



**Legislative Committee
Meeting Agenda
12:00 NOON, April 30, 2010**
Workforce Alliance Administrative Offices
Council Member Jeff Longwell, Chairman

1. Welcome and Introductions: Council Member Jeff Longwell

2. Review of Minutes from the March 26, 2010 REAP Legislative Committee Meeting: Council Member Jeff Longwell
Recommended Action: Approve or modify minutes as needed.

3. Consensus Revenue Estimating Group Update: Dr. John Wong
An update will be provided on the latest Consumer Revenue Estimates released on April 16.

4. Update of REAP Legislative Committee 2010 Work Plan: Mr. Tom Bruno
An update will be provided on the progress of the REAP 2010 legislative priorities.

5. Transportation Update: Mr. Joe Yager
An update will be provided on recent efforts by KDOT and Economic Lifelines in the pursuit of a new Comprehensive Transportation plan.

6. Water Issues Update: Ms. Angela Buzard
An update on legislative issues relating to water will be provided.

7. South Central Kansas Legislative Delegation Meeting Recap: Mr. Joe Yager
The South Central Kansas Legislative Delegation held a public forum in Wichita on Saturday, April 24. A report will be provided.

8. 2010 Legislative Committee Meeting Schedule: Council Member Jeff Longwell
The next meeting is scheduled for May 28, 2010.

9. Other Business: Members of the Committee

10. Adjourn

**Legislative Committee
Meeting Minutes – March 26, 2010**
Workforce Alliance Administrative Offices
Mayor Kristey Williams, REAP Chair

II. Welcome and Introductions.

Mayor Kristey Williams, City of Augusta, opened the meeting; members, staff, and guests introduced themselves.

II. Review of Minutes from the February 26, 2010 REAP Legislative Committee Meeting

Mayor Dion Avello, City of Derby, moved (Mayor Williams) to approve the minutes as presented. The motion passed unanimously.

III. REAP Legislative Committee Business

1. Update of REAP Legislative Committee Workplan

Mr. Tom Bruno, Bruno & Associates, gave the Legislative Committee an update on the 2010 LC Workplan priorities via conference call. A copy of the REAP priorities was provided on page four of the agenda packet. Mr. Bruno noted that it was anticipated the legislature would adjourn early on Tuesday, March 30 and come back at the end of April. He also noted that no budget would be passed before the adjournment. In addition, he noted that there was little discussion on the priorities due to the lack of an official budget, noting that all the priorities were currently funded but not secure.

2. Kansas Affordable Airfares Update

Mr. Joe Yager, REAP Chief Executive Officer noted that the KAAP would be undergoing an audit by the Legislative Division of Post Audit. He noted that this audit was scheduled for approximately 200 hours. He stated that all interested parties had been notified and that he was awaiting an official letter from the Division. It was also noted that more information, including the scope of services could be found on pages 5 and 6 of the agenda packet.

3. Water Issues Update

Ms. Angela Buzard, Executive Officer of the REAP Water Resource Committee provided LC members with an update on water issues. She noted that HB 2283 had been passed and was up to be signed by the Governor. She noted that the bill included mediation requirements and the bare ground amendment, which values undeveloped land with no legitimate cost to design the infrastructure of the area at zero. It was noted that the bill, along with the guidelines drawn up by the WRC were a great framework and a positive step in the right direction. She also noted that HB 2428 was moving forward as well as SB 510. Ms. Buzard also stated that some municipalities were opting out of One Call. Mr. Dale Goter provided some information on the ASR funding, noting that the water authority would be meeting in May to discuss the project's fit into the state's plan.

4. Technical Education Day

It was noted that the lay-out of the Workforce Alliance Technical Education Day had been changed due to the early adjournment of the legislature. Mr. Yager noted that the Post-Secondary Technical Education Board would still be meeting and local business leaders and interested parties would still be traveling to Topeka to participate in some of the day's events.

Meeting Minutes – March 26, 2010

5. Important Dates and Upcoming Events

LC members were provided with some important dates on page one of the agenda packet. Members were also notified that staff was working to create a list of area Chamber of Commerce Breakfast events, similar to the City of Augusta's, which could be found on page 7 of the agenda packet.

6. 2010 Legislative Committee Meeting Schedule

It was noted that the next LC meeting would be held on April 30, from 12-2 PM, at the Workforce Alliance.

7. Other Business

Mr. Dale Goter provided an update on Historic Tax Credits, noting that a grassroots campaign was being planned if it is forwarded to the Governor's office to be signed. He noted that it would be a great asset to economic development in the area.

Mr. Yager also noted that REAP would be working to have some legislators present at the full board meeting on April 12.

IV. Adjourn

Having no other business the meeting was adjourned.

REAP Legislative Committee	
<i>Attendance</i>	
2/26/2010	
<i>Name</i>	<i>Jurisdiction</i>
Mayor Kristey Williams	City of Augusta
Mayor Dion Avello	City of Derby
Ms. Stephanie Knebel	City of Derby
Mr. Dale Goter	City of Wichita
<i>Guests and Staff</i>	
Mr. Tom Bruno	REAP Legislative Liaison
Dr. John Wong	WSU
Mr. Joe Yager	WSU
Ms. Angela Buzard	WSU
Ms. Becky Eby	WSU

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April 16, 2010

To: Governor Mark Parkinson and Legislative Budget Committee
From: Kansas Legislative Research Department
Kansas Division of the Budget
Re: Initial SGF Memo for Revised FY 2010 and FY 2011 Estimates

The Consensus Estimating Group met today to revise the November 5 estimates for FY 2010 and FY 2011. The revised estimates incorporate the fiscal impact of all 2010 legislation signed into law thus far. The impact of all other Kansas legislation becoming law after April 16 will be quantified in a separate legislative adjustments report prepared at the conclusion of the *sine die* adjournment.

A far more detailed memo will be available soon which contains the economic forecast for Kansas upon which the forecasts are based, as well as a discussion of other factors influencing the individual source estimates.

The overall estimate for both fiscal years was decreased by a combined \$130.2 million.

For FY 2010, the estimate was decreased by \$46.4 million, or 0.9 percent, below the November estimate. The estimate for total taxes was decreased by \$104.6 million, while the estimate for other revenues was increased by \$58.2 million (and includes various FY 2010 transfer adjustments enacted earlier in the session). The overall revised SGF estimate of \$5.254 billion represents a 6.0 percent reduction below final FY 2009 receipts.

The revised estimate for FY 2011 of \$5.095 billion was decreased by \$83.8 million, or 1.6 percent below the November estimate. The new forecast represents 3.0 percent reduction below the newly revised FY 2010 figure. The primary reason for the reduction of revenues is a net change in \$320.0 million for transfers. Excluding these transfers, FY 2011 receipts would have been increased 3.1 percent.

Table 1 compares the new FY 2010 and FY 2011 estimates with actual receipts from FY 2009. Tables 2 and 3 show the revisions in the estimates for each fiscal year.

Table 1
Consensus Revenue Estimate for Fiscal Years 2010 and 2011
and FY 2009 Actual Receipts
(Dollars in Thousands)

	FY 2009 (Actual)		FY 2010 (Revised)		FY 2011 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$ 29,257	0.8 %	\$ 24,000	(18.0) %	\$ 24,000	-- %
Income Taxes:						
Individual	\$2,682,000	(7.4) %	\$2,510,000	(6.4) %	\$2,585,000	3.0 %
Corporation	240,258	(44.4)	250,000	4.1	255,000	2.0
Financial Inst.	26,192	(21.0)	20,000	(23.6)	23,000	15.0
Total	\$2,948,450	(12.3) %	\$2,780,000	(5.7) %	\$2,863,000	3.0 %
Estate Tax	\$ 22,530	(49.1) %	\$ 9,000	(60.1) %	\$ 5,000	(44.4) %
Excise Taxes:						
Retail Sales	\$1,689,516	(1.3) %	\$1,640,000	(2.9) %	\$1,690,000	3.0 %
Compensating Use	235,026	(4.6)	205,000	(12.8)	230,000	12.2
Cigarette	107,216	(4.9)	99,000	(7.7)	95,000	(4.0)
Tobacco Products	5,728	3.2	6,300	10.0	6,600	4.8
Cereal Malt Bev.	2,089	(6.2)	2,100	0.5	2,100	--
Liquor Gallonage	18,215	3.6	18,200	(0.1)	18,800	3.3
Liquor Enforcement	53,794	7.6	56,500	5.0	58,000	2.7
Liquor Drink	9,141	2.7	9,100	(0.4)	9,300	2.2
Corp. Franchise	41,720	(10.6)	34,000	(18.5)	17,000	(50.0)
Severance	124,249	(16.1)	84,000	(32.4)	98,400	17.1
Gas	73,814	(19.3)	41,400	(43.9)	50,900	22.9
Oil	50,436	(11.0)	42,600	(15.5)	47,500	11.5
Total	\$2,286,693	(2.7) %	\$2,154,200	(5.8) %	\$2,225,200	3.3 %
Other Taxes:						
Insurance Prem.	\$ 119,590	1.7 %	\$ 118,800	(0.7) %	\$ 123,000	3.5 %
Miscellaneous	1,794	(65.7)	1,800	0.3	1,800	--
Total	\$ 121,384	(1.2) %	\$ 120,600	(0.6) %	\$ 124,800	3.5 %
Total Taxes	\$5,408,314	(8.4) %	\$5,087,800	(5.9) %	\$5,242,000	3.0 %
Other Revenues:						
Interest	\$ 64,199	(42.3) %	\$ 23,000	(64.2) %	\$ 25,000	8.7 %
Net Transfers	35,582	109.4	91,000	155.7	(228,491)	(351.1)
Agency Earnings	80,879	50.1	52,500	(35.1)	56,200	7.0
Total	\$ 180,660	185.0 %	\$ 166,500	(7.8) %	\$ (147,291)	(188.5) %
Total Receipts	\$5,588,974	(1.9) %	\$5,254,300	(6.0) %	\$5,094,709	(3.0) %

Table 2
State General Fund Receipts
FY 2010 Revised
Comparison of November 2009 Estimate to April 2010 Estimate
(Dollars in Thousands)

	FY 2010 CRE Est.	FY 2010 CRE Est.	Difference	
	Revised 11/05/09	Revised 04/16/10	Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 24,000	\$ 24,000	\$ --	-- %
Income Taxes:				
Individual	\$ 2,560,000	\$ 2,510,000	\$ (50,000)	(2.0) %
Corporation	245,000	250,000	5,000	2.0
Financial Inst.	24,000	20,000	(4,000)	(16.7)
Total	\$ 2,829,000	\$ 2,780,000	\$ (49,000)	(1.7) %
Estate Tax	\$ 14,500	\$ 9,000	\$ (5,500)	(37.9) %
Excise Taxes:				
Retail Sales	\$ 1,660,500	\$ 1,640,000	\$ (20,500)	(1.2) %
Compensating Use	222,000	205,000	(17,000)	(7.7)
Cigarette	102,000	99,000	(3,000)	(2.9)
Tobacco Product	6,000	6,300	300	5.0
Cereal Malt Beverage	2,200	2,100	(100)	(4.5)
Liquor Gallonage	18,500	18,200	(300)	(1.6)
Liquor Enforcement	57,000	56,500	(500)	(0.9)
Liquor Drink	9,500	9,100	(400)	(4.2)
Corporate Franchise	26,000	34,000	8,000	30.8
Severance	101,700	84,000	(17,700)	(17.4)
Gas	47,700	41,400	(6,300)	(13.2)
Oil	54,000	42,600	(11,400)	(21.1)
Total	\$ 2,205,400	\$ 2,154,200	\$ (51,200)	(2.3) %
Other Taxes:				
Insurance Premiums	\$ 117,500	\$ 118,800	\$ 1,300	1.1 %
Miscellaneous	2,000	1,800	(200)	(10.0)
Total	\$ 119,500	\$ 120,600	\$ 1,100	0.9 %
Total Taxes	\$ 5,192,400	\$ 5,087,800	\$ (104,600)	(2.0) %
Other Revenues:				
Interest	\$ 20,000	\$ 23,000	\$ 3,000	15.0 %
Net Transfers	33,700	91,000	57,300	170.0
Agency Earnings	54,600	52,500	(2,100)	(3.8)
Total Other Revenue	\$ 108,300	\$ 166,500	\$ 58,200	53.7 %
Total Receipts	\$ 5,300,700	\$ 5,254,300	\$ (46,400)	(0.9) %

Table 3
State General Fund Receipts
FY 2011 Revised
Comparison of November 2009 Estimate to April 2010 Estimate
(Dollars in Thousands)

	FY 2011 CRE Est. Revised 11/05/09	FY 2011 CRE Est. Revised 04/16/10	Difference	
			Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 24,000	\$ 24,000	\$ --	-- %
Income Taxes:				
Individual	\$ 2,610,000	\$ 2,585,000	\$ (25,000)	(1.0) %
Corporation	245,000	255,000	10,000	4.1
Financial Inst.	25,000	23,000	(2,000)	(8.0)
Total	\$ 2,880,000	\$ 2,863,000	\$ (17,000)	(0.6) %
Estate Tax	\$ 5,000	\$ 5,000	\$ --	-- %
Excise Taxes:				
Retail Sales	\$ 1,710,000	\$ 1,690,000	\$ (20,000)	(1.2) %
Compensating Use	250,000	230,000	(20,000)	(8.0)
Cigarette	100,000	95,000	(5,000)	(5.0)
Tobacco Product	6,200	6,600	400	6.5
Cereal Malt Beverage	2,200	2,100	(100)	(4.5)
Liquor Gallonage	19,100	18,800	(300)	(1.6)
Liquor Enforcement	59,000	58,000	(1,000)	(1.7)
Liquor Drink	9,700	9,300	(400)	(4.1)
Corporate Franchise	15,000	17,000	2,000	13.3
Severance	118,800	98,400	(20,400)	(17.2)
Gas	62,800	50,900	(11,900)	(18.9)
Oil	56,000	47,500	(8,500)	(15.2)
Total	\$ 2,290,000	\$ 2,225,200	\$ (64,800)	(2.8) %
Other Taxes:				
Insurance Premiums	\$ 123,000	\$ 123,000	\$ --	-- %
Miscellaneous	2,000	1,800	(200)	(10.0)
Total	\$ 125,000	\$ 124,800	\$ (200)	(0.2) %
Total Taxes	\$ 5,324,000	\$ 5,242,000	\$ (82,000)	(1.5) %
Other Revenues:				
Interest	\$ 22,000	\$ 25,000	\$ 3,000	13.6 %
Net Transfers	(223,700)	(228,491)	(4,791)	(2.1)
Agency Earnings	56,200	56,200	--	--
Total Other Revenue	\$ (145,500)	\$ (147,291)	\$ (1,791)	(1.2) %
Total Receipts	\$ 5,178,500	\$ 5,094,709	\$ (83,791)	(1.6) %



Posted on Wed, Apr. 28, 2010

Session tackles budget shortfall

BY JEANNINE KORANDA
Eagle Topeka bureau

TOPEKA — To tax or not to tax? Lawmakers return to the capital today to wrestle with how to close an expected shortfall of almost half a billion dollars for the 2011 budget, which starts July 1. If committee meetings last week are any indication, it's going to be contentious.

The Senate Ways and Means Committee crafted a budget that restored about \$40 million in spending. But discussion fell apart when lawmakers turned their attention to ways to close an expected \$412 million gap with a combination of sales taxes and levies on cigarettes, alcohol and sugary drinks. Democrats also tossed out a proposal to modify the state's income tax structure.

The committee adjourned until today without voting on, or really debating, a tax package.

The House Appropriations Committee, in the meantime, passed a 2011 budget proposal that would leave \$11 million in state coffers. The plan would not require lawmakers to vote to raise taxes. It would cut money from public schools, and Gov. Mark Parkinson said in a TV interview earlier this week that he would veto a budget package that relies on further cuts.

Parkinson, a Democrat, and the Republican Legislature, have cut about \$1 billion from state spending since the 2009 budget.

The House proposal would replace half of the \$172 million in one-time federal stimulus dollars used to prop up state aid to public schools this year. That means school districts would need to offset an \$86 million loss, possibly by seeking to raise local property taxes.

The Senate proposal attempts to hold schools harmless by replacing the federal stimulus dollars with state dollars.

Even if Wichita schools receive the same amount of money as they did in 2010, the district will fall \$5 million behind in its budget, said Diane Gjerstad, lobbyist for the Wichita school district.

"The reality is that flat isn't flat," she said. "It isn't flat at home, it isn't flat in your business and it isn't flat in the school district. Just as with any budget, our budget has expenses that will go up next year."

School spending is the largest difference between the two budget proposals and their reliance on new tax dollars.

Tax dollars — or what could be taxed — have become a rallying point.

Groups such as the Kansas Chamber of Commerce have taken strong stances against any tax increase.

Cathy Nugent, spokeswoman with Kansans Against Food and Beverage Taxes, said she also is concerned about levies that target specific industries — such as the proposed tax on sugary drinks.

"Targeted taxes are bad period. When you pull out one industry over another and decide to target and tax them, where does it stop?" she said.

Instead of turning to taxpayers for more money, Nugent said she would rather see the state cut spending further or look at more creative ways to raise revenue, such as selling off unused state assets.

On Tuesday, groups supporting Kansans for Quality Communities held a news conference pushing for tax increases to help stave off further cuts to state programs.

People in Kansas are willing to pay a few more pennies on a loaf of bread to provide services to the disabled, schools and the elderly, said Mark Desetti, lobbyist for the Kansas National Education Association, which is part of the group.

"When we talk to people and people realize the impact of these cuts on their families and their neighbors, they understand it and they are willing to pay," he said.

The group does not advocate for tax increases in specific areas, but if the way to maintain quality of life in Kansas is a sales tax increase, the group would support it, Desetti said.

"The money needs to be there, and it is up to the Legislature to determine how to get there," he said.

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ANDOVER, ARKANSAS CITY, AUGUSTA, BEL AIRE, BENTLEY, BENTON, BUTLER COUNTY, CHENEY, CLEARWATER, COLWICH, CONWAY SPRINGS, DERBY, EL DORADO, GARDEN PLAIN, GODDARD, HALSTEAD, HARVEY COUNTY, HAYSVILLE, HESSTON, HUTCHINSON, KECHI, KINGMAN COUNTY, MAIZE, MCPHERSON COUNTY, MOUNT HOPE, MULVANE, NEWTON, PARK CITY, RENO COUNTY, ROSE HILL, SEDGWICK, SEDGWICK COUNTY, SUMNER COUNTY, VALLEY CENTER, WELLINGTON, WICHITA, WINFIELD

REAP Legislative Committee 2010 Work Plan

Adopted December 14, 2009

Legislative Priorities

- Maintain Kansas Affordable Airfares Program to assure more flight options, more competition for air travel, and affordable airfares for Kansas.
- Advance legislative action to establish the next phase of a comprehensive transportation plan for Kansas.
- Advance legislative and administrative action to secure state financial participation in:
 - Business-driven technical education and training that supports the regional economy.
 - The Equus Beds Aquifer Storage and Recovery (ASR) Project to preserve the aquifer for agricultural, industrial, and municipal use that is essential to the regional economy.
 - Aviation research at the National Institute for Aviation Research at Wichita State University.
 - Orthopedic research at a Center of Excellence on Composites Research and Development at Wichita State University.
 - Graduate medical education program at the Wichita Center for Graduate Medical Education.
- Support amicable resolution to the territorial disputes between rural water districts and municipalities.
- Support federal reauthorization of the Workforce Investment Act of 1998 to include maintaining local control through private sector and employer driven Local Workforce Investment Boards.

Legislative Committee Work

- Monitor progress on legislative priorities for 2010 and give guidance to legislative liaison as issues arise.
- Monitor legislative action related to annexation for any threats to economic development in the region.
- Monitor legislative action that may limit the use of eminent domain for local economic development.
- Develop and sponsor regional legislative policy summit.
- Develop and implement ongoing communication procedures between REAP and area legislators.
- Identify and make REAP members aware of legislative issues of significance to South Central Kansas and promote engagement.
- Recommend legislative priorities to REAP for the 2011 legislative session.

REAP has taken the following stance on Historical Tax Credits: Adopted February 8, 2010

REAP supports incentives for economic development and believes that the Historic Tax Credits are essential to leverage financing, draw developers and investors to Kansas, create jobs, and to improve the Kansas economy.

Agenda Item 5 **Transportation Update**

KDOT Updates

HB260

The *T-WORKS bill*, now [HB 2650](#), a 10-year, \$8.2 billion bill includes the original T-WORKS program language which is largely based on T-LINK recommendations. The bill goes to the full Senate for consideration after the spring recess.

Click here <http://bit.ly/bhIht3> to read about the T-WORKS bill. This document is also on the next page.

KDOT believes this bill provides a responsible funding approach that will preserve the state's transportation system and address emerging infrastructure needs over the next 10 years. While it takes into account the difficult economic climate, it also recognizes the importance of protecting Kansans' investment in the system. The bill will provide much-needed jobs in today's sluggish economy enhance safety and sustain economic growth in the long term.

Budget and Maintenance Effects

With the \$257 million hit to the KDOT budget this year, KDOT has noted that they will not be able to maintain the current level for the Kansas highway system. In order to further explain this impact, KDOT created the video "***Preservation: Rough Road Ahead***" (<http://www.youtube.com/watch?v=cJV09-Pbba0>). This video underscores KDOT's inability to continue important preservation work and shows pictures of highways all across the state that were scheduled for rehab or reconstruction until the budget cuts.

Economic Lifelines Presentation

Economic Lifelines is the statewide coalition of organizations and community groups which provide the grassroots support for Comprehensive Transportation Programs in Kansas. Its members believe that the economic development and jobs that are generated by such programs are vital to the stability and growth of the Kansas economy and that of individual communities. Over the past few weeks, Economic Lifelines has been on a tour of the State promoting HB2650 along with KDOT. On Monday, April 26, 2010 Economic Lifelines hosted a presentation in Wichita.

HB 2650

0.3% Sales Tax Deposit and Registration Fees beginning in 2013

4/5/2010

How much revenue would be available over the next 10 years?

Revenue from Existing Sources	\$5,486	(in millions)
<i>Available for Construction, SCCHF, & Modes</i>		
New Revenues from HB 2650		
\$20 increase in Car Registration	\$394	
\$100 increase in Truck Registration	131	
0.3% increase in State Sales Tax Deposit	1,147	
\$1.7 billion in Bonds Issued	1,060	
Total New Revenue	\$2,732	
Total Revenue Available	\$8,218	
<i>Available for Construction, SCCHF, & Modes</i>		

What the program would look like over the next 10 years?

Category	No new revenue	HB 2650	% of T-LINK Recommended Program
Highway Preservation	\$3,768	\$4,626	100%
Transit - Increase from \$6M/year to \$11M/year beginning in 2013	60	100	56%
Aviation - Increase from \$3M/year to \$5M/year beginning in 2013	30	46	70%
Rail - Increase from \$0 to \$5M/per year beginning in 2013	0	40	48%
Special City County Highway Fund <i>SCCHF receives 1/3 of all motor fuel taxes</i>	1,628	1,628	85%
Remaining for Construction <i>This would include KDOT Local Partnership Program, as well as Highway Expansion and Modernization projects</i>	0	1,778	39%
TOTAL Program	\$5,486	\$8,218	71%

Existing Revenue - \$5.5 billion

HB 2650 - \$2.7B

Gap - \$3.3 billion

T-LINK Recommendation- \$11.5 billion

