

REAP Legislative Committee Meeting Agenda

Wichita Workforce Center
2021 N. Amidon, Suite 1100, Wichita
May 25, 2017 ~ 11:30 a.m.

1. Welcome and Introductions: Bob Myers, Chair
 2. Approval of Minutes from Legislative Committee Meeting from January 26, 2017: Bob Myers, Chair (pp.2-4)
Recommended action: approve the minutes from the January 26, 2017 Legislative Committee meeting.
 3. REAP Legislative Priorities Update: Marla Canfield (pp. 5-7)
Provided updates on the 2017 REAP priorities.
Recommended action: receive and file.
 4. Regional Transportation Strategic Planning: Marla Canfield (pp. 8-9)
REAP, BREG, and WAMPO officials recently met with Butler/Sedgwick County businesses and local governments to discuss regional transportation cooperation and planning.
Recommended action: receive direction from members about regional transportation strategic planning process and participate in meeting when coordinated.
 5. 2018 Legislative Agenda Planning: Marla Canfield (pg. 10)
Discussion of outreach/engagement tactics to consider in 2018.
Recommended action: provide direction to staff to start planning the 2018 outreach/engagement tactics.
 6. Other Business: Legislative Committee Members
 7. Adjourn
-

REAP Legislative Committee Meeting Minutes

Wichita Workforce Center
2021 N. Amidon, Suite 1100, Wichita
January 26, 2017 ~ 11:30a.m.

1. Welcome and Introductions: Bob Myers, Chair

Bob Myers, Chair, called the meeting to order.

2. Approval of minutes

A. Approval of Minutes from Legislative Committee Meeting from October 27, 2016

Council Member Carl Koster, Cheney (Council Member Diane Wynn, Bel Aire) moved to approve the minutes from September 22, 2016 Legislative Committee meeting. Motion adopted.

B. Approval of Minutes from the joint Executive and Legislative Committee Meeting from December 8, 2016

Council Member Carl Koster, Cheney (Council Member Diane Wynn, Bel Aire) moved to approve the minutes from December 8, 2016 Legislative Committee meeting. Motion adopted.

3. 2017 Legislative Session Update

Marla Canfield updated the committee on the REAP presentation to the South Central Delegation and the reception on 1.05.17. There was great attendance by the delegation and REAP members. Representative Brandon Whipple is the South Central delegation chairman in 2017 and Representative John Whitmer, is vice chairman.

After the meeting concluded REAP and WSU co-hosted an event. Several members of the delegation attended and REAP received a positive feedback on the event

Staff reached out to Representative Whipple's office to arrange hosting a lunch for the delegation. It will be March 22nd from 11:30 to 1:00pm.

4. Committee Leadership Appointments

Keith Lawing reviewed the Legislature Committee Appointments with South Central Delegation highlighted.

5. REAP Legislative Priorities Update

Tax / Spending Lid

Representative Greg Lewis introduced HB 2082 on 1.18.17 in the House Tax Committee. The bill would repeal the property tax lid passed in 2015, which prohibits local units of government from passing budgets with property tax increases beyond the rate of inflation. T

WATC/WSU Merger

The Kansas Board of Regents has approved an affiliation proposal. Legislation can be presented to the Kansas Legislature that would pave the way for a merger between Wichita State University and Wichita Area Technical College. Obtaining accreditation from the Higher Learning Commission is another necessary step. With all of the necessary approvals, WATC would become the WSU Campus of Applied Sciences and Technology as early as next year. WATC employees then would be employed by Wichita State. A new affiliate also would maintain WATC's open admissions policy and separate tuition structure. WATC students would, however, have access to services, housing and facilities on WSU's main campus.

Under the proposal, members of the WATC board of trustees would become an advisory committee to Wichita State's president, with a continued emphasis on meeting the education and training needs of companies and industries in south central Kansas.

Motion to change infographics to say affliction versus merger to be consistent with WSU/WATC language was approved.

Medicaid Expansion

Representative Susan Concannon introduced HB 2064 to expand KanCare. Concannon's bill, largely crafted by the Kansas Hospital Association, would expand KanCare coverage to between 100,000 and 150,000 low-income Kansans, mostly adults who make less than \$16,243 a year.

Funding for Transportation Infrastructure

Gov. Sam Brownback wants to take nearly \$600 million from the highway fund over the next two and a half years. Since 2011, he has swept \$1.3 billion from the fund to help plug budget holes. Under the newest weep, KDOT will not begin new expansion projects in 2018 and 2019.

Passenger Rail Service

Council Member Pete Meitzner is meeting with Senator Susan Wagle about next steps.

Other items:

Election bill signed by Governor Brownback

The Legislature has passed and the Governor has signed an election bill to deal with the expected special election to replace Congressman Mike Pompeo, who will likely resign to become Director of the Central Intelligence Agency.

Kansas out of compliance on Medicaid

The federal government has rejected an extension of Kansas' Medicaid (KanCare) waiver, stating that the state is "substantively out of compliance" with U.S. law.

Bill repealing business tax exemptions has hearing

The bill is House Bill 2023, which ends the so-called LLC exemption for Kansas business income tax as of January 1 of this year.

Military aircraft expansion hinted

At a Senate Commerce Committee meeting this week, Commerce Secretary Antonio Suave hinted at “important military scenarios” involving the aircraft industry in the Wichita area and possible job expansions. Suave was responding to a question from a committee member about the health of the aircraft industry.

Suave did not say anything else, but at a later meeting of the South Central Kansas Legislative Delegation, speculation centered on Spirit AeroSystems (the former Boeing Commercial plant) and nearby empty buildings that were formerly part of Boeing Military Division.

STAR Bonds

Sales Tax Revenue (STAR) Bonds provide Kansas municipalities the opportunity to issue bonds to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds. It will sunset on July 1, 2017 without legislative action. As of today, there has been no bill introduced to extend the program. Neither the Governor nor the Secretary of Commerce has asked lawmakers to extend it. Some legislators have become aware of the situation and plan to begin working on legislation.

Discussed cell tower locations and the City of Wichita agreement with Mobilitie.

6. Other Business: Legislative Committee Members

7. Adjourn

The meeting adjourned at 12:33p.m.

Attendance

Bob Myers, Newton
Council Member Carl Koster, Cheney
Commissioner Dave Unruh, Sedgwick County
John Waltner, Harvey County

Council Member Diane Wynn, Bel Aire
Council Member Tom Jones, Park City
Kaylene Haug, K96 Corridor

Staff/ Guests

Keith Lawing, REAP
Marla Canfield, REAP

Mayor Jerry Powers, Norwich
Kelly Bergeron, Newton
Lonnie Wright

Recommended action: approve the minutes from the January 26, 2017 Legislative Committee meeting.

Item:

05.23.17 REAP Legislative Priorities Update

Analysis:

Tax / Spending Lid

A bill (HB 2424) that exempts certain employee benefits from the local property tax lid passed out of the House Taxation Committee.

These exemption in addition to the current law for law enforcement, fire protection or emergency medical services, are added by the bill: increases in employer contributions for

- social security
- workers compensation
- unemployment insurance
- health-care costs
- employee benefit plans and employee retirement and pension programs

On 5/12/17 there was a committee report recommending the bill be passed as amended by the Committee on Taxation. The brief:

HB 2424, as amended, would add an exemption to the property tax lid for cities and counties relative to costs associated with employer contributions for social security, workers compensation, unemployment insurance, health-care costs, employee benefit plans, and employee retirement and pension programs. Increased property taxes associated with these purposes would be excluded from the calculation used to determine the level at which voter approval is otherwise required prior to the implementation of certain property tax increases over the previous year.

Additional language in the bill would authorize a property tax exemption for not more than ten calendar years for certain land, buildings, and personal property owned by a redevelopment authority and located within a former federal enclave when such property is leased to a business and used exclusively for manufacturing, research and development, or warehousing purposes. Qualified redevelopment authorities would be authorized to file requests for exemption only with the approval of a board of county commissioners.

The property tax lid legislation (HB 2376) is still in the House Taxation Committee after a hearing on 3/16/17. HB 2376 changes the current law from a required election to a protest petition election to exceed the tax lid. There were several organization that provided proponent testimony including REAP partners/members: KAC; LKM; Bernie Koch, Harvey County Council of Governments; David Austin, Mayor of Bel Aire; Clair Donnely, Mayor of Maize; Jeff Longwell, Mayor of Wichita.

WATC/WSU Affiliation

The Senate passed the bill that allows the affiliation of Wichita State University and the Wichita Area Technical College. The bill moved to the House for its consideration on 3/23 and voted to advance it the same day it passed final action on 3/30. REAP provided written testimony to the Kansas House Education Committee for SB 174. WSU met with the Governor, and he did a signing ceremony for the affiliation legislation on 4/12/17.

Medicaid Expansion

Governor Sam Brownback vetoed HB 2044 on 3/30/17. The House's vote on 4/3/17 failed to override the Medicaid expansion bill veto. 44 representatives voted to support the veto, 81 legislators voted to override. 82% of Kansans support Medicaid expansion.

Funding for Transportation Infrastructure

Lobbyists for Kansas highway contractors are urging state lawmakers to increase the gas tax. House Taxation Committee is working on House Bill 2412, which raises the motor fuels tax by five cents a gallon. The bill would raise an estimated \$84.6 million in Fiscal Year 2018, which begins July 1, 2017. In this bill gas at the pump and E-85, diesel, LP gas, compressed natural gas, and liquefied natural gas would see tax increases. Certain motor fuel permits used by industry would also be increased.

Passenger Rail Service

Amtrak officials came to Wichita 2 weeks ago. They toured Union Station with Council Member Pete Meitzner and Occidental Management. They were impressed with the potential for Union Station as the stop. Amtrak continues to monitor the bus traffic/connections, and a conference call with Amtrak is scheduled to review the ridership estimates. Fast Act has had some positive support/outcomes in investing services to areas previously abandoned (i.e., service between New Orleans and Florida abandoned after Katerina hit). And, the extension of the Northern Flyer to connect in Newton is one of their top 5 opportunities. Pete is joining a group of states in Washington DC next week, to meet with legislators, staff, Dept of Transportation and Amtrak.

In the federal budget there is a proposal that would cut passenger rail service. According to the National Association of Railroad Passengers all federal funding for AMTRAK would be cut eliminating service to 23 states. This would impact Southwest Chief, and Kansas, but all indications are this does not have the support of congress based on the impact to the country and the respective states.

Other items:

Slot machines at Greyhound Park

A bill in the Kansas House could let Sedgwick County voters vote on whether to allow slot machines at the shuttered Wichita Greyhound Park. Under HB 2173, residents would have to gather at least 5,000 signatures to put the issue on the ballot. The ballot question would read: "Shall the operation of electronic gaming machines at the Wichita Greyhound Park by the Kansas lottery be permitted in Sedgwick County?"

On 3/23 there was a hearing scheduled with the House Appropriation Committee. http://www.kslegislature.org/li/b2017_18/measures/hb2173/

Tax bill and budget

The conference committee of the House and Senate discussed an income tax bill. The discussion centered on a House proposal to return Kansas to the income tax structure of 2012. The plan raises \$649.5 million for the upcoming fiscal year, \$772 million the next.

There is some discussion that there may be resurfacing of a SB 30. This agreement:

- The business pass-through income exemption is repealed retroactive to January 1.
- The March to Zero trigger mechanism is repealed
- Medical deductions are at 100 percent, beginning in 2018
- The low income threshold is reduced from \$12,500 to \$5,000 for married filers and from \$5,000 to \$2,500 for single filers
- The 2017 rates are contained in three brackets: 2.85 percent, 4.9 percent, and 5.1 percent
- The 2018 rates increase to 3.0 percent, 5.25 percent, and 5.6 percent
- The bill raises an estimated \$514 million in FY 2018 and \$548 million in FY 2019

It is possible that a three cent per gallon motor fuels tax increase for roads might be added to this package to attract more votes.

Economic development

The Senate Commerce Committee has been probing economic development programs and incentives of the state, asking if they work and/or if they need to be changed. Without legislation, STAR Bonds could not be used as an economic development tool. House Bill 2184 passed out of the House Appropriations Committee on 5/3/17. The brief:

HB 2184 would make a number of changes to the Sales Tax and Revenue (STAR) Bond Financing Act. The bill would allow STAR bond project costs to include expenses for the renovation and expansion of an historic theater. The bill would eliminate language that allows a county commission or school board to object to a proposed STAR bond district, if it is determined the STAR bond district would have an adverse effect on property tax revenues. The Secretary of Commerce would no longer be required to approve a city or county option to use all or a portion of transient guest tax revenues to be pledged for principal and interest payments on the STAR bonds. The bill would eliminate outdated language for a STAR project that involves auto racetrack facilities. The bill would extend the sunset date for the STAR Bond Financing Act from July 1, 2017, to July 1, 2022.

Sources: Bernie Koch, Wichita Eagle, Topeka Capital Journal, Kansas League of Municipalities, Hawver News Company.

Item:

Regional Transportation Strategic Planning

Background:

One of the 2017 REAP work plan items is to support regional transportation planning. After attending a regional transportation planning meeting on October 5, 2016 with BREG/WAMPO/REAP leadership it was determined the next steps should be for REAP in partnership with WAMPO/BREG to convene multiple regional meetings during the fall with economic development agencies and community leaders in the region. A larger regional convening could be hosted to share the information and identify common regional goals in 2017.

Tactics:

- Conduct 5-6 meetings recommend hosting in conjunction with EDO's throughout the region.
 - Regional meetings hosted/facilitated by EDO's supported by REAP/BREG in each community asking key questions of stakeholders/businesses/elected county officials for the 10 county area: Cowley, Sumner, Butler, Marion, Harvey, McPherson, Reno, Sedgwick, Kingman, and Harper. The goal is to collect information of needs/assets from each community.
 - REAP will provide resources to help plan, coordinate, and support community meetings.
 - Suggested invite list:
 - Local employers from the BREG clusters
 - Transportation planners or public works leaders from local governments with knowledge about transportation infrastructure and challenges
 - Community leaders engaged in economic development planning
 - Determined these will be multicounty:
 - Butler / Sedgwick
 - Sumner / Cowley
 - Reno / Harvey
 - Kingman / Harper
 - McPherson/Marion

Analysis:

The first meeting was held on May 18, 2017 for Butler / Sedgwick Counties in Andover. Jeff Lackey, Trans Systems and BREG Transportation & Logistics Co-Chair, facilitated the conversation. The focus of the meeting included: ideas on improving infrastructure, discussion of regulatory requirements that making it difficult to move product, what are the transportation related improvements that would help business grow. There were leaders from across the private and public sectors in attendance. Key discussion included how does the region showcase the assets (i.e., IKE Airport, McConnell Airforce base gas pipeline). The region needs to develop a list of assets for new business recruitment and current business expansion.

This information will be used to define our regional logistics assets and needs in order to provide a collective voice for the regional transportation industry.

Participants included:

| | | |
|----------|------------|---------------------------------------|
| David | Alfaro | Butler County Economic Development |
| Greg | Allison | MKEC |
| Mike | Armour | City of Wichita |
| Shawn | Bauman | Allen Gibbs & Houlik |
| Ted | Branson | Landmark Commercial Real Estate, Inc. |
| Marla | Canfield | REAP |
| Heather | Denker | BREG |
| Raymond | Dondlinger | Dondlinger Construction |
| Vince | Haines | City of El Dorado |
| Gloria | Jeff | WAMPO |
| Linda | Jolly | El Dorado, Inc. |
| Jeff | Lackey | Trans Systems |
| Keith | Lawing | REAP |
| Scott | Lucas | WATC |
| Les | Mangus | City of Andover |
| Tara | Mays | Economic Lifeliners |
| Jennifer | McCausland | City of Andover |
| Roger | McClellan | Wildcat Construction |
| Murray | McGee | Moundridge EDC |
| Dave | Mullins | Hutchinson Community College |
| Phil | Nelson | WAMPO |
| John | Potts | Lange / RedGuard |
| John | Prather | Groendyke Transport, Inc. - RETIRED |
| Kathy | Sexton | City of Derby |
| Dave | Unruh | Sedgwick County |
| Dan | Woydziak | Butler County |
| Craig | Bay | BREG |
| Glen | Scott | KTA |
| Pete | Meitzner | City of Wichita |
| Darryl | Lutz | Butler County |
| Merle | Penner | John T Arnold |
| Rysom | Yhlchrson | WSU Professor |

Recommended action: receive direction from members about regional transportation strategic planning process and participate in meetings when coordinated.

Item

2018 Legislative Agenda Planning

Background

Historical regional legislative and policy priorities have been in the areas of skills training/workforce development, transportation infrastructure and water quality/conservation as these are all topics that do not respect traditional political boundaries and impact the regional economy.

Questions for the Committee to consider and discuss:

1. What are the basic goals for REAP in the area of policy advocacy and influencing state investments to support the regional economy?
2. What is the best way to develop regional legislative priorities?
3. How can REAP best work with other partners and stakeholders on regional legislative priorities?

At the April 20, 2017 Board of Directors meeting, it was voted to begin a strategic planning process. Part of the discussion will include how to engage and update the State Legislature of the regional legislative priorities. The REAP Board of Directors strategic planning meeting will be July 20, 2017.

In consideration of the questions above and other related issues, the next steps for the Legislative Committee should be to provide REAP members with recommendations for 2018 regional legislative priorities, suggested actions on coordinating with regional partners, and REAP's role in supporting legislative services and policy advocacy strategies for the region. REAP is part of the Blueprint for Regional Economic Growth (BREG) sector strategies and there could be some regional policy priorities that emerge from this work.

Outreach/Engagement Tactics to Consider

- Partner with the Wichita Metro Chamber on the networking reception for the South Central Delegation. This event happens annually and with REAPs involvement it will now include local governments.
- Host or co-host the annual South Central delegation meeting in January.
- Reception at the annual delegation meeting in January.
- REAP day in Topeka:
 - Sponsor a South Central Delegation lunch
 - Set up meetings with key officials of the state (i.e., Kansas Department of Transportation and Kansas Department of Commerce Secretaries).
- Align regional priorities with area chambers of commerce.

Recommended action: provide direction to staff to start planning the 2018 outreach/engagement tactics.