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**Issue No. 3, January 19, 2024** 

**Kansas Rural Center** 

## **KANSAS** RURAL CENTER FOR THE HEALTH OF THE LAND AND ITS PEOPLE

#### **Legislative Policy** FAST TRACK FLAT TAX CONFRONTATION

Watch is a weekly online publication of the Kansas Rural Center (KRC) during the State of Kansas legislative session. KRC is a private, nonprofit organization that promotes the long term health of the land and its people, through education, research and advocacy that advance an ecologically sound, economically viable, and socially just This Senate tax bill passed 25 to 11 with four Senators absent.

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agriculture.



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On Wednesday, the Kansas Senate took a tax bill (HB 2284 from the 2023 session) and pushed ahead with a floor debate and vote. The Republican leadership tax plan includes a 5.25% single-income tax bracket for all filers. This plan excludes the first \$6,150 of earnings for individual filings and the first \$12,300 for married couples filing jointly (while adjusting this standard deduction for inflation yearly). This plan eliminates Social Security state income tax and exempts the first \$100,000 in state property tax for the statewide school finance formula. The grocery sales tax ends on April 1, as requested by the Governor. The cost is \$1.5 Billion over the first three years compared to the Governor's bill, that costs \$1 Billion over three years.

Right now, it seems that 3 of those Senators would vote no, leaving the Senate one vote shy of overriding a Governor's expected veto. Portions of this tax bill had never been discussed in a Senate committee or heard on the Senate floor. This bill came out of a Senate-House conference committee from last session and is now headed to the House for a floor debate. The House passed the bill on Thursday, so it is now headed to the Governor's desk for a certain veto. In the Senate caucus before the Senate floor debate, graphs showed that married couples between \$40,000 and \$80,000 would not see any significant decrease in their effective tax. The bulk of the income tax savings go to filers over \$250,000 (3% of filers get 52% of the tax cut). While the cost is \$1.5 Billion over three years, these tax changes stay in place (and costs State Revenue billions over the years) unless reformed, as happened with the reversal of the Brownback's income tax changes.

### KANSANS FOR CONSERVATION **LEGISLATION**

This legislation (HB 2541) creates the state conservation fund, which pools revenue from existing revenue sources. The target is three distinct areas of conservation (working lands, wildlife, parks/recreation). The working lands conservation fund administered by the Kansas Department of Agriculture (KDA) Division of Conservation - would receive 50%. The Wildlife Conservation Fund - administered by the Kansas Department of Wildlife and Parks (KDWP) - would receive 25%. The Kansas outdoors fund would be administered by KDWP's parks division and receive 25%. Each agency would have the responsibility to solicit public input as they develop the rules & regulations with the requirement to establish an advisory group of industry members and stakeholders.

The estimated funding level of \$63.4 million comes from three different sources: lottery prize revenue, sports gambling revenue, and a general fund transfer related to sporting goods sales tax revenue. Of the approximately \$63 million, \$31.5 goes to working lands, \$15.75 to wildlife, and \$15.75 to Kansas outdoors. Kansas ranks 49th of the 50 states in terms of the proportion of public lands. Kansas is among only 15 states with no designated state source for conservation funding. Kansas leaves billions of dollars in federal conservation funding on the table each year. Conservation funding is maximized when state investments in parks, soil & water conservation practices, and natural areas are leveraged as matching funds for much larger federal grants. Kansas' failure to invest in parks and recreation areas has put us in last place among neighboring states in both the number of projects funded and total funding received throughout the last halfcentury. USDA in Kansas has not capitalized on all the potential funding for agricultural conservation projects because Kansas has failed to invest state-matching funds to capture those federal dollars. Investments in conservation not only benefit our state's landscape and the native species but will contribute to the Kansas' tourist economy while improving the livelihoods of all residents.

## **EXTREME HEAT'S IMPACTS**

On Farm Financial Outcomes in Kansas Environmental Defense Fund, Cornell University, and Kansas State University studies how severe weather financially impacts Kansas farms and how management choices and government programs mitigate the negative impacts. The study used a 40-year Kansas farm financial dataset and historic weather data to measure the impacts of extreme heat on gross and net farm income.

EXTREME HEAT'S IMPACTS on Farm Financial Outcomes in <u>Kansas</u>

# STATE WATER PLAN FUND

The Kansas Water Office (KWO) is the water planning, policy, and coordination agency for Kansas. It prepares a state plan for water resources development, management, and conservation. The Kansas Water Authority (KWA) is within the KWO as part of the water planning and implementation program.

KWA is responsible for advising the Governor, the Legislature and the KWO Director on water policy issues and for approving the Kansas Water Plan. KWA is responsible for making recommendations on the expenditures from the State Water Plan Fund (SWPF). KWA, along with other state agencies, provides guidance and recommended projects using monies in the SWPF to facilitate solutions to the state's water quality and water supply issues. Conserving and extending the usable life of the Ogallala-High Plains Aquifer, reducing pollution of Kansas waters, and securing and protecting Kansas reservoirs continue to be priorities for the water resources of Kansas.

Federal reservoirs are an important source of water supply – providing water in some manner to roughly two-thirds of Kansas citizens. Kansas owns and/or manages storage in fourteen of the sixteen federal reservoirs operated by the U.S. Army Corps of Engineers. Available storage in some reservoirs has been reduced because of a higher rate of soil sedimentation than initially projected. In 2013, at John Redmond Reservoir, a project instituted a two-foot pool rise, which increased the state's storage capacity by approximately 17,000 acre-feet. This was the first coordinated effort by a state and the Corps nationally. Objectives of the SWPF are explained in the Governor's budget. The SWPF has ranged from \$15.5 million in 2023 to \$57.2 million in 2024 to a recommendation of \$42.2 million in 2025.

The SWPF is a blend of fees (water, fertilizer, pesticides, etc.) and state transfers. By law, the SWPF should have received \$6 million in State General Funds and \$2 million in lottery funds, but from 2008 to 2018 they were suspended. The 2023 Legislature passed legislation increasing the SGF from \$6 million to \$41 million with the same investment planned through 2027. \$17 million of the \$35 million has created two newly established special revenue funds in KWO to provide grants to support water-related infrastructure activities. In addition, \$52 million (from the SGF in 2023) was dedicated to pay off debt for water storage in Milford and Perry Reservoirs, thus saving taxpayers money in having no long-term interest payments. There is a chart (on page 62) showing SWPF expenditures to key agencies (KDA, KDH&E, KWO) from 2023 to 2025. There is a write-up for each of these specific programs.

The Governor's Budget Report (Note: SWPF will be found on pages 59 thru 67 in Volume 1.)

# **Upcoming Events**

Kansans for Conservation Day at the Capitol January 22 - 9am **KS State Capitol** 

coalition members and supporters to convene in-person and share with legislators the importance of establishing dedicated state funding for conservation. The day will begin with legislative updates, advocacy training, and networking before legislator meetings. Lunch will be provided for all attendees and legislators.

This event will be an opportunity for

For more information on the Day at the Capitol, including RSVPs or webinar requests, please contact justin.cobb@tnc.org

More Info Here



February 5 - 9am - 4pm **KS State Capitol** SW 8th & SW Van Buren St Topeka, KS 66612

**WEALTH Day at the Capitol** 

Join organizations, advocates and legislatures to connect on water, energy, air, land, transportation, and health.

More Info Here



Website January 23 - 6:30pm Zoom

**Navigating the KS Legislature** 

President, to learn more about navigation the KS Legislature website.

Join Zack Pistora, KRC Board

More Info Here



February 14 - 6:30pm **KS State Capitol** SW 8th & SW Van Buren St Topeka, KS 66612

**League Day at the Capitol** 

the League of Women Voters! Register Here

Help celebrate the 104th birthday of



During the legislative session, the *League of Women Voters of* Kansas (LWVK) hold weekly zoom calls at 4pm on Fridays with their policy observers. The League has offered to open up these calls for interested Policy Watch readers. Cille King is the policy coordinator for the League.

You will need to email Cille at advocacy@lwvk.org to be added to the notice list. Agendas come out a day or so before the call.

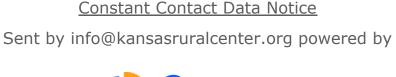
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their memberships. If you are receiving KRC Policy Watch through one of these organizations and have questions,

contact the organization directly. If you wish to be removed from the KRC list, contact info@kansasruralcenter.org

For questions about Policy Watch content, contact Paul Johnson at <u>pdjohnson@centurylink.net</u>





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