

LEAGUE NEWS

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Shane Bartley, editor

January 17, 2003

Demand Transfers on Chopping Block

The legislative session began with a bang this past Monday with the swearing in of numerous state officials from all three branches of government. On Wednesday evening, new Governor Kathleen Sebelius delivered her first State of the State address. Her speech focused largely on the enormous budget shortfall the state is currently facing. As a result of this shortfall, the Governor recommended that **all** of the FY 2004 Demand Transfers for the Local Ad Valorem Tax Reduction Fund (LAVTR) and the City County Revenue Sharing (CCRS) Demand Transfers to cities and counties be eliminated for the coming fiscal year. (According to her budget, the Special City County Highway Fund Demand Transfer monies [SCCHF] will be fully funded beginning in July 2003).

Coupled with the \$48 million raid on the Demand Transfers for FY 2003, which the League is currently litigating, we are looking at a net **loss of approximately \$150 million for cities and counties over the coming 18 months**—Not a pretty picture. While the League will continue to fight for funding of some, if not all, of the Demand Transfers, we will also be pursuing alternative revenue sources for cities, and the elimination or modification of certain state mandates which cost the taxpayers of Kansas millions of dollars every year.

The clear impact of the massive cuts in Demand Transfers for FY 2004 is simply that in the short-term cities and counties will have to either dig deep into their remaining reserves or, if the reserves

are not available, limit or cease certain local services which are currently in place. For the long-term, these cuts will clearly necessitate a top-to-bottom review of all city programs coupled with potential increases in local property taxes. As we have noted in the past, city leaders recognize that the state is in dire financial condition. Cities are an integral part of the governmental system in Kansas and are willing to share in the pain which has come upon us as a result of the budget calamity. Unfortunately, it appears that an inordinate portion of the budget problem is being off-loaded onto the backs of cities, counties, and our property tax payers. As a result of the budget crisis, and the proposal to eliminate the lion's share of the Demand Transfers for FY 2004, we anticipate that the issue will remain on the front burner of legislative discussions throughout the coming session. The League will work with the legislature, and Governor Sebelius, in a spirit of partnership and cooperation in an effort to confront the budget situation, and to hopefully modify the serious impact these cuts will have on local programs. The reaction of the legislature to the proposed cuts in the FY 2004 demand transfers is unclear as of this writing. What is clear is simply that there will be no easy solutions to the budget crisis in 2003.

City Hall Day at the Capitol is quickly approaching! Send in your reservations now!

City Hall Day
at the Capitol

January 30, 2003 • Topeka, KS

For a flyer/registration form about the event, contact LKM at (785) 354-9565 or download it at <http://www.lkm.org/cityhallday.html>.

Update on Demand Transfer Lawsuit

As most of you know, LKM and KAC filed a mandamus action in the Kansas Supreme Court on December 17, 2002, based upon the Governor's cut of all remaining FY 2003 demand transfers. The Kansas Supreme Court had originally set January 6, 2003, for the State to respond to the lawsuit, but granted an extension of time to January 20, 2003. Therefore, LKM should have more information on the lawsuit to report next week. We are still hoping for an expedited handling of the matter due to the seriousness of the loss of current funding to cities.

Important Scheduled Hearings--January 21-24

Tuesday (1/21)	8:30	123-S	S,Com	Briefing by the Worker's Compensation Division
	9:00	526-S 526-S	H,Ut H,Ut	HB 2019 --KCC Internet Access/Broadband Briefing on telecommunication issues
	9:30	123-S	S,Ju	SB 16 --Application requirements for drivers' licenses and identification cards SB 3 --Repealing the criminal defamation statute, K.S.A. 21-4004
	10:30	123-S	S,WM	SB 4 --Cash-basis law; exemptions for certain expenditures by school districts
	3:30	231-N	H,Env	Overview on water issues by Kent Lamb, Chairman, Kansas Water Authority and Clark Duffy, Director, Kansas Water Office
Wednesday (1/22)	8:15	123-S	S,Com	Rural economic development by Dr. David Darling, K-State Research and Extension
	9:00	519-S 526-S	H,Tax H,Ut	Bill hearings on sales tax exemptions; bill numbers to be announced HB 2019 --KCC Internet Access/Broadband
	9:30	123-S	S,Ju	SB 9 --Bill by Joint Committee on State-Tribal Relations; Native American tribal law enforcement officers; jurisdiction SB 11 --Bill by Joint Committee on Corrections & Juvenile Justice creating community advisory committee to participate in annual budget planning process of juvenile justice authority
	10:30	519-S 123-S	S,AT S,WM	Streamlined Sales Tax Update: Department of Revenue SB 8 --Pooled money investment board, comparative investment performance review and audit of investment program
	10:45	245-N	S,FSA	Briefing on Alcoholic Beverage Control: Bob Longino, Director
Thursday (1/23)	8:30	123-S	S,Com	Rural economic development by Dr. Mark Drabenstott, Vice President and Director, Center for the Study of Rural America, Federal Reserve Bank of Kansas City
		423-S	S,NR	Review of the Kansas v. Nebraska Lawsuit regarding the Republican River: David Pope, Chief Engineer, Division of Water Resources, Kansas Department of Agriculture Overview of water related issues: Kent Lamb, Chairman of Kansas Water Authority; Clark Duffy, Director of Kansas Water Office
	9:00	514-S 519-S 526-S	H,App H,Tax H,Ut	Overview of KPERS-Glenn Deck Bill hearings on sales tax exemptions; bill numbers to be announced HB 2019 --KCC Internet Access/Broadband
	10:30	519-S	S,AT	Continuation of Streamlined Sales Tax Update
	1:30	514-S	H,Edu & Leg.Bud.	HB 2010 --Educational benefits for dependents of deceased public safety officers
	3:30	519-S	H,LG	HB 2003 --Rural water supply districts; acquisition of system by adjoining municipality HB 2011 --Investments of public moneys; duration; equity-linked certificates of deposit
		313-S	H,Ju	HB _____ --Proposed amendments to the Kansas Eminent Domain Act
Friday	9:00	526-S	H,Ut	HB 2019 --KCC Internet Access/Broadband