

# Kansas

Capitol City: Topeka

**Governor:** Sam Brownback(R). Elected Nov. 2010. Four year term.

Primary Elections: August 5, 2014

General Elections: November 4, 2014

Legislature convenes the second Monday in January for a 90-day session.

The 2012 election produced solid conservative Republican majorities in each chamber. House gained 55 new members (44%), while the Senate gained 17 (42%) new members. Some just traded chambers. Most moderate Republicans lost their re-election bids.

Governor has a two term limit. No term limits for legislators.

**Senate:** 32 R, 8 D

Term 4 years

Senate President – Susan Wagle (R - Wichita), ALEC board member

Minority Leader – Anthony Hensley (D - Topeka)

Major Utility Committee – Senate Utilities Committee (11 members)

Chair – Pat Apple (R - Louisburg)

**House:** 92 R and 33 D

Term 2 years

Speaker – Ray Merrick (R - Stilwell), ALEC board member

Minority Leader – Paul Davis (D - Lawrence)

Major Utility Committees – House Energy and Environment (19 members)

Chair – Dennis Hedke (R - Wichita)

- House Utilities and Telecommunications (19 members)

Chair – Joe Seiwert (R – Pretty Prairie)

**Regulatory Body:** Kansas Corporation Commission

Three-person commission appointed by the Governor. No more than two can be of the same party as the governor. Confirmed by the Senate.

Chairman Mark Sievers appointed in May 2011.

Has transmission siting authority.

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The 2013 legislative session ended around 2:15 a.m. on Sunday, June 2 (99<sup>th</sup> day of the session) after reaching agreements on the tax and budget bills.

The House passed the budget on a vote of 63-51 (the minimum needed for passage). The \$14.5 billion all-funds budget cuts the Governor's recommendations by \$66 million and almost 250 FTEs, mostly unfilled positions. The Senate approved the bill 21-15 (again the minimum required).

The Legislature debated the bill largely on the following three issues:

1. managed care of those with developmental disabilities,
2. cuts to Board of Regents institutions, and
3. cuts to funding for the Kansas Department of Corrections.

It cut higher education by approximately \$66 million over two years and places a cap on salary expenses. And for the next school year, the budget provides flat funding for public schools despite a recent court ruling that says the Legislature should increase school funding by approximately \$500 million.

The other important key to ending the session was passage of a tax bill. Both chambers passed and sent to the Governor a tax agreement that further reduces income taxes, sets the sales tax at 6.15% rate, and fills large parts of the budget hole created by last year's massive tax cut bill. The House passed the tax bill on a vote of 69-45. The Senate passed the measure on a vote of 24-13. It is estimated to bring in \$777 million in tax revenue over the next five years. The sales tax rate was to fall to 5.7% on July 1. The goal of the reduction in income tax rates is to drive economic growth.

The bill also includes "haircuts" to the value of itemized deductions such as home mortgage interest, but exempts charitable contributions. The standard deduction would be cut from \$9,000 to \$5,500 for head of household and \$7,500 for married, filing jointly. The plan would reduce over five years the top income tax rate from 4.9 percent to 3.9 percent, and the bottom rate from 3 percent to 2.3 percent. After 2018, state revenue growth over 2 percent would go toward further income tax rate reductions.

Legislators return on June 20 for Sine Die, after which campaign contribution solicitations can begin.

Electric and gas utility legislation was sparse this year, primarily due to a large telecom dereg bill and that 40% of the House and Senate members were new.

The House has had only one utility committee in the past. This year, the Speaker formed two utility-related committees, Energy and Environment and the Utilities and Telecommunications committees. The latter's focus was the telecom dereg bill. Most of the electric and gas utilities' time was spent in the Energy and Environment committee where several challenges to the state's renewable energy standard (RES) were vetted. Those that wanted to change the RES based their argument on a perception that it has driven up electric rates and could increase them by as much as 50% by 2020.

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Those claims were based on a research report funded by the Kansas Policy Institute, an “independent, free-market think tank.” Those who supported the current RES said it was created in a deal to get the new Sunflower coal plant built, and that a deal is a deal. The coal plant’s fate is tied up in the state’s supreme court.

Our state regulator said that most of the state’s IOUs were at or close to meeting the 2016 RES requirements already, and that compliance has raised rates about 1.7%. Utilities confirmed the increase was minor. The large rate increases that occurred over the last five years have been due to meeting enviro regs at our coal plants and construction of new transmission.

In the end, the RES changes never made it out of committee. A renewed effort may begin next session.

The House did pass a bill (HB 2101) allowing the creation of an interstate transmission siting compact. The Senate committee did not taken action on it, but the bill remains alive through next session.

Other bill topics that did not advance included: construction of transmission lines and changes to the current net metering law.

Westar Energy filed a \$32 million rate increase in April for recovery of costs associated with enviro retrofits at a coal plant. A new customer cost of service allocation model is also being proposed. Decision expected in early December.