration fees and other funds - \$14.3 Billion.) 80% of the entire State Budget goes for education and human services with 10% for highways and 10% for everything else. The Kansas Legislature primarily focuses on the SGF which is funded by income, sales and property taxes. The Kansas Constitution mandates a balanced State Budget, which primarily focuses on the SGF. Passing a balanced State Budget is the only Kansas Constitution responsibility for the Governor and the Kansas Legislature. Twice a year (April and November) a group of 3 university economists along with representatives from KLRD and the Governor's office meet to determine an 18-month revenue projection for Kansas that has to be used by the Governor and the Kansas Legislature to determine a balanced budget.

Kansas Fiscal Facts, Thirteenth Edition

TAXATION

Tax cuts will be the primary political and policy battle in the 2024 legislative session. Legislative leaders have already come out swinging over passing a 'flat income tax' over the Governor's expected veto. There will be other provisions in this tax cut bill, such as lowering taxes for seniors and some property tax reduction. The Democrats have focused more on lowering property taxes and eliminating the grocery sales tax by mid-year as opposed to January 2025. Kansas has strived for a balanced tax policy since the mid-1990's - balancing income, sales and property taxes somewhat evenly. This gives Kansas more fiscal protection as economic swings hit different taxes unevenly. With lower revenues from the income tax (such as a flat 5.15% income tax), it puts more pressure on sales and property tax. Property tax is clearly the most disliked tax, and the sales tax is most vulnerable to economic recessions while being the most regressive. For many lawmakers, lower tax revenue is the easiest way to underfund essential, life-saving social and educational programs given the mandate of a balanced budget. It is not surprising that the vast majority of campaign contributions to legislative leaders come from corporations and wealthy benefactors. As elections become more like electoral auctions, private funders call the tune for benefitting corporations and the wealthy (as the Brownback tax cuts did in 2013-17).

EDUCATION

The battles will continue over under-funding public education while siphoning off public education tax dollars to private, church and home schools (which have minimal accreditation). There will be numerous bills to fund private schools with tax dollars via tuition tax credits or more direct grants to parents. The Kansas Supreme Court still has jurisdiction over adequate public school funding formulas (which is now tied to an annual Midwest consumer price index). There will also be further debate over defining 'special education services' and what is the present level of funding by the State and local school districts. As more rural counties continue to depopulate, the future of the existing 286 school districts in Kansas remains uncertain? Staffing for these declining districts provides greater and greater challenges. Teacher certifications will become more varied as desperate school districts try different approaches. While Kansas has a constitutionally mandated State Board of Education - elected in ten districts across Kansas - the question over defining and regulating public education between the State Board and the Kansas Legislature (which funds education) never ends? The cultural wars of limiting educational, social topics while banning books will consume too much of the limited education debate time of the Kansas Legislature.

SOCIAL SERVICES

By far the most contentious social issue in the 2024 session will be the expansion of Medicaid. Kansas is 1 of 10 states that has not expanded Medicaid (KanCare). The Governor has made it her first priority and has been traveling the State to solidify bipartisan public support (which is 70+% statewide). The fate of many (59) - if not most - rural hospitals may very well be decided by this issue. This expansion would cover an additional 150,000 Kansans. It would bring in \$700 million dollars statewide, with the federal government covering 90% of the cost. The Governor's proposal has a mandatory work requirement and is revenue neutral by increasing fees on hospitals and pledging funds from existing social welfare sources. The votes are clearly there on the floor of the House and Senate if legislative leadership allows an open, fair debate.

This will be determined by rural Republicans coalescing together to save their rural hospitals and medical providers. What will get little attention is the growing hunger in the heartland. Food stamps (known now as SNAP) constitute by far the largest food assistance program in Kansas (\$300 million). Kansas ranks 49th of the 50 states in eligible food stamp recipients actually getting food stamps. The national average for participation is 82% (of eligible recipients), while Kansas comes in at 68%. The Kansas Legislature has passed onerous legislation tying the hands of the Department of Families and Children (DCF) to ease qualifying for benefits and any meaningful outreach & promotion.

Another essential family support program in Kansas is child support (\$425 million annually). The child support system involves one in six Kansans (582,000) and within this number is one in three Kansas children (246,000). Kansas ranks 45th of the 50 states in collecting current monthly child support. There has been greater interest in the Kansas Legislature with an interim study committee two years ago and a Legislative Post Audit - but fundamental improvements are far from certain. DCF is slowly progressing on a desperately needed computer upgrade. Many states have moved from a judicial model (where courts have to issue a support order) to an administrative model that moves with greater speed to start collections and is more welcoming of parental participation. These changes will require legislation.

AGRICULTURE

Foreign ownership of Kansas farmland will be a key topic in the 2024 session. There are two bills now in play from last session. There were two days of interim committee hearings on the topic. The Attorney General proposed an outright ban on foreign ownership of agricultural land in Kansas. The interim committee was not inclined to go that far. Numerous states have recently banned ownership by certain key countries such as China, Russia, North Korea, Iran and Venezuela. One challenge is determining actual ownership. Kansas passed an anti-corporate farming law requiring corporations (any corporation outside Kansas) file an agriculture land report with the Secretary of State. Over the years, numerous exemptions have been added making the reporting less revealing and even searchable. If a foreign corporation creates an American affiliate in Delaware, there is little if any public information on true ownership.

[This land is our land. States crack down on foreign-owned farm fields](#)

Local food initiatives are gaining some ground at the Kansas Department of Agriculture (KDA) and KSU Extension. There have been more USDA grants available, allowing KSU to add more staff. KDA is the state affiliate for certain local food system grants from USDA. Next steps are essential. Neither KDA or KSU-Extension have a local food economist on staff. Kansas needs a deep dive into our food system via a Kansas Food/Farm Plan. The Kansas food budget is \$8 Billion annually (2.93 million Kansans x \$2750 per capita on food). Of the \$8 Billion, 10% (\$800 million) is spent on fruits and vegetables but only \$40 million (5%) is grown in Kansas. States such as North Carolina have developed 10% local food campaigns, which would amount to \$800 million yearly kept locally in the Kansas economy. Kansas has expanded the number of small meat plants to almost 100, but there is no data on the economic impact.

Specialty crop data on expenses and income needs to be accumulated so that these growers have greater access to non-commodity crop insurance from the Farmers Service Administration. The average age of the Kansas farmer is almost 60 while only 7% of Kansas farmers are under the age of 35. The role of beginning farmers for the future is critical for an agriculture state like Kansas. As water rights and water use inevitably decline, what are some specialty crops (of greater value per acre) that can substitute for corn and soybeans? A better diet of local foods could result in millions of dollars in savings to our medical system. 34% of adult Kansans (8th in the United States per capita) are obese, while one-third of Kansas children are either overweight or obese. Approximately half of Kansas farmland is farmed by owners, while half is rented. Over the next 20-40 years there will be fundamental land ownership changes that should be researched now in the Kansas Food/Farm Plan.

HOUSING

As an economic development tool, housing is as important as highways. Over the last 30+ years, Kansas has developed four 10-year transportation plans (90% highways) that have certain project goals and most importantly, a dedicated revenue source for annual \$1 Billion expenditures. In the 1990's (under Governor Finney and Graves), there was a housing division within the Department of Commerce created that provided an annual update on housing along with a budget. Governor Graves had a Governor's commission on housing that brought an annual report on policy and funding recommendations to the Kansas Legislature. In 2003, the housing division in Commerce was moved to create a semi-public housing corporation, which is the Kansas Housing Resources Corporation (KHRC) - placed under the bonding entity in Kansas - the Kansas Finance Development Authority (KDFA). KHRC gets virtually no state general funds. It exists on federal grants and fees. KHRC has not been required to present an annual report to the Kansas Legislature and today there are no committees in the Legislature that prioritize housing (such as for water). Kansas has approximately 1.2 million housing units, with two-thirds being owner-occupied and one-third being rental. 20+% of homeowners are housing cost-burdened (35+% of household income) and 40+% of renters are cost-burdened. The Governor and KHRC initiated a statewide housing assessment (first in 2002) two years ago which resulted in some legislation to expand housing tax credits and direct some one-time federal pandemic funds primarily to rural housing.

There must be a coordinated action plan going forward. Repopulating numerous rural areas of Kansas rests on more housing. Key economic growth areas such as Johnson County have a great shortage of affordable worker housing. There are structural changes needed for KHRC. Kansas has a State Housing Fund Plan at KHRC, but there is no dedicated revenue source (like the Highway Fund). The Kansas Department of Commerce is allocated annually \$310 million in Private Activity Bonds (PAB's). These are bonds and not a grant - but they are 'federally-income tax exempt' so they can drive down commercial interest rates 2% for certain federally mandated uses such as First Time Homebuyer Loans, Industrial Revenue Bonds and Beginning Farmer Loans. The national average for use of these PAB's is 30% for housing so in Kansas that would be \$100 million annually. Today Kansas uses some of these bonds for multifamily housing but none for First Time Homebuyer loans. KHRC needs the statutory authority to issue First Time Homebuyer Loans statewide. Kansas needs to develop a statutory Kansas Housing Commission (similar to the Kansas Water Authority - KWA) that would bring annual housing policy and funding recommendations to the Governor and the Kansas Legislature. Similar to KWA, the Governor would appoint the chairperson, and legislative leaders would appoint members along with having key stakeholders (realtors, bankers, renters, developers) on the commission. The Kansas Legislature needs a standing Housing committee.

ENERGY/UTILITIES

The Kansas Legislature is finally discussing developing a State Energy Plan for Kansas. Kansas is one of just 8 states with no such plan. This responsibility should fall to the Kansas Energy Office, which is located at the Kansas Corporation Commission (which regulates electric and natural gas utilities). There is an essential role for State Energy Plans to fully document the least-cost opportunities to provide utility service. State law mandates that to authorize 'private investor-owned electric and natural gas utilities' to have defined service areas and captive ratepayers, these utilities must provide 'reasonably efficient and sufficient service'. The operative word here is 'service', not electricity or natural gas. The KCC has to be the 'free market' in terms of regulating these utility monopolies. Energy efficiency is by far the lowest cost option in comparison to new power production. Kansas ranks 45th or so of the 50 states in regards to offering utility-based energy efficiency programs (as ranked by the American Council for an Energy-Efficient Economy - <https://www.aceee.org/>). EVERGY was recently granted authority by the KCC to begin offering some efficiency programs.

In utility jargon, energy plans developed by utilities are known as Integrated Resource Plans (IRP's). Only with the merger of Kansas City Power & Light with Westar (that became EVERGY), did the KCC begin mandating the filing of IRP's. EVERGY is the only utility mandated at this point. Kansas Gas Service (KGS) is the largest natural gas utility in Kansas. 60% of all Kansas homes are heated by natural gas. There is no IRP mandate for KGS as of now. This coming summer, EVERGY will present their IRP to the KCC for approval. This IRP will detail what happens with older coal plants and expansion of renewable energy sources. At this point, energy efficiency programs are not a central portion of EVERGY's IRP. The KCC needs its own independent State Energy Plan to fully document demand-side reductions of natural gas and electricity to compare to further power production proposals. Almost half of the equity in EVERGY is now held by five Wall Street speculative investment firms who would rather sell or merge EVERGY with a mega-utility - so their stock prices will increase, and some of these speculators will move on to their next takeover target.

WATER

The water debate in Kansas is continuing to broaden and deepen. The feeling of exhausting certain key water resources is increasing. Greater actions have been taking place. The creation of a Kansas House Water committee gave a defined focus to water issues. Greater funding was finally enacted for the State Water Plan Fund and key water projects. Lawmakers dedicated federal and SGF funds to secure certain public water storage in key federal reservoirs. The Governor has created a water sub-cabinet of key agencies to focus collectively on water quantity and quality issues. The Governor has appointed a 'special advisor for water' to coordinate activities. The Kansas Water Authority keeps insisting on more targeted water policies and resources.

The greatest challenges are still in front of lawmakers. Kansas appropriated too many groundwater rights from the 1950's through the 1970's. While Kansans actually own the waters of Kansas, and this water resource is to be used for the most beneficial use for Kansans, the mining of the Ogallala aquifer is inevitable without certain policy changes and actions. If 'water rights' are indeed vested 'property rights', Kansas may have no choice but to spend the tens to hundreds of millions to buy back or at least severely limit some of these water rights. Kansas now has \$1.7 Billion in a separate 'rainy day' fund for key calamities. A portion of this fund should be used to buy back water rights, just as Kansas spent the funds to secure public water storage above ground, an investment in water rights and leaving more water underground should be considered public water storage for the future generations.

The elephant in the room - that goes undiscussed - are federal Farm Bills that heavily subsidize (via commodity payments and crop insurance) wheat, corn, soybeans, and sorghum, which drives the irrigation of 2.5 million acres (out of 22 million crop acres) in this state with 85+% of all Kansas water. The coming 2024 Farm Bill could start reordering these heavy 'feed grain' subsidies. Key federal conservation programs for land retirement (Conservation Reserve Program - CRP - 10-15 years) and for working farms (Conservation Stewardship Program - CSP - & Environmental Quality Incentives Program - EQIP) are expanding and can play an important role in less water use and less soil loss into our reservoirs. Some 10% of Kansas cropland has cover crops, and 1/3 use no-till practices. Farmers indeed have a great interest in these federal working farm conservation programs, but existing funding covers just 25 to 33% of eligible applicants.

These conservation programs - that can impact water quantity and quality - are not now fully incorporated into Kansas Water Plans.

ELECTIONS/VOTING

The efforts to curtail voting rights in elections seem to never end. Untruths can endure endlessly even with the Kansas Secretary of State officially guaranteeing safe, secure and accurate elections. Top of the list for election deniers in 2024 will be restricting the use of 'ballot drop boxes'. Second on the list will be stopping the counting of ballots at 7 pm on election day (which was vetoed by the Governor last session). The judicial system continues to grind slowly at best. The 2020 Kansas law - which can provide felony penalties for volunteers 'possibly' representing an election worker in someone's eye - is finally going to get its day in court thanks to a recent ruling by the Kansas Supreme Court. This dubious law has closed down voter registrations by several groups in Kansas. Kansas election participation could be expanded by enacting election day registration (as done in 21 other states) and allowing for permanent advance voting by mail.

CONCLUSIONS

The bell rings at 2 pm on Monday - January 8 - for the State of the 2024 Kansas Legislature. The Governor will probably give her State of the State address on Wednesday - January 10 - followed by the release of her State Budget on Thursday - January 11. The legislative calendar - dictated by legislative leaders - will give an early sign of legislative intensity. Will Monday and Friday committee meetings be taken off the first month or six weeks of the session? How soon will substantive floor debates on important policies begin? What stranglehold will leadership have in quelling important policy debates? What will be the role of important election issues in jump starting a blocked policy debate? For example, the Governor will propose eliminating the state grocery sales tax by July 1 (which would need to happen in the first month of the session) instead of waiting until January 1, 2025. This would look good on election material, but will it be bogged down by 'flat tax' poison pills? With 70+% public support for Medicaid expansion (and the dire threat to rural hospitals), will the logjam be broken and floor debates allowed? What role will public opinion and support play versus special interests (and subsequent campaign funding promises) in making decisions for the people's house? Hopefully, these political and policy battles will be fully explained to a receptive and engaged electorate.

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