



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

Kansas Rural Center Legislative Policy Watch

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Legislative Policy 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 advance an ecologically sound, economically viable, and socially just agriculture.

Policy Watch is produced by Paul Johnson, KRC Policy Analyst, pjohnson@centurylink.net



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STATE OF THE STATE

Governor Kelly gave her fifth State of the State address to the Kansas Legislature on January 10. She touted her accomplishments of bringing the State budget back to balance for her five years, closed the bank of KDOT (where highway funds were raided for other needs) and passed \$1 Billion in tax cuts for families, veterans, homeowners and farmers. This State of the State was focused on rural Kansas with five challenges facing rural communities. One million Kansans – a third of our population – live in communities with fewer than 40 people per square mile. Urban Kansans are clearly dependent on the crops grown in Western Kansas and the energy produced in Central Kansas. The Governor first created the Office of Rural Prosperity and revived the Main Street Program to rebuild the downtown areas of our small cities.

There are five challenges, beginning with healthcare. Rural hospitals are not doing well, with the closure of eight. Fifty-nine more hospitals in jeopardy of following suit. Counties often resort to raising property taxes in a last-ditch effort to keep their hospitals afloat. Far too many Kansans don't have health insurance, and many make too much money to qualify for the current Medicaid program. Medicaid expansion in Kansas garners 70+% public support. The Governor has a work requirement in her proposed expansion plan, along with the proposal being revenue neutral to the State budget (while covering an additional 150,000 Kansans).

The second challenge is to save rural public schools. Public schools have been fully funded for the last five years, while special education funding has fallen behind. Vouchers and sending public education dollars to private schools will crush rural schools as most rural counties have no private schools.

The third challenge reflects childcare shortages, which are worst in rural Kansas. Half of Kansas families are unable to find an open childcare slot. The Governor proposes the establishment of the Office of Early Childhood to streamline starting daycare centers.

Number four, cutting taxes is essential for struggling working families. The Governor wants to eliminate the state sales tax on groceries by April 1, 2024, as opposed to January 1, 2025 - saving Kansans \$150 million. Completely eliminate state income taxes on Social Security altogether. Raise the residential statewide property tax exemption from \$42,000 to \$100,000, thus benefitting 370,000 Kansas families.

Lastly, the longer-term challenge for Kansas is the water crisis. This existential issue for rural Kansas is an existential issue for the entire state. The State Water Plan was increased by \$35 million this year, and the Governor pledges that support for the next five years. There will be established a new Kansas Water Institute at K-State, to leverage expertise and develop innovative solutions to water challenges. When rural Kansas is strong, then Kansas is strong.

Journal of the House - January 10, 2024 (pages 1583 to 1592)

(Note: This House Journal also contains the address by the Kansas Supreme Court Chief Justice Maria Luckert. In her address to the Kansas Legislature, she lays out the Russian-backed ransomware attack on the court's computer system. A ransom payment was demanded but not paid by Kansas. She highlights certain special courts for mental health, family treatment, child welfare and veterans. Another collaborative effort has focused on addressing the lack of justice resources in rural Kansas. – pages 1577-1583)

STATE BUDGET

The Governor's 2025 State budget has structural balance, healthy ending balances, minimal base spending increases (2.2%), and utilizes one-time revenues for one-time expenditures/investments. The key policy areas are Medicaid expansion, sustainable/meaningful tax relief, early childhood education, public schools, workforce development and water.

For one-time expenditures, Kansas has \$1.3 Billion in current surplus tied directly to one-time enhanced federal dollars. The Governor proposes using \$500 million for early debt retirement. \$500 million to pay cash for long-overdue capital projects. \$200 million for post-secondary education projects and \$80 million in community investment projects (such as housing and infrastructure). These one-time expenditures are specifically detailed by capital projects, debt retirement and community investments.

The tax proposal starts by exempting Social Security income from state income tax for all taxpayers saving \$152 million. The Kansas standard deduction for personal income tax would increase to \$5,000 for individuals, \$10,000 for married filing jointly, and \$7,500 for head of household, producing \$90.5 million in tax savings. The state grocery sales tax would end on April 1, 2024 and include diapers and feminine hygiene products saving taxpayers \$79.7 million. The first weekend of August would be a "back-to-school state-sales tax holiday" (as exists in surrounding states). Increase the residential exemption on the 20 mills school property tax from \$42,000 to \$100,000, producing taxpayer savings of \$93.4 million in 2025. Double the current childcare tax credit, saving Kansas families \$6 million yearly.

Kansas is one of just ten states that have not expanded Medicaid. Every state that borders Kansas has expanded Medicaid with the voters in Missouri, Nebraska, Oklahoma and South Dakota doing so by voter referendum. There would be a hospital surcharge and incremental federal dollars covering the expansion cost with no impact on the State General Fund. There would be a work requirement. Mental health services would be expanded for incarcerated individuals (relieving county/local jail financial strain) and those in need of behavioral health and substance use treatments. Medicaid expansion is a workforce issue by providing a healthier workforce to keep employees on the job, assist small businesses who don't offer health insurance to retain employees and create jobs and new revenues across the state.

The education goals begin with a historic investment in early childhood care and education. The Governor is proposing \$56.4 million to fund coordinated efforts for childcare and early education. The Governor continues to fully fund K-12 at constitutional levels, marking the 6th consecutive year. Begin a plan to fully fund special education at the level required by law. This effort will take five years with annual contributions of \$79.9 million to reach full funding by 2029. Continue to invest in post-secondary education through student affordability measures, workforce development, capital projects and cybersecurity. Recognize state employee contributions with a 5% statewide pay adjustment.

The State General Fund profile for 2023 to 2028 looks very strong. Ending balances border on 40% which is well over the normal 10% target. In addition, the Budget Stabilization Fund (Rainy Day) balance continues to increase from \$1.6 billion in 2023 to almost \$1.9 billion by 2028. The Governor's Fiscal Year(FY) 2025 base spending adjustments are a 2.2% increase over the FY 2024 approved base budget. After adjusting for one-time expenditures, the budget is structurally sound.

The FY 2025 Governor's Budget Report

TAX LEGISLATION BATTLES

The Governor unveiled her bi-partisan tax package on January 8. As stated in earlier articles, this tax package is a broad range of reductions in sales tax, property tax, retirement tax savings and personal income tax deductions. The Republican leadership has already diminished this broad approach with their starting position a flat income tax bracket for all filers (where 43% of the benefits go to the wealthiest filers over \$250,000). The Governor's tax legislation will be introduced in the next week. Republicans may introduce a new tax bill or fine-tune existing tax legislation.

[Kelly, bipartisan contingent of legislators promote multiyear \\$1 billion tax reduction plan - Kansas Reflector](#)

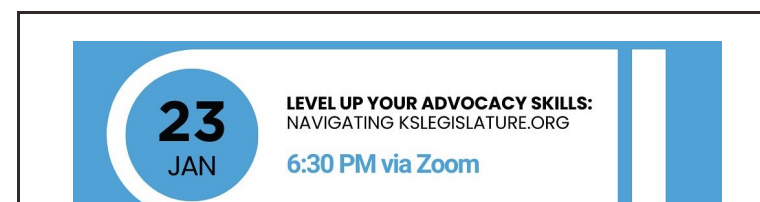
LEGISLATION INTRODUCTIONS

While there are now 342 Senate bills and 497 House bills carried over from 2023 or recently introduced in 2024, key bills on tax, school finance, Medicaid expansion and early childhood funding will be introduced in the next couple weeks. One way to track new bills is to:

- Go to the [Kansas Legislature homepage](#)
- Click on the tab at the top, 'Bills & Laws'. You will see a tab for House & Senate bills.
- Click on one, and it will have the full list of the bills.
- Click on this tab '>' and it will take you to the last bills introduced. Bills are listed by number and title.
- Click on the title of your interest, and the text of the bill will appear.



Upcoming Events



Navigating the KS Legislature Website
January 23, 6:30pm
Zoom

Join Zack Pistora, KRC Board President, to learn more about navigating the KS Legislature website.

[More Info Here](#)



WEALTH Day at the Capitol
February 5, 2024 9am - 4pm
KS State Capitol
SW 8th & SW Van Buren St
Topeka, KS 66612

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

[More Info Here](#)



League Day at the Capitol
February 14, 6:30pm
KS State Capitol
SW 8th & SW Van Buren St
Topeka, KS 66612

Help celebrate the 104th birthday of the League of Women Voters!

[Register Here](#)



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@lwvks.org to be added to the notice list. Agendas come out a day or so before the call.

See Previous Editions of Policy Watch

Contributors to KRC are automatically on the Policy Watch e-list, if they provide an e-mail address. KRC provides Updates to the sponsoring organizations including League of Women Voters of Kansas, Kansas Natural Resource Council, Kansas Farmers Union, Climate and Energy Project, Audubon of Kansas, and Lawrence Bird Alliance, who make the Updates available to 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 pjohnson@centurylink.net