



## KRC Legislative & Policy Watch E-Updates

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### In This Issue

[Kansas Budget Debate](#)

[Ks. Electric Rate Study](#)

[Rural Opportunity Zones](#)

[Election Law Stall](#)

[Medicaid Expansion Debate](#)

[Ofc. of Rural Prosperity Report Released](#)

[Field Notes: The \\$8 B Climate Roadmap for Farmers](#)

[WEALTH DAY Feb. 10](#)

[LWVK Day of Action Feb. 13](#)

### About Policy Watch E-Updates

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

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### The 2021 KANSAS BUDGET DEBATE

*by Paul Johnson*

The Governor's budget for Fiscal Year (FY) 2021 and adjustments to this year's 2020 budget (that ends June 30, 2020) have now been released. The budget can be viewed on line at <https://budget.kansas.gov/>

The budget comes in two volumes with the proposals in Volume 1 and the complete numbers in Volume 2. Kansas Legislative Research Department staff will now review the budget in detail and present budgetary reports to the Kansas Legislative Committees. This usually takes a couple weeks or so for the budget committees in the House and Senate to receive the reports before hearings begin. Details on key budgets will be covered in Policy Watch over the next few weeks.

The Governor's budget pays down certain debts immediately (with the increased revenue projections), restores ending balances above 8%, further decreases the transfer of highway funds to the State General Fund (SGF), 're-amortizes' the Kansas Public Employees Retirement System (KPERs), and proposes some limited tax cuts on grocery sales taxes and local property taxes.

The key objectives are to continue to fully fund constitutional school finance, expand the Medicaid (KanCare) program, and develop the next 10-year transportation plan in the 2020 session while methodically repairing underfunded social service and public safety budgets. The entire FY 2021 budget is \$19.8 Billion of all funds/fees while the SGF portion is \$7.9 Billion - primarily from income and sales/use taxes. Revenues exceed expenditures by \$19.8 million in 2020 (which includes early debt payments of \$602.5 million) and by \$94.5 million in FY 2021.

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### **The Kansas Rural Center**

promotes the health of the land and its people through research, education and advocacy that advance an ecologically sound, economically viable, and socially just agriculture. For more information about KRC go to [www.kansasruralcenter.org](http://www.kansasruralcenter.org).

### **The Kansas Natural Resource Council (KNRC)**

promotes environmentally responsible practices and sustainable natural resource policies to ensure the quality and abundance of these resources for future generations. For more information about our organization and programs, or how to become a member, please visit [knrc.weebly.com](http://knrc.weebly.com).

**Kansas Farmers Union** is the state's oldest active farm organization working to protect and enhance the economic interests & quality of life for family farmers, ranchers & rural communities. For more information go to: [www.kansasfarmersunion.com](http://www.kansasfarmersunion.com).

**League of Women Voters of Kansas** is a grassroots, volunteer, non-partisan political organization with nine local Leagues across the state. For nearly 100 years, LWVK has encouraged the informed and active participation of citizens in government and has influenced public policy through education and advocacy. The League never endorses candidates or political parties. For more information, contact [lwvk.org](http://lwvk.org).

The key fiscal battles will be over restructuring payments to KPERS and the magnitude of new tax cuts. The KPERS proposal extends payments 10 more years from 2033 to 2043 at a cost of \$4.4 Billion in additional interest payments. The Governor's rationale is that these lowered future payments would be more plausible given future economic recession forecasts. Kansas has had a miserable record in maintaining required KPERS payments. Given past recessions and unaffordable income tax reductions, KPERS payments have been reduced repeatedly or just ignored.

It is amazing how long-time lawmakers can easily forget this history and force this Governor to immediately rectify the underfunding of KPERS that built up over decades. The proverbial political saying is that governmental budgets should be treated like a family budget at the kitchen table.

How many families have refinanced mortgages to keep home payments at reasonable/payable levels even though the interest cost is greater over time? The immediate savings in KPERS payments to the SGF ranges from \$130.9 million in 2021 to \$162.9 million in 2024. This will give Kansas some breathing room when economic forces trend downward.

The other primary fiscal battle will be over income tax policy. The Governor's budget proposes new food sales tax rebate that would be refundable. The existing food sales tax rebate is non-refundable and saw 69,000 recipients in 2018. The projection for the new rebate is that 540,000 households would participate. Income limits range from \$30,000 for a single to \$40,000 for married couples or the head of household. The credit amount ranges from \$60 for a single to \$240 for a married couple.

The Governor proposes sales taxes for digital property and sales tax for a broader range of internet sales totaling \$47.4 million. The Governor restarts the LAVTRF (local property tax relief fund) that ended in 2003. Computer modeling shows that on 'average' a \$150,000 home would see a \$12.50 reduction in property taxes. Republicans have stated they want individual filers to be able to itemize on state taxes even though they do not itemize on federal taxes. The

**Climate and Energy Project (CEP)** is a Kansas-based non-partisan non-profit working to find practical solutions for a clean energy future. For More information go to: [www.climateandenergy.org](http://www.climateandenergy.org).

**Friends of the Kaw (FOK)** works to protect and preserve the Kansas River for present and future generations. For more information go to: [www.kansasriverkeeper.org](http://www.kansasriverkeeper.org)

## Stay Up-to-Date

For live audio streaming, information, calendars, schedules and Bills, go to: <http://kslegislature.org/li/>

## Find Your Legislator

*Don't know your legislative district number?*

Click [Here](#) to find your district and identify your legislator.

## Contact Your Legislator

For Kansas House 2020 members click [HERE](#)

For Kansas Senate 2020 members click [HERE](#)

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## Kansas Congressional

cost is \$60 million and impacts about 10% of filers. There is also a call for more corporate income tax cuts in relation to the federal tax cuts.

The Governor was very clear that she will veto any tax bill that throws Kansas back into fiscal crisis or debt or underfunds schools.

Contact Paul Johnson at [pdjohnson@centurylink.net](mailto:pdjohnson@centurylink.net)

## KANSAS ELECTRIC RATE STUDY

Finally, Kansas lawmakers may have an in-depth dialogue on future energy policy and electric rate regulation. The study of Retail Rates of Kansas Electric Public Utilities by London Economics International was placed on the Kansas Corporation Commission's website on January 8. This 324-page report was commissioned by the Kansas Legislature to investigate the higher electric rates in Kansas by cooperatives, municipals and the largest investor-owned utilities such as EVERGY.

The first conclusion of the report was basic and long overdue - establish a State Energy Plan (as almost every other state has). The second conclusion was to mandate

'integrated resource plans' from utilities that truly assess

power production costs in comparison with a demand side management plan that entails expanded energy conservation/efficiency options. The KCC must explore the best 'performance-based' regulation of electric rates.

Finally - establish a framework for the 'securitization' of uneconomic assets (old coal plants) to take them out of

the rate base and prioritize the less expensive options of conservation and renewable sources of power such as wind and solar.

This debate will start before key House and Senate committees in the next two weeks. Policy Watch will report on the progress of that debate. A State Energy Plan

must be a comprehensive survey of natural gas and

## **Representatives Contact Information**

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**Sen. Pat Roberts**  
DC Ofc 202-224-4774

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**Rep. Steve Watkins**  
2nd Dist.  
DC Ofc: 202-225-6601

**Rep. Sharice Davids**  
3rd Dist.  
DC Ofc: 202-225-2865

**Rep. Ron Estes**  
4th Dist.  
DC Ofc.: 202-225-6216

electric service. 70% of Kansas homes are heated with natural gas so energy conservation improvements net natural gas and electric savings. This report just focused on electric rates.

In terms of 'securitization' of uneconomic assets such as old/underused coal plants, ratepayer-backed bonds may be sold to buy off these declining assets. How will this cost be shared between 'captive ratepayers' served by public utility monopolies (that are privately owned) and the investors in electric utilities? The public needs to voice these concerns and hold the KCC responsible to find that proper balance between ratepayers and investors.

For the report go to:  
<http://estar.kcc.ks.gov/estar/ViewFile.aspx/S20200108144309.pdf?Id=1a3a31e5-e38d-4445-aada-1cd0170a7b85>

### **RURAL OPPORTUNITY ZONES**

Rural Opportunity Zones (ROZ) were established in 2012 with the primary goal of reducing out-migration in rural Kansas counties through state income tax waivers and student loan repayment assistance. Originally ROZ involved 50 counties that had a population decline over 10% in the previous decade. Now ROZ includes 77 of the 105 Kansas counties.

The State Income Tax Waiver was administered by the Department of Revenue. A recipient had to have lived outside of Kansas for at least five years and earned less than \$10,000 in Kansas-source income in each of the five prior years. The Student Loan Repayment Assistance portion was administered by the Department of Commerce. The maximum assistance per year was \$3000 with the State funding half and the county or an employer matching the other half.

For student loan assistance, there were 3,854 applicants since 2012 with 1,724 participating. There are 161 applicants waiting for a county or employer to sponsor. The tax credits have grown from 98 in 2012 to

500 in 2018 with the credit allowed growing from \$236,660 in 2012 to \$1,924,660 in 2018. Over the seven the years, the total was just over \$8 million.

In terms of the stated goal of stemming out-migration, 91% of ROZ counties still sustained out-migration. The majority of ROZ participants (83%) would have moved to a ROZ county without the financial incentives. Only 7 of the 77 counties had some population growth with just Linn and Logan counties around 2% while the other five under 1%. In terms of student loan assistance, the counties with greatest success were Phillips (52), Nemaha (33), Greeley (22), Scott (20), Kingman (16), Mitchell (17), Kearny (27), Grant (12) and Barber (11). 13 of the 77 counties had zero. Today only 40 of the 77 counties fund the student assistance program.

So the debate will be how to refocus and restructure this assistance to give counties more flexibility with incentive programs. Stay tuned for an evolving debate. Rural legislators want to maintain this funding.

## **ELECTION LAW STALL**

In the 2019 session, the newly elected Secretary of State requested a year to research election law challenges and confer with County Clerks plus election commissioners before making any recommendations. Last week before the Senate Ethic, Elections and Local Government committee, the Secretary of State pleaded for more time and no fundamental changes in this election year of 2020.

Changes to election policy can be difficult to implement - although well intended. While several states have election-day registration, the Secretary of State is worried that in today's uncontrollable social media world 'emotional' voters would be too easily coopted to vote. There are still problems with the connection between the Division of Motor Vehicles (DMV) and the Secretary of State's office in coordinating voter registration at the time of driver license applications. Several states have an automatic voter registration at their DVM (so a driver has to opt out) but that seems too complicated for Kansas. The Secretary of State - as the top election official in Kansas - does not appear to see his role to increase voter registration or actual voting in Kansas.

## **MEDICAID (KANCARE) EXPANSION DEBATE**

The bill number is **Senate Bill 252**. This compromise bill between the Governor and the Senate Majority leader begins debate on Thursday - January 23 - before the Senate Public Health and Welfare committee in Room 118-N. The title is 'Expanding medical assistance eligibility and implementing a

health reinsurance program'. Proponents will be heard January 23 and 24 while opponents will be heard on January 27 and 28.

Note: every committee room is now wired for internet connections. By going to the Kansas Legislature's website <http://www.kslegislature.org/li/> . Go to Committees, and click on the appropriate committee at the proper time to listen over the internet.

On Thursdays, the House and Senate Calendars have committee meeting schedules/calendars for the next week at [http://www.kslegislature.org/li/b2019\\_20/chamber/calendars/](http://www.kslegislature.org/li/b2019_20/chamber/calendars/)

### **OFFICE OF RURAL PROSPERITY SUMMER LISTENING TOUR REPORT RELEASED**

On Monday, January 13, Governor Kelly and Lieutenant Governor Rogers announced the release of the Office of Rural Prosperity (ORP) Listening Tour report. The ORP, which is housed within the Kansas Department of Commerce, was created last session by Governor Kelly as a way to help revitalize and highlight rural Kansas communities.

The 60-page report is a summary of conversations and public listening sessions held during a tour around the state last summer to gather input on what the challenges are. High on the list are housing; physical and digital infrastructure; economic and workforce development; high property taxes; and access to quality, affordable health care and child care.

To begin addressing these challenges and needs, the ORP's recommendations and policy priorities include:

- 1) Creation of three interagency work groups on housing, childcare, and work force recruitment, retention, and education;
- 2) Establishment of the Community Development Division within the Department of Commerce to align existing resources, enhance technical assistance to communities and expand programs to focus better on rural community needs;
- 3) Policy priorities include
  - sharing successes and supporting local leaders: launching a series of tools to share resources and highlight successful program across the state;
  - Expand Medicaid
  - Create a broadband plan
  - Address property and sales tax issues that are hurting rural communities.

To access to full report, click -

<https://governor.kansas.gov/governor-lt-governor-announce-release-office-of-rural-prosperity-listening-tour-report/>

## **FIELD NOTES: THE \$8B CLIMATE ROADMAP FOR FARMERS:**

The Center for American Progress outlined policies in a new report that could generate additional revenue for farmers who adopt climate-friendly practices, like storing more carbon in soils, installing energy-efficient technology and protecting land from development. The report estimated the proposals could eventually help farmers and other landowners earn an additional \$8 billion a year through federal investments and their own cost savings.

The largest investment involves doubling funding for the Agriculture Department's conservation programs for working lands to nearly \$3.5 billion each year, in order to enroll an extra 100 million acres by 2030. The focus should be on paying farmers to plant cover crops, CAP said, which are only used on about 4 percent of farmland, but according to the report could boost net returns by increasing yields and cutting costs .

The group also called for doubling funding for a USDA rural energy program to \$800 million to offer more loans and grants to farmers who install solar, wind and other efficiency equipment on their operations. The program also could help thousands of dairy and swine operations install methane digesters, which the EPA estimates could save \$1.7 billion a year in electricity costs

For the report click [HERE](#)

## **Mark Your Calendar-- WEALTH Day, February 10**

### **WEALTH DAY**

**(Water, Energy, Air, Land, Transportation and Health)**

**February 10, 2020**

**STATE CAPITOL**

WEALTH Day is a collaborative effort to highlight environmental, resource, agricultural, transportation and health issues at the Statehouse. Host include: Climate + Energy Project, Kansas Rural Center, Kansas Interfaith Action, Kansas Natural Resources Council, Kansas City Chapter NAACP, Grassland Heritage Foundation, Metropolitan Energy Center, and Friends of the Kaw.

Join Kansans to learn about and advocate for critical environmental, resource, and social issues at the Kansas State Capitol Building on Monday February 10. Held at the Visitor Center Classroom and Auditorium and on the 1st and 2nd Floor rotundas of the Capitol.

- Get up-to-date on current environmental issues
- Visit the Solutions Showcase featuring leading environmental organizations
- Enjoy the local foods luncheon (\$10 donation suggested)
- Join the Interfaith Climate Prayer Vigil

- Meet with your legislators!

For more information and to register go to CEP's webpage at:

<http://www.climateandenergy.org/page.59.wealth-day>

## **Mark Your Calendar-- League of Women Voters of Kansas Day of Action**

**February 13 at the State Capitol 8 a.m. to 5 p.m. (time tentative)**

LWVK will have a couple of hours of presentations and time to meet with state legislators about critical issues. Members are encouraged to wear white.

"Women have played a fundamental role in shaping an inclusive and active electorate. Women have powered -- and continue to power -- the vote. On the 100th birthday of the League of Women Voters, we are keeping in line with the fact that we were born from the suffrage movement and are centering our 2020 Day of Action around the theme: Women Power the Vote. "

Stay tuned for further details.

[www.lwvk.org](http://www.lwvk.org)

### **About Policy Watch and Sponsors**

Contributors to KRC are automatically on the Policy Watch list, if they provide an e-mail address; or you can subscribe just for the Updates for \$25. KRC will send complimentary copies to non-contributors for several issues upon request. To get information on how to support Policy Watch, click [HERE!](#)

In 2020, KRC is partnering with the Kansas Natural Resource Council (KNRC), Kansas Farmers Union (KFU), League of Women Voters of Kansas (LWVK), Climate and Energy Policy (CEP), and Friends of the KAW to send Policy Watch to their members. We thank them for their support.

To opt out of receiving Policy Watch as a member of one of these organizations, see the following:

If a member of KNRC, contact Joanna Will at [jvoigt@kansasruralcenter.org](mailto:jvoigt@kansasruralcenter.org).

If a member of KFU, contact Mercedes Taylor-Puckett at [kfu.mercedes@gmail.com](mailto:kfu.mercedes@gmail.com).

If a member LWVK, contact [lwv.kansas@gmail.com](mailto:lwv.kansas@gmail.com).

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