

2012 LEAGUE OF WOMAN VOTERS OF KANSAS E-REPORT #4

Paul Johnson – January 20, 2012

A TAX TORNADO

The storm has just begun over the Governor's proposed tax plan. The income tax is increased for the poorest Kansans while all other Kansas' tax filers will see a decrease in their income tax. Adding insult to injury, the tax credits for income, food and rental assistance for low-income Kansas' households are eliminated. The core of this plan is to keep the existing state sales tax (6.3%) in place and use that income from our most regressive tax to lower income taxes – our most progressive tax. Existing law would have the sales tax decrease from 6.3% to 5.7%. The Governor believes that income tax rates is most responsible for future economic growth while the sales tax has little if any impact on future growth.

According to a chart of the 1.38 million Kansas tax filers prepared by the Kansas Department of Revenue, tax filers with income under \$25,000 will pay \$156 more in income taxes while filers over \$250,000 in income will see a tax decrease of \$5,239. What has not been computed is the extra sales tax that all Kansans will have to pay because the sales tax rate does not decrease on July 1, 2013. Kansas is one of just a few states that still have a sales tax on food.

The Governor's plan eliminates itemized deductions and some credits. The largest itemized deductions are for mortgages (\$162 million) and charitable contributions (\$101 million). The impact of eliminating/modifying certain Kansas' credits is \$180 million. 90% of these eliminated credits are from the earned income tax credit (\$91 million), the food sales rebate credit (\$53 million) and property tax rebates for renters (\$13 million). The promise is that the \$91 million from the earned income tax credit will be used for investments in social services and healthcare programs. So far the details of these investments have not been revealed but far fewer Kansans will be assisted. The political tradeoff has been to keep the sales tax on food but provide a food sales rebate credit to tax filers with incomes under \$35,000. So with the Governor's plan, the state sales tax does not go down to 5.7%, food is still taxed and the rebate is eliminated.

This spirited tax debate has just begun. The President of the Kansas Senate has established his own study committee to develop a tax plan that will be compared to the Governor's plan. For the last twenty years, the ideal tax mix would be an equal contribution from property, income and sales. For 2011, the percentage of combined state and local tax revenue is 33% property, 28% sales and 24% income. The Governor's plan would further increase our reliance on sales tax while eliminating the individual income tax over six years and lower the corporate income tax. (Note: 59% of all corporate filers pay no income tax while only 700 corporations paid 95% of the \$224 million in corporate income taxes.)

WATER ISSUES

HOUSE BILL 2451 – 'THE USE IT OR LOSE' ACT

HB 2451 applies only to the groundwater areas in Kansas that have been closed to new appropriations. These areas are primarily in southwestern Kansas and some in northwestern Kansas. These groundwater areas have over appropriated water rights. This bill changes existing law where a water right has to be used at least one year out of five or that water right may be lost. This policy has created a 'culture of consumption'. With this bill, a water right could not be lost if water was not pumped in these closed areas. There are approximately 30,000 water rights in Kansas and it is estimated that 2/3's of these water rights are in the closed areas. For open areas, there are 11 'due and sufficient' causes that allow a water right holder to mitigate the loss of their water right. The basis of Kansas' water law is that the people of Kansas own the water not the water rights holder but the water rights holder is given the appropriation right. HB 2451 has had its hearing before the Kansas House Agriculture and Natural Resources committee and should be on the House floor in the next couple weeks.

KANSAS WATERSHED RESTORATION AND PROTECTION STRATEGY (KS WRAPS)

The purpose of this program is to protect and restore Kansas' watersheds. This program is designed for citizens and stakeholders supported by scientists and technical service providers. The process consists of identifying watershed issues (reservoir sedimentation, blue green algae blooms, nutrient/bacteria abatement), establishing watershed goals, creating & implementing action plans. Resources are leveraged from federal, state and local sources. There is an emphasis on state and local coordination. The hope is to target resources for the greatest environmental benefit at the least cost.

KS WRAPS now has 36 projects covering 55% of Kansas. There is a particular interest in the watersheds with federal reservoirs. The plan vision is to effectively and efficiently increase the number of water bodies meeting surface water quality standards through targeted implementation of water quality practices. Only 16 of the 36 projects have developed funding plans for best management practices. The funding need (technical and financial assistance) for these 16 plans is \$13.3 million but the budget is now proposed at just \$2 million. The Kansas Water Office has recently completed a 'return on investment' analysis for watershed work at Marion Reservoir and Perry Reservoir. The analysis showed a 110% return for Marion and a 500% return for Perry. <http://www.kswraps.org/>

ELECTION LAW UPDATES

The Kansas Senate Ethics and Elections committee held an informational meeting on voter identification laws passed in other states. 7 states including Kansas have passed strict photo 'id.' laws. South Carolina and Texas have passed such laws but these laws are being challenged by the United States Department of Justice under the federal Voting Rights Act. Arizona is presently the only state requiring proof of citizenship to register to vote but that law is being challenged in a federal court. Missouri will have a constitutional amendment on the ballot this fall allowing stricter voter laws and advanced voting for the first time in the state. Senator Vicki Schmidt has re-introduced her bill mandating that candidates 'stand by their ads'. This will apply to phone campaigning, the internet and emails as well as to broadcast and print media.

Kansas Secretary of State Kris Kobach has introduced House Bill 2437 that moves the proof of citizenship requirement from January 1, 2013 to June 15, 2012. The rules and regulations for the new Kansas' voter identification law have been presented to the Kansas Legislature's Joint Committee on Rules and Regulations. The Committee had several questions concerning these rules and regulations. A public hearing on these rules and regulations will be held on Tuesday January 24 at 8:30am in Memorial Hall at 10th and Jackson in Topeka. If any changes are made in these rules and regulations, the changes would have to be reviewed again by the Attorney General and brought back to the legislative committee.

Kansas Legislative Research Department has a briefing paper on voting laws:
<http://skyways.lib.ks.us/ksleg/KLRD/Elections.htm>