

City Council Meeting

9. C.

Meeting Date: 12/22/2015
Submitted By: Kathy Sexton, City Manager
Agenda Category: New Business

Subject:

2016 Legislative Agenda

Guests:

- Gavin Kreidler, Kreidler Consulting Group, LLC

Background:

- Maintaining communication with legislators and tracking legislative issues are important to ensure City officials are aware of and involved in state and federal legislative activities that affect the organization and the community.
- The City's legislative agenda is reflective of the legislative priorities of REAP (Regional Economic Area Partnership) and the League of Kansas Municipalities, both of which are attached.
 - REAP advocates for state investments and policies to grow the economy of South Central Kansas. REAP cautions the tax lid law passed in 2015 will have a stifling effect on the ability of cities and counties to support infrastructure necessary for economic growth.
 - The League of Kansas Municipalities contends local spending and taxing decisions are best left to locally-elected officials and supports repeal of the property tax lid passed in 2015.
- Derby city staff participated in developing both the League's and REAP's legislative priorities.
- City staff will stay informed of bills introduced during the upcoming legislative session that may affect Derby through Gavin Kreidler, REAP, and the League.
 - Derby's position on such bills will generally be in keeping with the REAP or League of Kansas Municipalities positions.
 - Derby will watch for any bills affecting annexation, financial issues, regulation of firearms, and other matters that may affect city operations.
 - When bills arise for which the City's position is not clear, the City Council will be consulted for direction going forward.

Financial/Sustainability Considerations:

- Since balancing the state's budget will continue to be a concern during the upcoming legislative session, Derby officials will monitor any actions to reduce the state's commitment to funding street maintenance, parks, and drug/alcohol education, intervention and treatment.
- The City of Derby's annual operating budget includes approximately \$1.0 million from the state (gas tax, liquor tax, and sales tax) to support these public services.

Policy Considerations:

- 2015 Sen. Sub for HB 2109 imposed a new tax lid on local governments beginning in 2018 and requires cities and counties to hold a public election to raise property tax revenue by more than the rate of inflation (CPI).
 - This bill was introduced after the 100th day of the 90-day session after a senator had dinner with several anti-tax lobbyists.
 - The issue came up as a floor amendment on a Sunday at 2 p.m. and was passed by 4 p.m. with no opportunity for the public to inform their legislators of flaws in the bill.
- The tax lid is unworkable.
 - State law requires the city to pass a budget by mid-August, so County Clerks can prepare and send out tax notices to collect the taxes necessary to fund the budget starting January 1.
 - The new law conflicts with this timeline because it requires an August election on the budget.
 - The federal Military Voting Act requires overseas military receive their ballots 45 days before the election.
- The tax lid is unnecessary.
 - Cities already comply with the state's Truth in Taxation law, which requires an extra vote if taxes exceed the previous year and the Consumer Price Index.
 - Over the past decade (2004-2014), cities of the first class in Kansas raised property taxes 3% when adjusted for inflation and population growth. Over the same decade, population in those cities grew 10%.
 - While new growth is positive, it also requires cities to provide more police, firefighters, street maintenance and other services.
- The tax lid violates the local control provided by the Kansas Constitution.
 - Kansas voters 60 years ago approved the Home Rule Amendment of the Kansas Constitution because they didn't want the Legislature dictating its values and political philosophy to cities.
 - Local governments are efficient and responsible. They routinely make important decisions and hear from the public prior to doing so.
 - Elected officials in cities don't like raising taxes any more than state legislators do. Any decisions to do so are well-thought-through and heavily debated to determine if the benefits are worth the costs to the community.

Recommend a Motion to:

- Approve the proposed legislative agenda with the primary focus on opposing changes to the tax lid that would be harmful to Derby's growth and prosperity.

Attachments

REAP Legislative Priorities

LKM Legislative Priorities



Proposed 2016 Legislative and Policy Priorities

REAP advocates for state investments and encourages strategic public policies to create jobs and grow the economy in South Central Kansas.

The members of REAP focus on issues of common concern that drive the regional economy including transportation, water, energy and workforce development.

- **Forty percent of manufacturing employment** in Kansas is located in the REAP region.
- Healthcare is a significant economic driver, **employing 42,130 Kansans** in the REAP region.
- **Fifty percent of all exports** in Kansas come from the REAP region. This is approximately \$9.1 billion in goods and services.
- The agriculture industry of South Central Kansas generated **revenue of \$1.7 billion** in 2012 and employed 7,153.
- The REAP region hosts two of the three Kansas oil refineries, a large wind generator assembly plant, and four REAP counties contain wind farms.
- There are **six state-supported post-secondary institutions** in the REAP region. These institutions enrolled **41,223 students** in the fall of 2015.
- The region is home to McConnell Air Force Base which reports a **regional economic impact of \$754.2 million** in 2014, creating an estimated **2,600** indirect jobs at a value of **\$115.9 million**.

REAP is concerned the recently enacted tax lid law on local governments will have a stifling effect on the ability to support infrastructure necessary for high quality of life and strong economic growth and asks the Legislature to reconsider this law.

REAP requests increased state investment in education and skills training, technology, and innovative research to address the shortage of skilled labor for key industries in South Central Kansas.

- **Career and Technical Education** and skills training at community/technical colleges designed to meet the needs of business and industry through continuation of Excel In Career Technical Education Initiative (SB155).
- The proposed merger with **Wichita State University and the Wichita Area Technical College** to enhance the regional infrastructure for education and skills training.
- Research and development at the **National Institute for Aviation Research** (NIAR) at Wichita State University.
- Cutting edge technology at the National Center for Innovation for Bio Orthopedic Research (**CIBOR**), a joint venture of Wichita State University and Via Christi Health hosted at NIAR.
- Medical education and training programs at the **Kansas University School of Medicine-Wichita**.
- **Innovation ACT** and related strategies to allow colleges and universities flexibility and tools to partner with business and industry to increase degree attainment and job growth.

REAP supports transportation projects and strategies to enhance the regional economy in South Central Kansas.

- Maintain funding for **Kansas T-Works** projects in the REAP region, discourage “raiding” transportation funds to balance the budget.



- Support funding of the National Environmental Policy Act (NEPA) study needed to maintain and/or expand passenger rail service in Kansas.

REAP supports policies and strategies to recognize the development of energy resources and protection of water resources critical to the economy of South Central Kansas.

- Support including of the protection of the **Equus Beds Aquifer Storage and Recovery (ASR)** initiative in the “50 year Vision for the Future of Water in Kansas” as a regional asset and critical economic growth tool, supplying water for **20%** of the Kansas population.
- REAP recognizes the importance of energy to the regional economy and supports access to and production of a variety of energy sources from oil and natural gas to renewable resources such as wind and solar power.

REAP supports regional collaborative sector strategies such as **Blueprint for Regional Economic Growth (BREG), the South Central Kansas Regional Export Plan** and “ExportNOW”.

- The purpose of BREG is to grow the region’s economy, leading to more jobs and a better quality of life for by focusing on strategies and resources for eight wealth generating industries in South Central Kansas.
- The South Central Regional Export Plan was created in 2014, led by Kansas Global Services and supported by JP Morgan Chase, Brookings Institute, REAP and other regional stakeholders.
- “ExportNOW” is a partnership between Kansas Global Services and the Kansas Department of Commerce to promote exports as a growth strategy for companies all across Kansas.

REAP encourages the Kansas Legislature to have a public dialogue, debate, and vote about the possible economic and social benefits of expanding KanCare.

2016 ACTION AGENDA

The prosperity of the State of Kansas is absolutely dependent upon the prosperity of our cities. Over 82% of Kansans live in an incorporated city. In an effort to promote healthy and sustainable communities, the elected and appointed city officials of Kansas hereby establish the following as our action agenda for 2016:

- Consistent with the Home Rule Amendment of the Kansas Constitution approved by voters in 1960, we support the ability of local elected officials to make decisions for their communities, particularly local tax and revenue decisions.
- City elections should remain non-partisan and separate from state and national elections.
- Local spending and taxing decisions are best left to the local officials representing the citizens that elected them. We oppose any state-imposed limits on the taxing and spending authority of cities and support repeal of the property tax lid.
- 2012 legislation directed fees from out-of-state companies' commercial vehicle tags to the Special City County Highway Fund. These funds have been diverted by the Legislature to the State General Fund. We urge the Legislature to abide by the statute it passed in 2012 and cease the diversion of these funds from the Special City County Highway Fund.
- We support current law regarding the use of state and local public moneys to provide information and advocate on behalf of our cities and citizens. Any reporting system should not increase the administrative burden on local governments.
- We support legislation which streamlines and expedites the process for local governments, neighborhood organizations and private businesses to deal with the blight of abandoned, nuisance and foreclosed housing.
- We urge Congress to take action to implement the mandatory collection of sales and use taxes on remote sales. The legislation should not preempt state and local sales and use tax authority. Should federal legislation allow for the state imposition of such taxes, we support the distribution of those funds to cities and counties using an equitable formula. Kansas should continue to participate in the Streamlined Sales Tax Project.

