



2015 Legislative & Policy Watch Weekly E-Update

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The Legislative and Policy Watch Weekly E-Update is a project of the Kansas Rural Center.

In 2015, KRC is partnering with the Kansas Natural Resources Council and Audubon of Kansas to provide this report to their members. We thank them for their support and assistance.

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Mid-Way Point of the Session: A Revenue and Budget Review

by Paul Johnson

The 2015 Kansas Legislative session is at halftime. Now the heavy lifting begins to find that balance between the budget and increased revenues. These processes will move in tandem. The budget committees have been meeting and making final recommendations in both the House and the Senate committees.

Once the budgets are passed in the respective chambers, a conference committee will be convened to rectify the differences and settle on a final budget. This will determine the needed revenues to finally create a balanced budget as mandated by the State Constitution. At the same time, the House and Senate Taxation committees will hold several days of hearings considering numerous tax proposals. The actual state revenues from February, March and April will have to be factored into this budget balancing. Consensus will have to be found on acceptable budget reductions and essential revenue increases.

The Governor's tax package essentially freezes the existing, reduced income tax brackets in place through 2018. If revenues grow over 3% from one year to the next, those funds are placed in a 'Tax Reduction Fund' and used for more income tax reductions. The Kansas budget growth is capped at a 2% growth rate. In reality this means that few if any budget reductions will be restored and any inflation increase will be a true challenge to the Kansas budget.

The Governor did not change the elimination of income taxes for limited liability corporations (LLC's), Sub Chapter S corporations or sole proprietorships. The problem here is that the number projected was 192,000 but now the number of businesses taking advantage of the elimination is closer to 335,000. The initial revenue loss estimate was \$160-180 million annually but the cost is now exceeds \$200 million and is very complex to forecast.



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The Governor proposed a tripling of the cigarette tax and a 50% increase in liquor taxes to raise a total of \$220 million over two years. The Speaker of the Kansas House has already come out against these taxes and wants further budget cuts without offering a plan for those budget reductions. The January revenues were off \$47 million so budget reductions of 2% for Regent institutions and 1.5% for public schools were ordered. These reductions have to be found in the last four months of this fiscal year and carried over to 2016 and 2017.

There will be many tax plans thrown at the wall to see what sticks and what can get passed. SB 178 adjusts the value of agricultural land by using a base assessment computed on cash rents paid for farmland. SB 264 eliminates the sales tax exemption on farm machinery. SB 261 imposes a sales tax on natural gas and electricity used at residential premises or for agricultural use. SB 260 modifies and increases income taxes relative to passive income. SB 258 eliminates the \$20,000 now deducted from residential property before the 20 mil statewide school levy is computed. SB 257 puts a ten-year property tax exemption limit on renewable energy projects such as wind farms. SB 251 decreases Kansas' Earned Income Tax Credit (EITC) from 17 to 8% of the federal EITC and makes it non-refundable.

We have not seen the end of tax proposals as more will be floated in the coming weeks to solve the revenue gap of at least \$600 million over the next two years. What is unlikely to be discussed is rolling back the income tax reductions. Also not on the table is a serious discussion of how the state is moving toward relying more on the regressive taxes of sales and property tax

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Kansas Supreme Court Selection or Election

The Governor has proposed that Kansas Supreme Court justices either be elected as they are in many states or selected solely by the Governor and confirmed by the Kansas Senate. HCR 5004 would establish direct partisan elections for both Kansas Supreme Court justices and Court of Appeals justices. The term would be for six years and reelection permitted. There would be no prohibition for the candidate to request political contributions or serve as a party official.

HCR 5005 authorizes the Governor to select Kansas Supreme Court and Court of Appeals justices. The Kansas Senate would have to confirm these judicial selections. If selected and confirmed, these justices would then be subject to retention elections. (Note: Court of Appeals justices are now selected by the Governor and confirmed by the Senate but this process is only in statute and not in the Kansas Constitution.) These two concurrent resolutions passed the House Elections committee 13 to 9. It will take a two-thirds vote of the House - 84 votes - to pass and right now there are only 74 yes votes for HCR 5005. HCR 5004 has far fewer yes votes. The Kansas Senate voted last year by two-thirds for a version of HCR 5005.

Election Process Changes

Sub. for Senate Bill 171 passed the Senate 21 to 18 and is now headed to the House. This bill moves municipal, school board and special elections to August and November in odd numbered years. These elections are non-partisan but municipalities have the flexibility to make their election partisan. With a notice of 365 days from the county election officer, school districts will be required to provide a designated school building as a polling place. For more details: http://www.kslegislature.org/li/b2015_16/measures/sb171/.

House Bill 2104 passed the House 69 to 54 and is headed for the Senate. This bill deals with filling vacancies on the ballot and makes 'death' as the only reason to withdraw a candidates' name from the ballot. This bill makes deadline and related changes as well.

Senate Bill 34 creates or amends law related to election crimes, prosecution of those crimes and election definitions. This bill gives the Secretary of State and the Attorney General the authority to prosecute such crimes. The fiscal note for county attorneys or the courts is unknown at this time. The Senate passed the bill 23 to 17.

School and Education Issues

The Governor's two-year block grant funding bill for public schools has still not been unveiled. The theory of a frozen block grant was easy but actually drafting such a bill with all of its complexity is another matter. School districts would get roughly the same amount for 2016 and 2017 as they got in 2015. Weightings for special needs and poorer students would be disregarded. What happens to school districts with increasing numbers of students versus school districts with declining numbers of students? What - if any - authority would school districts have in raising local property taxes? What might these changes do to 'equitable funding' per student and how will the courts react? K-12 is 50% of the Kansas budget.

Senate Bill 136 and House Bill 2326 both deal with negotiations between teachers and school districts. They both had significant debate on the House and Senate floor. In committee, they both started out as very narrowly drawn on what issues could be negotiated. On the House floor, HB 2326 was amended to allow far more items to be negotiated and it passed 109 to 14.

SB 136 was also amended on the Senate floor to expand the number of negotiable items but did not go as far as the House bill. Many more hours will be expended to find the right compromise. Senate Bill 188 amends the reporting of public budget documents by school districts. The bill mandates under the title 'employee compensation' that the 10 highest school district salaries (just 3 for school districts under 500 students), the lowest, highest and average teacher salary, and dollars per pupil be listed. SB 188 passed the Senate 27 to 13.

Kansas Noxious Weed Act Bill Tabled

After hearings on this bill - Senate Bill 134 -, the Senate Agriculture committee voted to table the bill for this session. This committee also voted to recommend to the Legislative Coordinating Council that this bill be referred to an interim committee for further discussion and debate. This bill is a fundamental change to how weeds are listed, what powers counties have to eradicate these weeds and how to assure residents that eradication by chemical spray is done in the safest manner possible. It will be important for concerned citizens to monitor and testify to draft the most responsible policy to protect specialty crops and other sensitive crops.

Overview of Kansas Water Supply and Sedimentation Problems Presented by KBS

The Kansas Biological Survey (KBS) gave a great presentation to the House Vision 2020 committee on the Kansas water supply threatened by reservoir sedimentation. KBS has been using eco-sounders and sediment coring on a few reservoirs for a decade to document the rate and amount of sedimentation.

Of the 24 federal reservoirs, Tuttle Creek (43%), Toronto (42%), John Redmond (40%), Kanopolis (38%), Fall River (33%) and Elk City (32%) have the most infilling since their construction. 11 Kansas federal reservoirs will be 50% infilled by the end of the century. At \$6 per cubic yard of soil for dredging, it will cost \$13.8 Billion by 2100 to dredge back to original volume.

Kansas has 200,000 impoundments of all sizes with 130,000 larger than ¼ of an acre. The 24 federal reservoirs have three times the water volume of all of our other Kansas impoundments. Given the cost of monitoring and measuring infilling, Kansas now knows the infilling rates of the 24 reservoirs but few infilling rates of the other 200,000 impoundments.

While natural lakes are thousands of years old, Kansas' reservoirs are just decades old and subject to much greater sedimentation and stream bank erosion. This erosion and runoff sets the stage for more algae growth. In 2012, 24 county lakes were put under KDHE advisories/warnings. With very little data on these lakes and even farm ponds, there is growing concern that these smaller impoundments will evolve from catching sediment to begin flushing and become sources of sediment.

As Kansas farms have done a better job with land management, cover crops and buffer strips, there now appears to be more stream channel erosion. According to KBS, reservoir infilling does not appear to be slowing. The \$20 million dredging plan for John Redmond reservoir will not be enough to negate the sedimentation still coming into the reservoir. Much more research must be done to fully understand the causes of the infilling and develop strategies. Impoundments such as farm ponds form networks and all must be considered.

Legislative Calendar- Week of March 4 - 6, 2015

Note: The Kansas Legislature is off Monday March 2 and Tuesday March 3. In the final hours of last Thursday, several committee hearings were announced for March 4 and March 5. One needs to check the updated calendars at <http://www.kslegislature.org/li/>

Senate Natural Resources on Wednesday March 4 at 8:30 am in Rm 159-S: HB 2156 - Public water supply storage; interest rate change.

Senate Ethics and Elections on Wednesday March 4 in Rm 142-S: Discussion and possible action on: SB 42 - Governmental ethics; public funds used for lobbying.

Senate Ways and Means Education Subcommittee on Wednesday March 4 at noon or upon adjournment of the Senate in Rm 548-S: Regents Budget Recommendations

Joint Committee on State Building Construction on Thursday March 5 at noon in Rm 159-S: Presentation on the sale of state buildings by the Kansas Department of Administration.

House Appropriations on Thursday March 5 at 9:00 am in Rm 112-N: Budget committee report on Department of Agriculture, Court of Tax Appeals, Department of Revenue and state correctional facilities.

House Corrections and Juvenile Justice on Wednesday March 4 at 1:30 pm in Rm 152-S: Joint House and Senate Corrections Committees Informational Hearing on: Kansas Juvenile Justice System and Recommended Reforms.

House Agriculture and Natural Resources on Wednesday March 4 at 3:30 pm in Rm 346-S: Use Value Appraisal of Agricultural Land - Roger Hamm and Dave Harper, Division of Property Evaluation, Department of Revenue.

House Taxation on Wednesday March 4 at 3:30 pm in Rm 582-N: Hearing on HB 2307 - State finances; relating to state general fund receipts and expenditures; providing a tax amnesty; creating a budget stabilization fund, tax reduction fund; ending balances; income tax rates; itemized deductions; reports to the legislature. (Note: This is the Governor's tax plan.)

Local Food Infrastructure and Distribution Opportunities and Challenges Covered at Task Force Meeting

The Local Food and Farm Task Force, established last year by SB 286, met Friday, Feb. 20, in Topeka featuring presentations on local food infrastructure and distribution opportunities and challenges, provided by representatives of Good Natured Family Farms of Southeast Kansas, and on farm risk insurance and loan programs available for specialty crop producers through Frontier Farm Credit. Go to <http://www.frontierfarmcredit.com/>.

Diana Endicott, founder and manager of Good Natured Family Farms, provided a history and overview of the business, from its origins in tomato production to supplying products from farmers from three states into urban markets through Ball Food stores and Sysco Inc. in the Kansas City area. She also highlighted the business's focus on "vulnerable communities," those low-income stores and outlets such as churches, through several grant-funded pilot projects.

Good Natured Family Farms markets product from 150 farms in Kansas, Missouri and Nebraska and had \$4.5 million in revenues last year. Endicott emphasized the value to rural communities in providing marketing outlets for food products from small farms. She said obstacles included:

- * a need for supply especially of berries of all types,
- * transportation and hauling challenges,
- * a need for processing equipment such as slicers to help provide user-ready product to institutions,
- * farmer communication,
- * increasing regulations like GAP certification,
- * difficulty in gaining funding through state programs,
- * and competitive legal challenges from larger entities such as the established dairy industry.

Opportunities she listed included knowing the economics of program reimbursements to find the lucrative markets for farm goods into schools and institutions, such as Head Start programs; farms can make money working with these programs. She said farmers coming together to create coops similar to the traditional elevators in small towns, but with food aggregation facilities including processing equipment, loading docks and cold storage, could fill needed gaps. And she predicted that as with tobacco, heavy pressure from insurance companies would further drive increased demand for healthful farm foods, to help bring health costs down.

Endicott's recommendations to the task force included:

- * looking at programs to help beginning farmers, such as programs through community colleges;
- * looking at and encouraging innovations already occurring on farms;
- * establishing and encouraging institutional purchasing contracts that set aside a certain percentage for local farm foods;
- * reducing or eliminating tax on fresh farm foods;
- * supporting rural and indoor farmers markets;
- * supporting development of food chain infrastructure needs;
- * and making legal representation available to small farmers and growers to help them fight challenges.

The task force is meeting monthly and features presentations that can answer questions pertinent to local farming and food systems in Kansas. Previous meetings have featured KRC's Feeding Kansas report (<http://kansasruralcenter.org/feeding-kansas/>) and the recently adopted Kansas Farm Bureau resolution regarding local food systems (<http://www.kfb.org/Assets/uploads/images/capitolgovernment/2015finalstatres.pdf>)

The next Task Force meeting will be Friday, March 13, at 8 a.m. in the Capitol building. Members of the public are invited and encouraged to attend, and information about upcoming meetings can be found at <http://agriculture.ks.gov/>.

Schedule for Regional Water Supply Public Meetings

Kansas Water Regional Goal Leadership Teams to hear water supply priorities

Recently the 14 Regional Goal Leadership Teams met to begin the water supply goal setting process to help develop water supply goals for each region. The role of each team is to participate in a public scoping process in their region, develop and draft water supply goals for their region based on public input and available resource condition information.

Beginning in March, the 14 teams will be holding public meetings in their region to hear input from stakeholders and citizens that will assist each team with drafting the goals for the future water supply needs in each region.

Recommended water supply goals should seek to implement the following Vision statement:

Kansans act on a shared commitment to have the water resources necessary to support the state's social, economic and natural resource needs for current and future generations.

The public will be asked to share their input on specific topics that are water supply issues for their region. Trained facilitators from Kansas State University Research and Extension as well as the Institute for Civic Discourse and Democracy will be helping with the goal development and facilitate the public meetings. Region stakeholders and citizens are encouraged to attend one of the input sessions.

Monday, March 2

- Marais des Cygnes
Fort Scott, KS - 7 p.m., Buck Run Community Center, 735 Scott Avenue

Tuesday, March 3

- Equus-Walnut
Winfield, KS - 7 p.m., Southwestern College Campus, Wroten Hall, 100 College Street
- Marais des Cygnes
Paola, KS - 7 p.m., Paola Fire Department Training Room 200 E. Wea Street
- Smoky Hill-Saline
Wakeeney, KS - 1p.m., Western Electric Building, 635 South 13th Street
Salina, KS - 7 p.m., Salina Public Library, Prescott room, 301 West Elm Street

Wednesday, March 4

- Upper Smoky Hill
Scott City, KS - 1p.m., William Carpenter 4-H Building, 608 Fairground Road, SE Room
Tribune, KS 6 p.m. (MT), Greeley County 4-H Building, 905 Ingalls

Thursday, March 5

- Marais des Cygnes
Ottawa, KS - 7 p.m., Neosho County Community College, Ottawa Campus 900 E. Logan Street
- Kansas
DeSoto, KS - 7 p.m., DeSoto Senior Center, 332905 W. 8th Street
- Neosho
Erie, KS - 7 p.m., Neosho County Courthouse, 100 S. Main Street

Monday, March 9

- Equus-Walnut
Hutchinson, KS - 7 p.m., Justice Theater, Shears Technology Center, Hutchinson Community College, Plum & 14th Street Monday,
- Kansas
DeSoto, KS - 7 p.m., DeSoto Senior Center, 332905 W. 8th Street
- Neosho
Erie, KS - 7 p.m., Neosho County Courthouse, 100 S. Main Street

Tuesday, March 10

- Great Bend Prairie
Larned, KS - 7 p.m., J A Haas Building, 400 E. 18th Street
- Upper Republican
Goodland, KS - 9 a.m., Fire EMS Building, 1004 Center Avenue
Colby, KS - 7 p.m., Community Building, 285 E 5th Street
- Verdigris
Independence, KS - 3 p.m., Memorial Hall, 410 N. Penn Avenue

Wednesday, March 11

- Kansas
Manhattan, KS - 7p.m., Fire Department Headquarters, 2000 Denison Avenue
- Neosho
Emporia, KS - 7 p.m., Flint Hill Technical College, Main Building, Conference Room, 3301 W. 18th Avenue

Thursday, March 12

- Missouri
Leavenworth, KS - 2 p.m., Heritage Center, 109 Delaware
Hiawatha, KS - 7 p.m., Hiawatha Middle School, 307 South Morrill Avenue
- Upper Arkansas
Garden City, KS - 6 p.m., Finney County Fairgrounds, 209 Lake Avenue

Tuesday, March 24

- Equus-Walnut
Wichita, KS - 7 p.m., City Council Chambers, 455 N. Main

Thursday, March 26

- Solomon-Republican
Phillipsburg, KS - 7 p.m., 4-H Building, 1481 Hwy 183

Monday, March 30

- Red Hills
Medicine Lodge -7 p.m., Jr./Sr. High School Gym, 400 W El Dorado Ave

Tuesday, March 31

- Equus-Walnut
El Dorado, KS - 7 p.m., Civic Center, 201 E. Central
- Solomon-Republican
Beloit, KS - 7 p.m., Beloit Technical College, Conference Room, 3033 US Hwy 24

(Dates for the Cimarron Regional public meetings are TBD. Check the Kansas Water Office website for updates) The teams will present the proposed draft regional water supply goals to the Kansas Water Authority in May 2015. The KWA will provide advice towards further development of the regional goals with final goals to be approved by the Authority in August 2015.

For more information on the upcoming public meetings to be held in March, water supply information about each region or read the final version of the Long-Term Vision for the Future of Water Supply in Kansas, visit www.kwo.org

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But we are also sending the first four issues as complimentary copies to KRC's broader audience of non-contributors. To get information on how to continue receiving it, [click HERE](#).

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If you have any questions about Policy Watch, contact Mary Fund, editor at mfund@kansasruralcenter.org, or contact Paul Johnson at pdjohnson@centurylink.net.

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