

# LEGISLATIVE UPDATE



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## 2014 ELECTION: WHAT TO WATCH



This election season in Kansas is turning out to be a national headline grabber. Many national politicians are tuning in to watch whether Kansas really is as conservative as many may have thought and whether long-time national politicians will keep their seats or be beat by newcomers in politics. This article will give you a

brief overview as to what you can watch for during this election season.

*Which races to watch:*

There are many races, including 76 House general elections. The most watched races will be the U.S. Senate seat currently held by Senator Pat Roberts, the Governor's Office, the Secretary of State's race, and the Insurance Commissioner's race.

National news media have called the Governor's race in Kansas as one of the top 10 races in the country to watch this year. Most recently the *Washington Post* named the race between Governor Brownback and Paul Davis as #10. Other national publications like *Hotline* and *National Journal* have said Kansas is a Governor's race to watch.

Another race many will be watching is the U.S. Senate race, a seat currently held by Sen. Pat Roberts. Sen. Roberts came off of a primary win over challenger Dr. Milton Wolf, who ran as a Tea Party member. Sen. Roberts now faces Independent and business owner Greg Orman. Orman is well-financed. Shawnee County District Attorney and Democrat Chad Taylor exited from the race and requested to be removed from the ballot on September 3. Continue to watch how this plays out as Secretary of State Kris Kobach has ruled that Taylor must stay on the ballot.

Two other statewide races that may be competitive is the Secretary of State's Office and the Insurance Commissioner's Office. Secretary of State Kris Kobach is facing a challenge by former Republican, and now Democrat, Jean Schodorf, who formerly served in the Kansas Senate. Kobach could have negative public reaction due to his fight on strict immigration policies. The other competitive race is the race for Kansas Insurance Commissioner. Republican Ken Selzer beat out four challengers in the tightest Republican primary. He faces Democrat Dennis Anderson in the general election.

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Rep. Joe Edwards, R-Haysville, died of a suspected heart attack on August 19. He served as a first-term representative for the 93<sup>rd</sup> District. He was a member of the Transportation Committee. Our thoughts and prayers are with his family.

## 2014 ELECTIONS: WHAT TO WATCH FOR

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*Lots of money and outside groups:*

The Kansas Governor's Office is one many national Republican organizations do not want to lose. This race will involve a lot of money and a lot of outside groups getting involved. In August, in one week alone, there were four television ads running on the air for the Governor's race. That was a cost of \$450,000 a week for organizations and candidates. For instance, the Republican Governor's Association aired an ad attacking Davis, calling him liberal. Now the Kansas Values Institute is running an ad targeting Governor Brownback and his tax cut policy.



Governor Sam Brownback

Rep. Paul Davis

Governor Brownback aired his first ad in August, touting his economic growth policy in Kansas and his commitment to education. He continues to hold press conferences on a regular basis outlining his Road Map for Kansas 2.0 platform.

Davis, on the other hand, has yet to air a campaign commercial and holds limited press conferences. He has developed several videos that he regularly posts on his website. One theory as to why Davis hasn't gone to television is to hold onto campaign money while he is still ahead in the polls. Campaign finance documents filed in late July showed that Governor Brownback's campaign had about \$2.4 million in its coffers compared to \$1.3 million for Davis.

A lot of money given to the respective political parties and outside groups are going toward the Governor's race. It will become a very expensive and highly contested race over the next two months.

*Issues and messaging:*

As you may have already seen, Governor Brownback and the Republicans are focusing on three key issues: economics, education and federal overreach. Their goal is to tie Paul Davis to President Obama and the dissatisfaction Kansans have for the President's administration. The first television ad from Governor Brownback's camp was of him touting his economic growth record.

As previously mentioned, Governor Brownback rolled out his Road Map for Kansas 2.0, which is centered on creating 100,000 new private sector jobs in Kansas. His plan also includes creating a move-in incentive program for urban areas similar to the Rural Opportunity Zones program, pushing for expansion of military operations at Fort Leavenworth, and supporting U.S. Soccer's recently announced national training center in Kansas City, Kansas.

Davis and the Democrats are focused on making this vote a referendum on Governor Brownback's record. They will be talking about the state budget, lack of economic growth and education funding. Davis is focused on telling voters why they should vote against the Governor. A Washburn University political science professor, Mark Peterson, told the *Wichita Eagle*, the Davis campaign needs to give voters a reason to support Davis too. In the past month, Davis released his tax plan which would freeze the Governor's income tax cuts. It would cost taxpayers \$735 million through 2019, but also put money back into the state coffers. He also called for restoring education funding to pre-recession levels.

Continue to watch as these issues are played out by both campaigns and outside interest groups for the next two months.

## S&P LOWERS BOND RATING FOR KANSAS

Citing Kansas income tax cuts and a “structurally unbalanced budget,” Standard & Poor’s (S&P) rating services has announced a one-level downgrade of its issuer credit rating (ICR) for the State of Kansas. S&P also announced a double-notch downgrade of Kansas’ appropriations-secured debt, saying “the outlook on both ratings is negative.”

The press release stated the changes in ratings reflect “a structurally unbalanced budget, following state income tax cuts that have not been matched with offsetting ongoing expenditure cuts in the fiscal 2015 budget...recent shortfalls in income taxes will leave both fiscal years 2014 and 2015 with ending general fund balances much less than projected in the enacted fiscal 2015 budget.” S&P warned the rating could be lowered again in the future should the State General Fund “fall into a significant structural budget imbalance.” Ratings could change on the positive side with sufficient state budget cuts. The rating cut could lead to higher interest rates on state borrowing, ultimately costing taxpayers more money.



Governor Brownback said he didn’t think the bond rating agencies were analyzing Kansas correctly: “The bond rating agencies don’t like you cutting taxes.” But he continues to be committed to lowering taxes, saying they will spur the economy. He stated in an interview with 580 WIBW Radio, “It’s hard to break the addiction to high taxes, but we need to do it to create growth.”

Governor Brownback reassured investors saying the state will honor its debt obligations. “These are still high-grade bonds,” he said.

Moody’s bond rating agency also downgraded \$2.8 billion of outstanding Kansas bonds, including \$1.6 billion of highway bonds earlier this year. Moody’s called the Kansas economic recovery slow compared with peer states. Highway bonds were downgraded because the state is using highway revenues for the other areas of the budget. Other concerns were underfunded pension liabilities, “inconsistent ending balances which are meant to act as a reserve buffer in downside financial scenarios, and an economy that is likely to underperform the nation due to sluggishness in key manufacturing sectors.”

## ON THE BALLOT: LEGALIZE RAFFLES

On the November ballot there will be a constitutional amendment up for a vote that would legalize raffles for Kansas non-profit organizations. For many years, groups have raised funds by selling raffle tickets for a chance to win prizes. This has always been illegal gambling according to the state law, and for the most part, people have looked the other way.



Last session the Legislature passed a bill to put the proposed amendment on the general election ballot. It will require a majority vote that would change the constitution to allow charitable raffles. Those charitable raffles are identified as being operated or conducted by religious, fraternal, educational and non-profit organizations. The raffles are defined as a game of chance in which each participant buys a ticket from a non-profit organization with each ticket providing an equal chance and the winner being determined by a random drawing. This vote will decide whether Kansas voters want the raffles legalized for only non-profit. If the amendment passes in November’s election, the Kansas Department of Revenue will write rules and regulations.

For more information, visit <http://www.ksrevenue.org/bingoraffle.html>.

## HOW TO READ THE POLLS

If you haven't seen or heard yet, there are many, many polls predicting who will win in November. When there are tight races, there are more election polls. Here is some information on how best to evaluate an election poll this year:

- Who is paying for the poll? If it is a poll commissioned by a Kansas TV station or newspaper, it is worth paying attention to, as the media in Kansas is not in the business of election candidates. They want to attract viewers and readers and thus be credible and trustworthy. If it is a poll from a national polling firm, it is also good to pay attention. The success of their business will depend on how accurate their polls are. National polling firms active in Kansas this year include Rasmussen Reports, SurveyUSA and Public Policy Polling.
- Is the poll scientific? A scientific poll means they are asking nonleading questions and pollsters should allow you to see their question wording. Also, the pollster should follow the fundamental polling principle of Equal Probability Selection, which states that if every member of a population has an equal probability of being polled, then that sample will be representative of the population. This is often achieved by randomly calling people, both on landlines and cell phones. A benchmark of a scientific poll is that the poll has a "95 percent confidence interval." This means that if the poll was done 100 times, 95 times the poll would be accurate to within the margin of error. Finally, a scientific poll should have a relatively small margin of error, hopefully less than plus or minus 4 percent and no more than 5 percent. What plus or minus 4 percent means is that if a candidate received 50 percent support in a poll, the margin of error indicates that the true rating is likely to be between 54 percent and 46 percent. To achieve that plus or minus 5 percent margin of error a poll has to have a minimum of about 400 randomly selected respondents.
- Does the poll have a good sample? When companies commission polls, their sample is potential customers. For election polls, the sample is the mix of voters who will show up and vote on Election Day. This is tricky, because every election in Kansas features a different mix of voters depending on the vagaries of that particular election. A scientific poll that oversamples a certain type of voter — men, women, seniors, youths, minorities, western Kansans — just to name a few possibilities, will have less reliable results. One of the critical sample groups to get right is party affiliation. What will be the mix of Republican, Democratic and unaffiliated voters? We know the party registration in Kansas (44 percent Republican, 24 percent Democrat, 31 percent unaffiliated), but in Kansas, that is never who actually votes in statewide elections, because unaffiliateds always underperform and Republicans always overperform. So a key to polling in Kansas is getting that mix right, and it can be difficult because the mix of voters is going to depend on who is on the ballot and the interest candidates have stirred up among the voters.

Good luck on following the polls!

### Debates to watch

#### *Governor's race: Brownback vs. Davis*

- September 6, Kansas State Fair in Hutchinson at 10 a.m. It is open to the public and will be broadcast by 580 WIBW radio.
- October 21, Kansas Association of Broadcasters in Wichita.
- There is still a goal to have a debate in Johnson County, most likely the Johnson County Public Policy Council, and a televised 30-minute session for KWCH in Wichita. The Governor has agreed to both of those appearances, but the Davis' campaign has not yet committed to either one.

#### *U.S. Senate's race: Roberts vs. Orman*

- September 6, Kansas State Fair in Hutchinson at 11 a.m. It is open to the public and will be broadcast by 580 WIBW radio.
- October 8, Johnson County Public Policy Council.

\*\*More debates for statewide officials could still be scheduled and held for the next two months.

## REVENUES REMAIN STEADY

Kansas tax-only revenues for August remained steady. They slightly decreased, but not enough to trigger anything serious at the balanced-budget level. The Department of Revenue said August's receipts were \$4 million below estimates, and coupled with July's revenues put the state just \$2.4 million under projections of \$832 million so far this two-month-old fiscal year.

Individual income tax receipts were \$169 million, \$11 million or 6.2% below estimates of \$180 million for the month. Last August saw tax payments, mostly withholding, of \$158.5 million, so the state is up \$10 million in individual income taxes over last year.



Sales tax receipts—which now represent the first full comparison of effects of the 6.15% rate (a factor of month-delay in reporting sales taxes by some small retailers)—at \$181.5 million were \$1.6 million over estimates. Last August's sales tax revenues were \$173 million, so we're up \$8.2 million or 4.8% for the month over last year.

Corporate income tax receipts for August were \$10.8 million, \$5.8 million or 116% over estimates and \$2.3 million or 27% higher than last August's corporate payments. The tax is somewhat fickle, though, and decisions by companies can have an

effect on when taxes are paid to the state.

What does this mean? The close revenue-to-projection numbers allow the Division of the Budget to continue working on putting together next fiscal year's budget without much revenue changes. The sales tax revenues—now fully comparable to last year's when the 6.3% to 6.15% rate went into effect—are steady, which may mean the discretionary spending that the Governor's administration says should increase as income taxes shrink, may be happening, albeit slowly. There still isn't a good read on whether the individual income tax drop is attributable to Kansans changing their business organizations to increase non-wage income, which is not taxable.

## IMPORTANT INFO FOR EMPLOYERS WHO HIRE



As we are moving into the busy time of the year and employers in your area begin to hire, please refer them to [KANSASWORKS.com](http://KANSASWORKS.com) for posting job opportunities at no cost. Employers can create an employer account at [KANSASWORKS.com](http://KANSASWORKS.com) and enter job openings easily to find qualified and skilled candidates matching their job specifications. If the employer needs assistance with posting job openings, they can call (877) 509-6757 and ask Workforce Center staff for assistance with this process. Employers can also search for resumes of job candidates by experience, keyword, and other search criteria once they have created an account on **KANSASWORKS**.

If you have any employers in your area struggling to fill specific positions, please contact Kansas Department of Commerce Workforce Response Coordinators for further assistance: Debra Rodenbaugh-Schaub at [drodenbaugh@kansasworks.com](mailto:drodenbaugh@kansasworks.com) or phone # [785-224-6664](tel:785-224-6664); or Phyllis LaShell at [plashell@kansasworks.com](mailto:plashell@kansasworks.com) or phone # [785-577-4610](tel:785-577-4610).

## K-12 EDUCATION UPDATE

The K-12 Student Performance and Efficiency Commission have spent several days this summer meeting and planning how it can help education appropriation dollars stretch farther. The Commission is far from finishing its work.

The commission will meet again September 3-4, September 18-19, and October 7-8, and continue to gather information from innovative school districts, accountants and superintendents. The commission is tasked with finding ways to save money and increase performance of K-12 schools. It will provide the Legislature in January with proposals to cut costs and increase pupil performance.

The panel, which was formed as part of the school finance bill passed last session, has heard about KPERS/school issue (the employer portion of the benefit paid for by the state), and whether there might be savings possible there. It also heard from major interest groups in public education. The Kansas Association of School Boards wants to maintain the independence and authority of local school boards and cited some examples of cost-savings that its members have achieved. United School Administrators doesn't want reductions in authority and is wary of statewide ideas to save money by lawmakers who aren't in the industry. The group also cited collaborative efforts made to save money. Kansas-National Education Association is skeptical about efforts to just save money, when the nature of public education is changing due to the nature of clients—the pupils who attend schools and the need for wide-ranging education, not just math and reading scores. The American Federation of Teachers-Kansas was looking for the Legislature to think again before enacting laws dealing with education and to spend more on public education, which would include teacher salaries.

### 2014 General Election

#### October 14

Last day to register to vote for November General Election

#### October 28

Advance voting begins

#### November 3, noon

Advance voting ends

#### November 4

Election Day

### Save Kansas Roads

The Kansas Contractors Association launched a new statewide push to protect highway funding and educate elected officials about the benefits of good roads. For more information about the effort, please visit [www.savekansasroads.org](http://www.savekansasroads.org).



#### You know this...but do THEY?

A comprehensive, statewide transportation program provides good jobs and encourages economic growth. Additionally, well maintained roads improve motorist safety and reduce costly damage to vehicles. You can be a part of this grassroots effort to encourage state legislators to maintain Kansas' commitment to good roads. Visit our website for a quick link to contact your elected officials in the Kansas Senate and House of Representatives.

Tell them you support infrastructure investment for a strong Kansas and they should too.

[www.savekansasroads.org](http://www.savekansasroads.org)



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