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Both the Kansas House and Senate gavelled in at 2:00 pm on Monday afternoon to begin the 2012 Session of the Kansas Legislature. There are very few committee meetings and even less floor action the first week of the Session. Legislators mainly spend their time meeting their new secretaries, filing bills and guessing at the specifics of what's in the Governor's budget.

The Legislature has scheduled the Session for the full 90 days allowed under the State Constitution. They will need all 90 days, and then some, to deal with a very large and ambitious agenda presented by the Governor, as well as come to an agreement on how to reapportion the state's 40 Senate and 125 House Seats. Add to that the fact that it's an election year for both Chambers and the storylines for this Session hold some interesting possibilities.

Redistricting, the redrawing of legislative district boundaries based on population, happens every 10 years following the U.S. Census. You will find no other issue that every single legislator has a personal stake in like redistricting. There are communities they do not want to represent, communities they don't want to give up and there is often the possibility, especially in rural areas, that their district is eliminated altogether. The end result has the possibility of pitting two legislative friends from the same political party facing-off in the next election. Population centers like Johnson and Sedgwick Counties want new seats and declining population areas like Western and Southeast Kansas don't want to give up seats.

## GOVERNOR'S AGENDA

Governor Sam Brownback presented his annual State of the State to a packed House Chamber Wednesday night. The less than 30 minute speech was used to present his 2013 legislative agenda to the entire state. It's a fairly ambitious agenda covering Medicaid and KPERS reform, changing the school funding formula, decreasing state government spending and, of course, income tax reform.

## BUDGET

The Governor proposes spending \$6.089B from the State General Fund with a 7.6% ending balance of \$465M. This is a .06% decrease over last year's spending. The All Funds Budget would spend \$14,137B, a decrease of 4% over last year. All Chamber priorities were funded in full with the exception of the Equus Beds Recharge Project which received \$500K instead of the requested \$1M. However, Affordable Airfares, NIAR, and NCAT all received \$5M a piece.

## INCOME TAX REFORM

The Governor's income tax reform plan calls for lowering the top personal income rate from 6.45% to 4.9% and lowering the bottom rate to 3%. In addition, the plan will exempt all small business income from personal income taxes at the state level. Moving forward, the Governor will limit government growth to 2%, and the remaining revenues will be used to continue lowering personal income taxes. The plan calls for eliminating personal tax credits and exemptions in order to pay for reductions in the tax rates. If implemented, Kansas would have the second lowest personal income tax rate in the region and would be the first state in the nation to exempt business income from personal income tax. It is important to note that no changes have been proposed to statutes dealing with corporate income taxes.

[Click here](#) for a pdf giving the complete details of the Governor's tax plan.

## OTHER AGENDA ITEMS

In the coming weeks, we will share additional information on school finance and KPERS reform. Here are the highlights:

**KPERS**, which has a \$9B unfunded liability, would receive increased contributions from the state and state employees. New employees would join a defined contribution plan instead of the defined benefit pension program currently used.

The **K-12** public school funding formula would be changed by eliminating all special weightings, except special education. Every school district would receive at least what they received last year and, moving forward, the state cap on local option budget property taxes imposed by school districts would be removed.