

# LEAGUE NEWS

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## 1) Cities Facing Drastic Budget Cuts

**Immediate Action Requested.** This week, the Senate Ways and Means Committee began discussion on a rescission bill which will determine funding levels for the State's Fiscal Year 2009 (July 1, 2008 – June 30, 2009). Next week, the House Appropriations Committee is holding hearings on the rescission bill. LKM will be there to testify, however, it is important that the Committee hear from individual cities regarding the impact these reductions will have. Please send that information to members of the House Appropriations Committee as follows:

Representative Ballard Barbara [barbara.ballard@house.ks.gov](mailto:barbara.ballard@house.ks.gov)

Representative Burroughs Tom [tom.burroughs@house.ks.gov](mailto:tom.burroughs@house.ks.gov)

Representative Carlin Sydney [sydney.carlin@house.ks.gov](mailto:sydney.carlin@house.ks.gov)

Representative Craft Barbara [barbara.craft@house.ks.gov](mailto:barbara.craft@house.ks.gov)

Representative Crum David [david.crum@house.ks.gov](mailto:david.crum@house.ks.gov)

Representative Degraaf Peter [pete.degraaf@house.ks.gov](mailto:pete.degraaf@house.ks.gov)

Representative Donohoe Owen [owen.donohoe@house.ks.gov](mailto:owen.donohoe@house.ks.gov)

Representative Faber John [john.faber@house.ks.gov](mailto:john.faber@house.ks.gov)

Representative Feuerborn Bill [bill.feuerborn@house.ks.gov](mailto:bill.feuerborn@house.ks.gov)

Representative	Gatewood	Doug	<a href="mailto:doug.gatewood@house.ks.gov">doug.gatewood@house.ks.gov</a>
Representative	Henry	Jerry	<a href="mailto:jerry.henry@house.ks.gov">jerry.henry@house.ks.gov</a>
Representative	Holmes	Mitch	<a href="mailto:mitch.holmes@house.ks.gov">mitch.holmes@house.ks.gov</a>
Representative	Kelley	Kasha	<a href="mailto:kasha.kelley@house.ks.gov">kasha.kelley@house.ks.gov</a>
Representative	Lane	Harold	<a href="mailto:harold.lane@house.ks.gov">harold.lane@house.ks.gov</a>
Representative	Light	Bill	<a href="mailto:bill.light@house.ks.gov">bill.light@house.ks.gov</a>
Representative	Mast	Peggy	<a href="mailto:peggy.mast@house.ks.gov">peggy.mast@house.ks.gov</a>
Representative	McLeland	Joe	<a href="mailto:joe.mcleland@house.ks.gov">joe.mcleland@house.ks.gov</a>
Representative	Sawyer	Tom	<a href="mailto:tom.sawyer@house.ks.gov">tom.sawyer@house.ks.gov</a>
Representative	Tafanelli	Lee	<a href="mailto:lee.tafanelli@house.ks.gov">lee.tafanelli@house.ks.gov</a>
Representative	Watkins	Jason	<a href="mailto:jason.watkins@house.ks.gov">jason.watkins@house.ks.gov</a>
Representative	Whitham	Jeff	<a href="mailto:jeff.whitham@house.ks.gov">jeff.whitham@house.ks.gov</a>
Representative	Williams	Jerry	<a href="mailto:jerry.williams@house.ks.gov">jerry.williams@house.ks.gov</a>
Representative	Yoder	Kevin	<a href="mailto:kevin.yoder@house.ks.gov">kevin.yoder@house.ks.gov</a>

As we reported last week, Governor Sebelius unveiled her recommendations concerning the remaining FY 2009 state budget along with the starting point for discussions on the FY 2010 state budget (note: the State of Kansas operates on a fiscal year that runs from July 1 to June 30). The Governor's initial budget proposal includes a series of cuts in payments to cities and counties.

*Possible Impact to Cities and Counties of Governor's Budget Proposal*

Liquor Tax (FY 2010)	\$27,200,000.00
M&E Slider (FY 2010)	\$39,763,000.00
Railroad M&E Slider (FY 2010)	\$5,500,000.00
M&E Slider (FY 2009)	\$53,482,943.00
Special City-County Highway (2009)	\$10,063,664.00

Special City-County Highway (2010)	\$10,063,664.00
LAVTR (2010)	\$13,500,000.00
	<b>\$159,573,271.00</b>

**Liquor Tax.**The Governor is proposing to take 100% of the local liquor tax dollars to use for state purposes beginning in July of 2009. Cities and counties use this money for drug and alcohol addiction programs, parks and recreation, and general fund purposes.

**Machinery and Equipment (M&E).** In 2006, the Kansas Legislature passed a bill that removed the property tax from certain business machinery and equipment. In order to help mitigate the local impact of this decision, the so-called "slider" payments were included in the legislation. The Governor is recommending the elimination of all slider payments beginning in July of 2009. In addition, her budget document indicates that it may also be necessary to eliminate the slider payments which are due to cities and counties in February of 2009.

**Special City-County Highway Funds (SCCHF).**The Governor is recommending the elimination of the State General Fund transfer portion of the SCCHF. This will include a \$15 million reduction in calendar year 2009 and a \$5 million reduction in 2010. We estimate that this would be about a 10% hit on your SCCHF budgets in 2009.

**Local Ad Valorem Tax Reduction (LAVTR).**As part of the agreement on M&E two years ago, the Legislature included provisions to begin the reinstatement of LAVTR beginning in July of 2009. The Governor has recommended elimination of these funds as well.

Those of you attending City Hall Day are urged to discuss this issue with your legislators. LKM has done a briefing sheet on the budget issue which may be accessed at <http://www.lkm.org/Budget%20Briefing%20Sheet.pdf>.

For more information, contact Don Moler at [dmoler@lkm.org](mailto:dmoler@lkm.org), Kimberly Winn at [kwinn@lkm.org](mailto:kwinn@lkm.org), or Sandy Jacquot at [sjacquot@lkm.org](mailto:sjacquot@lkm.org).

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## 2) Annexation Bills Introduced

Four annexation bills were introduced this week in the House and were assigned to the House Local Government Committee. At this point, the bills have not been scheduled for hearing, but it is anticipated they will be in the near future. It is likely the hearing on all of the bills will be held on the same day, allowing the committee to choose how to proceed on the issue of annexation. Here is a brief synopsis in each bill:

**HB 2029** – This bill would amend K.S.A. 12-520b; 12-531; and 12-532 and is focused on extension of services plans. First, on unilateral annexations, the plans would have to be filed with the board of county commissioners 10 days before the annexation hearing. It further changes from five years to three the timeframe for the county to hold a hearing to review whether the city has complied with the plan. It would also shorten the timeframe from 2½ years to 1½ years the time the city has to comply with its plan or face the deannexation of the property. If the property is deannexed, the city may not annex it again for three years. It also gives the owner of the land the ability to file an action to compel the board of county commissioners to hold the hearing on the plan.

**HB 2030** – This bill would amend K.S.A. 12-521, county-approved annexations, and adds the prohibition from the unilateral annexation statute to prohibit annexation of agricultural land of 21 acres or more unless the owner consents.

**HB 2031** – This bill would amend K.S.A. 12-519 and 12-521. First it adds a confusing definition of "qualified elector" to include even people who are nonresident landowners. Then it

defines “area proposed to be annexed” as land approved for annexation by the county at the request of the city. Then it adds a mail ballot election requirement of the “qualified electors” of the area to be annexed. If a majority vote in favor of annexation, the city may adopt the annexation ordinance formally annexing the property, but if a majority vote no, the city may not annex those tracts for at least four years.

**HB 2032** – This bill would require county commission approval of all annexations unless the property is owned by a governmental unit or the property owner consents to the annexation. This bill would also amend K.S.A. 12-531 and 12-532, again focusing on the extension of services plan and whether or not the city provides the services. Further, this bill would cut the time from five years to three for the board of county commissioners to hold the hearing on the plan and from 2½ to 1 year to get in compliance with the plan.

Like HB 2029, it also gives the owner of the land a cause of action to compel the board of county commissioners to hold the hearing on the plan. If the land gets deannexed, the city is prohibited from annexing the land again for three years.

Those of you attending City Hall Day are urged to discuss this issue with your legislators. LKM has done a briefing sheet on annexation which may be accessed at <http://www.lkm.org/Annexation%20Briefing%20Sheet.pdf>.

For more information, contact Don Moler at [dmoler@lkm.org](mailto:dmoler@lkm.org), Kimberly Winn at [kwinn@lkm.org](mailto:kwinn@lkm.org), or Sandy Jacquot at [sjacquot@lkm.org](mailto:sjacquot@lkm.org).

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### 3) House Energy & Utilities Addresses Municipal Energy Issues

The House Committee on Energy & Utilities met this week to discuss two bills that directly affect Kansas municipalities. On Monday, January 21, the Committee addressed **HB 2013**, which proposes the establishment of renewable portfolio standards (RPS) for public utilities. As the bill currently stands, the RPS will require 10% renewable energy output by 2012, 15% renewable energy by 2016, and 20% by 2020. According to testimony, these numbers are on par with other states. The majority of the testimony supported the RPS legislation as it stands, though some organizations desired more aggressive standards. Proponents cited the potential for business growth in Kansas along with environmental responsibility. CURB, the Citizens' Utility Ratepayer Board, opposes the standards on two fronts. The group believes the mandates will drive up utility rates and also believes the numbers are arbitrary. CURB noted that if the House moves forward with HB 2013, then it should consider removing the incentive found in K.S.A. 66-117(e), which would potentially increase the consumer cost when coupled with the proposed RPS standards. HB 2013 potentially affects municipalities that operate public utilities. Currently, the bill excludes municipally operated utilities, but the Committee briefly discussed the merits of the exclusion.

On Tuesday, January 22, the Energy & Utilities Committee evaluated **HB 2015**. This act proposes energy efficiency standards for state buildings, equipment, and vehicles. The majority of the bill focuses on applying heightened efficiency standards to state property. The bill's language, however, becomes ambiguous in Section 6. There, the bill reads, “[t]he secretary of administration shall adopt rules and regulations prescribing energy efficiency performance standards requiring that all new construction and, to the extent possible, renovated state-owned buildings, be designed and constructed to achieve energy consumption levels that are at least 10% below the levels established under the ASHRAE standard or the IECC, as appropriate, if such levels of the energy consumption are life-cycle cost-effective for such buildings and also recommending that new and, to the extent possible, renovated school *and municipal buildings meet the same requirements.*” As one legislator pointed out, she was uncertain whether the “shall” at the beginning of the section required schools and municipalities to apply the heightened efficiency standards. The legislative staff responded that the standards are “not a requirement” and exist to provide encouragement to comply.

For more information, contact Don Moler at [dmoler@lkm.org](mailto:dmoler@lkm.org), Kimberly Winn at [kwinn@lkm.org](mailto:kwinn@lkm.org), or Sandy Jacquot at [sjacquot@lkm.org](mailto:sjacquot@lkm.org).

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#### (4) Legislative Activities-January 26-30, 2009

##### Monday, January 26

Time	Committee	Location	Bill No.	Topic	Activity
9:00	H, App	143-N	HB 2022	Supplemental appropriations for FY 2009 including Governor's recommendations for budget reductions	Hearing & possible action
	H,EU	DSOB 783	HB 2033	Requiring utilities to become members of the climate registry	Hearing
			HB 2034	Requiring utilities to develop means of reducing greenhouse gas emissions	Hearing
			HB 2038	Establishing fossil-fuel electric generation standards and evaluating renewable, distributive generation and transmission technology	Hearing
9:30	S,LG	446-N		Overview: Don Moler, Executive Director, League of Kansas Municipalities; Randall Allen, Executive Director, Kansas Association of Counties	
1:30	S,V2020	DSOB 711		Federal reservoirs and drinking water lakes	Briefing & discussions

##### Tuesday, January 27

Time	Committee	Location	Bill No.	Topic	Activity
8:30	S,Tr	136-N		Overview of recommendations by Interim Transportation Committee	
9:00	H,App	143-N	HB 2022	Supplemental appropriations for FY 2009 including Governor's recommendations for budget reductions	Hearing & possible action
	H,EU	DSOB 783	HB 2027	Granting cities' power to relinquish authority over natural gas and water utilities	Hearing
			HB 2021	Listing factors to be weighed by the State Corporation Commission when granting a certificate of public convenience to an electric utility	Hearing
9:30	S,FII	136-N	SB 39	Concerning certain municipalities; relating to the investment of public moneys	Hearing
1:30	S,PHW	136-N	SB 25	State-wide prohibition on smoking in indoor public areas--Proponents	Hearing

	S,Ut	446-N		Southwest Power Pool Overview: Heather Starnes, Little Rock, AR	
<b>Wednesday, January 28</b>					
<b>Time</b>	<b>Committee</b>	<b>Location</b>	<b>Bill No.</b>	<b>Topic</b>	<b>Activity</b>
8:30	S,Com	545-N	SB 35	Municipal bonds and obligations and interest rates thereon	Hearing & possible action
			SB 36	Special assessments in transportation districts	Hearing & possible action
9:00	H,App	143-N	HB 2022	Supplemental appropriations for FY 2009 including Governor's recommendations for budget reductions	Hearing and possible action
	H,EU	DSOB 783	HB 2035	Permitting members of large electric cooperatives to elect to be exempt from regulation by the KCC	Hearing
	H,Tax	535-N	HB 2046	Time of payment and making a return pursuant to the Kansas Mineral Severance Tax Act	
10:30	S,WM	545-N	HB 2022	Overview by: Kansas Water Authority	
	S,FSA	136-N	SB 52	Cities; payment for public improvements	Hearing
			SB 53	Licensure of cereal malt beverage retailers	Hearing
1:30	S,PHW	136-N	SB 25	State-wide prohibition on smoking in indoor public areas--Opponents	Hearing
	S,Ut	545-N	SB 47	Local exchange carriers methods to satisfy carrier of last resort obligation	Hearing
	S,V2020	DSOB 711		Federal reservoirs and drinking water lakes	Briefing & discussions
<b>Thursday, January 29</b>					
<b>Time</b>	<b>Committee</b>	<b>Location</b>	<b>Bill No.</b>	<b>Topic</b>	<b>Activity</b>
9:00	H,App	143-N	HB 2022	Supplemental appropriations for FY 2009 including Governor's recommendations for budget reductions	Hearing and possible action
	H,EU	DSOB 783	HB 2020	Establishing the renewable energy incentive program	Hearing
			HB 2043	Establishing the net metering and easy connection act for wind generation	Hearing
			HB 2051	Establishing the net metering and easy connection act for solar generation	Hearing
1:30	S,Ut	545-N	SB 48	Enhanced wireless and VoIP 911 service amendments, collection, and disbursement of certain funds	Hearing

Friday, January 30					
Time	Committee	Location	Bill No.	Topic	Activity
9:00	H,App	143-N	HB 2022	Supplemental appropriations for FY 2009 including Governor's recommendations for budget reductions	Hearing and possible action

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