

Carlin Newsletter

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From the Statehouse

Drop Dead Day was April 1st, and we adjourned until the veto session which begins April 27. We were on the floor debating and voting from morning to evening during the week in an effort to push through as many nonexempt bills as possible. We took final action votes on 56 pieces of legislation quite a bit fewer bills than the average which is around 70. Debates ran long on Wednesday and the Speaker skipped over several bills to keep us on schedule. Conference committees will be working during the break in hopes of resolving budget issues between the House and the Senate in order to present the compromise to the rest of us when we return. Also during the interim I will be in Topeka working on the Omnibus bill to reconcile the costs we incurred in passing legislation this year. This will include tax cuts and funding to provide for new legislation.

Budget Update

Because we never reached agreement between House and the Senate on the Governor's proposed cuts in FY2011 spending, we rolled that plan into the bill for the FY2012 budget. After vigorous debate we passed these budgets on the House floor by a vote of 69-55. I voted against it. Now the negotiations between the House and Senate in conference committee can begin, though no conference committee meetings have yet been scheduled.

The budget passed out of the House Appropriations Committee last week with 12 votes in favor. With over 6000 state employees in Manhattan, I opposed the Republican proposed employee pay cuts, the 5% insurance surcharges, the loss of longevity bonuses and cancellation of the under market pay increase plan in the Appropriations Committee meetings. During floor debate I offered an amendment to strike some of these from the budget and was ruled out of order under the new "pay go" rule both times.

The Governor had given us a budget with a \$7.5 Million ending balance and the Senate budget has an \$8 Million ending balance. The House Heroes produced a very skimpy

budget on a vote of 12-10 with a \$78 Million ending balance. This budget, which passed the House, has a devastating affect on schools, state employees, senior services and social services. Across the board cuts grabbed another \$8.8 million from higher education and the K-12 Base Aid Per Pupil is taking a \$232 per pupil cut. The entire budgets (House and Senate) now must be negotiated between the two bodies in Conference Committee. There will be a lot of give and take and hopefully many of these cuts will be eliminated in the process.

This budget is based on a projected 6% growth for the year. Normally it is based on 4% growth. I hope this growth prediction will come true! In addition we will have to find the funds to pay for all the bills we passed this session and will be trying to reconcile the new corporate tax cuts into this budget. See below.

TAX CUTS

As the House and Senate were engaged in the process of trying to find the cuts necessary to fill a half-billion dollar budget hole, the House Tax committee had considered tax breaks to multinational conglomerates. Governor Brownback has stated that **he is not supportive of major changes to the state's tax policy other than proposals outlined in his economic plan**, (SB 196 and SB 198) which I supported. However, the House last week passed the following additional tax cuts In order to become law they must be approved by the Senate and/or the conference committee.

- SB 1 plus HB 2381 MEGA reduction to state income tax rates based on selected actual state general fund receipts computations and sales tax rates and distribution. Would tie up state general fund money to first cut corporate and income taxes before restoring funding to any state program. (TABOR Lite) \$1.3 Billion over next five years.
- SB 61 and HB 2051 (HPIP) were combined and now would allow tax credits earned by a subsidiary of a parent corporation to be used by any of the other subsidiaries of that corporation (Transferable tax credits). In addition, it raises the amount of corporate tax credit for investments in Individual Development Accounts from 50% to 75%. Five year projected cost \$6.8 Million.
- HB 2161 Streamline Sales Tax changes that would impede the collection of destination sourcing and compensating use sales taxes. This would cost Riley County about \$3Million and the city of Manhattan about 1.2 Million in addition to costs to the state of \$10 - \$33 Million.
- HB 2156 Repeal of income tax on corporations. Cost \$200+ million.
- HB 2117 Promoting Employment Across Kansas Act (PEAK) qualifications for new businesses. Grows by 5% annually, would allow businesses to retain 95% of payroll taxes. Cost \$30 Million over five years.

The total cost of all these tax breaks would run in the hundreds of millions of dollars over the next five years (\$1.2Billion est.) and none of these reductions in revenues are factored in to the \$500 Million deficit we are currently trying to fill.

Legislature expands concealed carry law

The House passed a bill this week that would expand Kansas' concealed carry law. SB152 would grant concealed carry rights to hunters and allow for the use of noise suppression devices. The changes in law would only apply to those who have undergone the necessary steps to obtain a concealed carry license. I supported.

The intent of this bill is to protect bow hunters. If a law-abiding citizen happened upon illegal activities while hunting, they could be in danger and in need of protection. Bow hunters are particularly vulnerable in such encounters. Allowing for concealed carry would help individuals feel secure. Suppression devices would ensure that the firing of such weapons would not startle wildlife.

The House passed SB 152 of Tuesday unanimously. The bill has already been approved by the Senate. No amendments were attached to the bill in the House, which means it will go directly to the Governor for his signature or veto.

House votes on sprinkler legislation

The House Local Government committee used a committee procedure to put HB2088 into SB101 and move it to conference with the Senate. SB101 says that cities cannot adopt the uniform national building code that requires the installation of sprinklers in single-family residences and duplexes. They may require them in larger residences. While no city has implemented this code requirement, it is recommended in national building codes.

Proponents say that homeowners should be able to decide for themselves about sprinkler systems and not be required to install them. They say sprinklers increase the cost of a home too much. Opponents say that new construction is such that firefighters' and families' lives are at risk in homes without sprinklers. Opponents also say that building code decisions should be made by local governments and not the state. I voted against because as a former city official I believe that local governments should be able to make this decision without the state's interference. The House approved SB101 on Tuesday with a 112 to 12 vote.

Seatbelts and Speed Limits

Last year the House approved a primary seat belt law, which included a fine of \$5 for individuals who were stopped for failing to wear their seat belts. However, over the last year municipal lawmakers have increased fines from the base charge of \$5. In some areas, folks are paying upwards of \$90 for violating this law - far more than what was originally intended. The bill makes fines uniform throughout the state, which will be \$10 across the board. The change is in the interest of fairness and consistency for Kansas residents.

Some legislators are concerned that this would hurt local communities. The additional revenue associated with fines allows local governments to raise funds that have been cut by the Legislature in recent years. Removing the ability to increase fines puts further strain on budgets hit hard by economic recession. There were also concerns that such a

meager penalty would make the law ineffective. A primary seat belt law is intended to be an incentive to wear your seat belt. Seat belts save lives and encouraging their use is in the interest of public safety.

Portable electronic device insurance bill passes House, heads to Senate

The House voted on a bill this week that would regulate insurance for portable electronic devices such as cell phones and mp3 players. SB170 would require vendors to hold a license to sell or offer policies for portable device insurance. Such businesses would need to comply to state-wide standards for insurance agreements.

Legislators in favor of the bill believe that SB 170 would be good for consumers and businesses alike. Customers would be guaranteed protection in their purchases of insurance. Businesses would benefit by having customers with greater faith in government-regulated insurance policies. Proponents also argued that businesses supported the bill's regulation of electronic device insurance.

Opponents expressed concerns over the establishment of an additional type of insurance and that licensing creates growth in government and puts financial burdens on businesses. The bill was amended on its way through the House and therefore must be approved by the Senate before being signed into law by the Governor.

KPERS Bill Debated

The House debated a bill this week that would significantly alter the Kansas Public Employees Retirement System (KPERS). HB 2333 is an attempt to reform the system that currently has an unfunded liability of nearly \$8 billion. It aims to accomplish this by increasing employee and state contributions. The bill was amended on the floor of the House to include an **optional defined contribution plan for new hires**, rather than the **current defined benefit** system.

A coalition of public employees and lawmakers supported higher payments for both workers and the state to close the KPERS funding gap and move toward fixing the problem. The additional funds would help satisfy shortfalls, true.

The current defined benefit plan assures KPERS recipients of a certain amount per month (defined benefit) the new defined contribution package would only mandate how much the state pays each year. I heard testimony that the plan results in an overall reduction of benefits (dollars per month pensions) as well as allowing for personal financial risks relating to market volatility onto the KPERS participant. Also, I learned that unless a pension plan is at least 90% funded (solvent) this change cannot successfully occur. There is a great risk to the original pooled investment. We also saw graphs regarding how previous economic downturns have rapidly recovered and learned that this year to date KPERS interest rates yielded very high (16.3%) returns on investment, and that these plans are more suited to the private sector than to the public sector. In 2008 when 401 (k) individual retirement accounts lost 40 – 50% of value, KPERS only lost 28%. This illustrates the advantage of pooled investments. I voted

against. House Bill 2333 passed, and is on its way to conference committee.

Clean Indoor Air Act Amended

Effective last July 1st, 2010 the Indoor Clean Air Act began protecting Kansans from harmful secondhand smoke by banning smoking in public places, any place of employment including restaurants and bars, and access points of all buildings not exempted. But it specifically exempted state-owned casinos.

The public response has been overwhelmingly supportive of the Clean Air Act but many complained about the hypocrisy of exempting casinos and last week I supported the bill that eliminated the exemption. This change levels the playing field in areas where there are casinos and makes the law fairer to private businesses.

As expected, there was an effort on the House floor to repeal the Indoor Clean Air Act altogether. Tobacco-related diseases cost Kansas nearly \$200 million annually in Medicaid costs and are the number one cause of preventable death. Not only does this law protect innocent Kansans from harmful secondhand smoke, it also saves our state millions of dollars at a time when we have no money to spare. Repealing the law made no sense.

After the amendment to repeal was defeated, Sub HB 2340 passed on final action by a vote of 97-26.

Arizona-style immigration bill blocked for the year

On Wednesday, the House used a procedural vote to essentially avoid working the controversial "Arizona-style" immigration bill that has received so much press this session. It is rumored that supporters of the bill decided to bottle the legislation due to the controversial statements of Rep. Virgil Peck, who last week implied that the state could use the same method to handle the immigrant problem as we do to solve the feral swine herds. (round them up and shoot them from helicopters). His remark garnered national and international criticism and thousands have asked for his resignation. The bill could come back next year.

I appreciate the public's frustrations with illegal immigration. However, the Kobach measure, which requires police to check the legal status of anyone that they "suspect" might be in the U.S. illegally, was widely criticized as "grossly broad" and amounts to unavoidable police profiling. Local officials called the bill an unworkable, expensive, unfunded mandate that cities and counties couldn't afford and were ill-equipped to carry out. And, this legislation has resulted in millions in litigation fees in other states.

Campaign finance changes

One piece of legislation that passed this session that was particularly troubling to me was SB 127. This started out as a campaign finance bill that was amended to increase campaign contribution limits. Under this bill, State House candidates may now accept a maximum of \$750 from any one donor, as opposed to the previous \$500 limit. State Senate candidates may now accept a maximum of \$1,500 from donors, as opposed to the previous \$1000.

Also, a legislative candidate who decides to run for statewide office would be permitted to use those funds for the statewide race, even though their donors contributed the money with the intention of its use in a legislative race. We were sent to create new jobs and fix the economy not to amend the law so that we could increase special interest influence in elections.

Keep in Touch

It is a special honor to serve as your state representative. I value and need your input on the various issues facing state government. Please feel free to contact me with your comments and questions. My office address is Room 451 S State Capitol Building, Topeka, KS 66612. You can reach me at (785) 296-7657 or call the legislative hotline at 1-800-432-3924 to leave a message for me. Additionally, you can e-mail me at Sydney.carlin@house.ks.gov. You can also follow the legislative session online at www.kslegislature.org and check my website for previous news letters, etc. at www.sydneycarlin.com We have adjourned until April 27 for the veto session and I can be reached at home at 539-6612 until that time.

Representative Sydney Carlin

District 66, Manhattan