

State Representative

Don Hineman

Don's Legislative Update

March 24, 2013

Budget and Tax Bills Move

As we approach first adjournment of the legislature (scheduled for April 5) the House has now passed both a budget bill and a tax bill. The Senate has also passed one of each, and there are differences of course. Those differences will be ironed out in conference committees, and the compromise products brought back to each chamber for final approval.

For the first time in my legislative career I voted no on a budget bill. In any budget there are things to like and things not to like, and in the past I have been able to balance the pros and cons and take the pragmatic approach that in the end a budget must be adopted. This year I could not get to that spot. Here are a few of the things that give me major heartburn in the House budget:

1. Removal of \$7 million from funding for early childhood education programs, which have proven value in preparing youngsters to be academically successful. These cuts are the very definition of "penny wise and pound foolish".
2. A third year of deep cuts to the budget for public broadcasting, putting the future of High Plains Public Radio and Smoky Hills Public Television in doubt.
3. Cuts to the budgets for higher education, forcing tuition to rise even further. This comes at a time when business and industry are telling us that the future Kansas workforce must increasingly have some level of post-secondary education. Since 2008 Kansas has cut inflation-adjusted higher education spending per student by [24.5%](#).
4. Freezing state salaries for the eighth straight year and imposing a wage freeze which will leave numerous state agencies woefully understaffed. The citizens of Kansas expect and deserve low-cost government which uses their tax dollars wisely. But as we cut costs we must remember that the citizens also deserve efficient government which effectively delivers the services they expect. Freezing salaries and cutting essential positions has the effect over the long run of demoralizing state workers and degrading the very governmental services the public depends upon. Simply put, disrespecting your employees is a bad business move, regardless of whether it is private industry or government.

The House tax bill is an effort to "backfill" part of the budget hole created by the passage of the massive tax cut last spring. The bill originally consisted of three parts:

1. Allowing the state sales tax rate to revert to the level promised three years ago when we temporarily raised the sales tax in the depths of the recession to avoid making drastic cuts to essential government services. I fully support this rollback, but I could not support the companion proposal to divert several hundred million dollars away from Kansas Department of Transportation. To do so would have been devastating to KDOT, and would have put the entire T-Works program in jeopardy. I was pleased to support an amendment which successfully stopped the KDOT raid.
2. A reduction in the value of itemized deductions for individuals. This raises revenue and still gives Kansans a net reduction in their income tax bill when last year's cut is considered.
3. Future income tax rate cuts would be tied to a "growth trigger", and those cuts would only come when revenues are growing, and would be relatively moderate. This seems like a reasonable compromise between those who wish to march tax rates to zero rapidly and those (myself included) who regard last year's tax cuts as extremely aggressive. Personally, I want to see solid evidence that last year's tax cuts have yielded the promised economic growth and prosperity before I can endorse any further cuts.



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Visit Don's Website:
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Useful Phone Numbers

Department On Aging
800-432-3535

Child/Adult Abuse Hotline
800-922-5330

Child & Family Services
888-369-4777

Consumer Protection
800-423-2310

Crime Tip Hotline
800-252-8477

Crime Victim Assistance
800-828-9745

Gov- Brownback
800-748-4408

Highway Road Conditions
511 (in Kansas)

Housing Hotline
800-752-4422

KanCare Assistance
866-305-5147

Kansas Lottery
800-544-9467

Legislative Hotline
800-432-3924

Mental Health Services
888-582-3759

School Safety Hotline

With the raid of KDOT funds deleted from the plan I voted yes for the tax bill, although recognizing that it is a very incomplete package of income tax cut “pay-fors”. That is, it doesn't go very far towards filling the budget hole that the tax cuts produced. The Senate plan is much more aggressive, but contains future tax cuts that are not tied to a growth trigger. That approach is very ambitious and reckless. It could certainly not be called “conservative” in the traditional sense of that word. It will be interesting to see what sort of plan the conference committee can craft for our consideration.

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Property Valuation Notices

Earlier this month each county appraiser sent out change of valuation notices to all owners of real property. Many owners of agricultural land found their values had risen significantly. Values for native grass were basically stable, but farm ground values went up. Here are the average percentage increases (from 2012 to 2013) for the nine counties in the 118th District:

County	Dry Land	Irrigated Land
Thomas	30%	16%
Sheridan	29%	16%
Graham	29%	17%
Logan	30%	40%
Gove	21%	22%
Trego	12%	21%
Wichita	21%	32%
Scott	17%	35%
Lane	15%	22%

So what caused these increases? It is important to remember that since the mid-1980's, agricultural land in Kansas has been valued for property taxation purposes based on its use value rather than its market value. The recent run-up in market prices for ag land has had zero effect on property valuation for tax purposes.

Instead, the Property Valuation Division of the Kansas Department of Revenue determines the average landowner's net income from ag land, taking into account both income (price times production) and expenses. This is done separately for each county, and even goes so far as to account for varying productivity among different soil types. The resulting landowner net income figure is then capitalized using an appropriate capitalization rate to compute a figure for use-value. That use-value figure is then added as the latest data point of an eight-year rolling average of use-value, and the result is the figure used for the current year. The rolling average is used to smooth out the peaks and valleys in use-value, producing more stable values and more predictability for both taxpayer and taxing entity.

The jump in values we have experienced this year is the result of dropping off a low-price, relatively low productivity year on the back side of the eight-year rolling average, and adding a high-price, relatively high productivity year on the current side (there is a one-year lag in data as it takes a while to get it compiled accurately). The increases this year are significant, but are evidence that the system works.

Before use -value of ag land was put into place in the 1980's, ag land in Kansas was assessed at 30% of market value. Currently, use-value is producing assessed valuations which are only about 6% of market value. In other words, if use-value had never been implemented, assessed values on Kansas ag land would be five times what they are today!

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Rural by Choice

On March 6 the Kansas Statehouse was visited by an energetic group of

877-626-8203

Social Security
800-772-1213

Taxpayer Assistance
785-368-8222

Tax Refund Status
800-894-0318

Unclaimed Property
800-432-0386

Unemployment Insurance
800-292-6333

Vital Statistics
785-296-1400

Voter Registration
800-262-8683

Welfare Fraud Hotline
800-432-3913

Worker's Comp
800-332-0353

young adults who are members of the PowerUp Movement. Made up of 21-39 year olds who are “rural by choice”, the movement originated from the work of the Kansas Sampler Foundation whose mission is to preserve and sustain the rural culture of Kansas. The movement is specifically geared towards the next generation of Kansas leaders and doers and follows the five primary principles: Connect, Engage, Empower, Sustain and Enjoy. Learn more about the group at [Rural By Choice](#)

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Free Knowledge

It has been said that the brain is a muscle that needs constant exercise. And if you accept that concept, why not consider enrolling in a free college-level course online? The website [Coursera](#) offers you that opportunity, with a current listing of 329 courses from 62 different universities around the world. And these aren't some fly-by-night diploma mills; there are offerings from Duke, Stanford, University of Melbourne, Rutgers, and North Carolina, just to name a few.

Here is how the folks at Coursera describe their mission:

“We are a social entrepreneurship company that partners with the top universities in the world to offer courses online for anyone to take, for free. We envision a future where the top universities are educating not only thousands of students, but millions. Our technology enables the best professors to teach tens or hundreds of thousands of students. Through this, we hope to give everyone access to the world-class education that has so far been available only to a select few. We want to empower people with education that will improve their lives, the lives of their families, and the communities they live in.”

The curriculum is quite diverse, and I think if you browse through the curriculum you will find something to interest you. The next time it is offered, I plan to enroll in “Think Again: How to Reason and Argue”, which is taught by Walter Sinnott-Armstrong and Ram Neta of Duke University. After all, that's what we do as legislators. OK I admit, we are more adept at argumentation than reasoning, but people can change... right?

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Cowboy Logic

“Some folks don't lie, they just remember big.”

Quote of the week

“When you win, say nothing. When you lose, say less.” – Paul Brown

Sermon in a sentence

“Cultivate your character and your reputation will take care of itself.”

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