

# State Representative

# Don Hineman

**Don's Legislative Update**  
November 20,, 2015

## Revenue Shortfall Continues

As they do every November, the Kansas Consensus Revenue Estimating Group [recently released](#) the official State General Fund revenue estimates for fiscal years 2016 and 2017. Due to a continual string of disappointing monthly receipts they found it necessary to reduce their estimate of revenues for FY 2016 by \$159 million and the estimated revenues for FY 2017 by \$195 million. This is important because by statute the governor and legislature must use these estimates when they develop the budget.

The state operates on a fiscal year which ends on June 30, so we are already nearly halfway through fiscal year 2016. The reduction in estimated receipts forced Governor Brownback to announce \$110 million in cuts and fund transfers which he could authorize immediately. He is also requesting passage of a bill authorizing another \$14 million in cuts when the legislature convenes in January. It is important to note that these are not strategic cuts and transfers designed to make government leaner and more efficient. It would be more appropriate to label them as desperate moves brought on by the dire economic circumstances of state government. Included is another \$50 million transfer from KDOT, after previously-scheduled transfers in the hundreds of millions of dollars and a slowdown of highway maintenance activity within KDOT. It includes a debilitating transfer of funds out of the Kansas Bioscience Authority, once considered the bright shining light of economic development for the state of Kansas. And it includes a sweep of funds from early childhood programs [which could put those vital programs in jeopardy](#).

So will we make it to the end of the year without making additional cuts? I would rate that as extremely doubtful. Monthly revenue receipts could continue to disappoint, even though the estimators have now refined their estimates. There are other dark clouds lurking on the horizon, and any one of them could add to the state's fiscal woes:

- Within state government there are many regulatory boards designed to regulate and police the activities of members of a particular industry, such as the Kansas Real Estate Commission, the Kansas Bank Board, or the Cosmetology Board. Those boards are funded by fees assessed on the members of the industry over which they have authority. But when revenues have been tight in the past, legislators have sometimes used sweeps of these fee funds to fill holes in the state budget. A recent court ruling hints that those fee sweeps may in fact be unconstitutional.  
[http://www.hutchnews.com/news/local\\_state\\_news/case-tied-to-oneal-gets-lift-kansas-supreme-court/article\\_7c88e876-d995-5820-83d3-3cb59e3d4b5e.html](http://www.hutchnews.com/news/local_state_news/case-tied-to-oneal-gets-lift-kansas-supreme-court/article_7c88e876-d995-5820-83d3-3cb59e3d4b5e.html)



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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

- Gene Bicknell, a Pizza Hut franchise owner (and former candidate for governor) is in a dispute with Kansas Department of Revenue over whether he was a resident of Kansas or Florida at the time he sold his Pizza Hut holdings. In 2008 he paid the state \$42 million, which the Department of Revenue claimed were the taxes he owed on that sale, reputedly worth \$615 million. A recent court ruling opens up the possibility that the state could be forced to refund the \$42 million with interest. <http://cjonline.com/news/2015-10-14/little-noticed-court-ruling-revives-possibility-kansas-will-have-refund-man-42>
- Some Kansas residents who work in Kansas City Missouri have been paying an earnings tax to that city, and the state of Kansas has not consistently been allowing them to claim that as a deduction on their Kansas taxes. It appears likely that Kansas could be liable for refunds to these individuals, in an amount estimated at \$35 million. <http://www.kansascity.com/news/government-politics/article22474623.html>
- When the 2015 legislature passed a bill increasing the statewide sales tax to 6.5%, the bill also included a tax amnesty initiative, designed to encourage delinquent taxpayers to pay what they owed without penalty. It was estimated at the time that the program would bring in an additional \$30 million in revenue, although I and many others were skeptical that it would raise that much. The amnesty period is now ended and the final results are not yet in, but there are rumors circulating that the receipts may have been only about 1/3 of the projected amount. <http://www.ksrevenue.org/taxamnesty.html>
- Perhaps the greatest unknown in state finances revolves around the still-ongoing lawsuit over public school funding. There are two components to the problem: equity of funding and adequacy of funding. A decision on part one could come as early as next month, and most recent speculation has centered on a possible \$150 million price tag.

All of these possibilities illustrate the importance of government maintaining a healthy savings account, just as businesses and families do to ensure against unforeseen emergencies. And by Kansas statute the appropriators must budget for an ending balance of 7.5% of expenditures in the State General Fund. With roughly \$6.4 billion of budgeted expenditures, that would mean leaving \$480 million in the bank at the end of the fiscal year. Instead, even with the moves announced by Governor Brownback, the state is projected to have an ending balance of only \$5.6 million on June 30, 2016... a little less than one tenth of one percent of expenditures!

Such fiscal management can certainly not be viewed as conservative. Instead I would characterize it as reckless and desperate... making really harmful cuts to vital state programs in the hope that the miraculous economic recovery promised by those who promoted the 2012 income tax cut will soon appear. But the shot of adrenaline to the heart of the Kansas economy has not yet kicked in, and by any number of economic measures Kansas is actually lagging behind neighboring states and the nation as a whole. A recent [Brookings Institution study](#) raises questions about the validity of the theory behind the tax cuts. And closer to home, researchers at WSU's Hugo Wall School of Public Affairs have undertaken an [in-depth study](#) of state fiscal policies and their effect on economic growth. Here is their conclusion: "We can now say with more clarity that tax cuts like the ones passed in Kansas will likely have a short-run effect in boosting the economy. However, if they result in the need to cut public spending on capital and especially on operating items then the medium-term effects of the tax cuts are likely going to be to reduce economic growth." They

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**  
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

followed up with this observation: **“We cannot simply cut taxes and watch the economy prosper. We need to return to tried and true methods of increasing growth such as accumulating human and physical capital and improving productivity in both the public and private sectors.”**

At any rate, it seems the controversy over trickle-down economics is not a new one. Here is a quote from Will Rogers in 1932: “The money was all appropriated for the top in the hopes that it would trickle down to the needy. Mr. Hoover didn’t know that money trickled up. Give it to the people at the bottom and the people at the top will have it before night, anyhow. But it will at least have passed through the poor fellow’s hands.”

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## Constituent Survey

I recently mailed a newsletter and survey to voters in the 118th District. A number of you have responded to the survey and I appreciate the feedback you have given me. In order to expand the response rate, I have decided to offer the survey again in an online version. Just follow the link below to take the quick survey. I will use that information as I work to better represent the residents of the 118th when I return to Topeka in January. Results will also be reported back to you in a future newsletter.

### [Take Don's Online Survey](#)

Feel free to share the link with your friends and neighbors who are residents of the 118th District (Wichita, Scott, Lane, Logan, Gove, Trego, Thomas, Sheridan and Graham counties). Please do NOT share with persons who do not reside in the 118th. And if you have already responded to the survey by mail, thanks again, with the reminder that when it comes to voting and surveys, once is enough!

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## Filed for Re-election

Since I first took office in 2009 I have developed a reputation as an advocate for rural Kansas, public education, and responsible, responsive state government. I have strived to consistently vote the wishes and best interests of the people of the 118th District, sometimes to the consternation of legislative leadership and well-funded special interest groups. In order to continue in that role as a strong voice for my district, western Kansas, and the best of Kansas, I have already filed for re-election in 2016.

The 2016 Republican Primary election will take place on August 2. It is vitally important that I assemble the resources now to successfully battle and defeat a challenger, should one emerge. And given the recent trend of legislative sessions stretching into late May or early June, the time for fund-raising is now, as funds raised during the campaign months of June and July cannot be as effectively used as funds already in the bank.

Therefore I humbly ask you to [consider contributing to that effort by clicking here.](#)

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## Subscribe or Forward

This newsletter is primarily intended for the residents of the 118th District (all of Wichita, Scott, Lane, Logan, Gove, Trego, and Sheridan Counties and portions of Thomas and Graham Counties). However it is available to anyone who finds it of interest. Please forward to your friends, or if you are not now receiving a FREE subscription to my newsletter, [click here to sign up](#).

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### Cowboy Logic

Half the people you know are below average.

### Quote of the day

"If opportunity doesn't knock, build a door." - *Milton Berle*.

### Sermon in a sentence

Success is built on the ability to do better than good enough.

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### Representative Don Hineman

Visit My Website at <http://www.hinemanforkansas.org/>

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Newsletter Paid for by Hineman For Kansas - Derek Martin, Treasurer