



Legislative Committee

Meeting Agenda

8:00 am, May 30, 2012

Workforce Alliance Administrative Offices
Council Member Jeff Longwell, Chairman

1. **Welcome, Introductions, and Announcements:** *Council Member Jeff Longwell*
2. **Approval of Minutes from April 27, 2012:** *Council Member Jeff Longwell*
Recommended Action: *Approve or modify minutes as needed.*
3. **2012 Legislative Recap:** *Tom Bruno*
The 2012 Kansas legislative session closed Sunday, May 20. The major issues that dominated the session (the budget, tax reform, and redistricting) remained in play until the final hours. REAP Legislative Liaison Tom Bruno will provide a recap of the session, including information pertaining to REAP priorities.

Recommended Action: *Receive and file.*
4. **REAP June Board Meeting Discussion:** *Council Member Jeff Longwell*
The theme for the June 11 REAP Board meeting is legislative update and the Legislative Committee has been requested to help develop the meeting format and issues for discussion.

Recommended Action: *Provide guidance on format and issues for staff.*
5. **2012 REAP Regional Listening Tour:** *Joe Yager*
One of the items identified in the 2012 Legislative Committee work plan is to “Conduct a Listening Tour to identify issues of importance.” Staff has prepared a draft proposal for engaging in a regional tour that will focus on local assets to help identify potential legislative priorities and increase engagement. Discussion on this issue is requested.

Recommended Action: *Review and provide direction.*
6. **Sustainable Communities Grant Update:** *Joe Yager*
The Committee will be provided an update on the Sustainable Communities Planning Grant.

Recommended Action: *Discuss and provide feedback.*
7. **Unscheduled Topics:** *Committee Members*
Committee members are encouraged to provide updates or request discussion on issues that may be relevant to REAP.
8. **Adjourn**

Legislative Committee
Meeting Minutes – April 27, 2012
Workforce Alliance Administrative Offices
Council Member Jeff Longwell, Chair

1. Welcome, Introductions and Announcements:

Council Member Jeff Longwell, City of Wichita, opened the meeting; members, staff, and guests introduced themselves.

2. Review of Minutes from the March 30th, 2012 REAP Legislative Committee Meeting

Mayor Kristey Williams, City of Augusta, moved (Ms. Stephanie Knebel, City of Derby) to approve the minutes. The motion passed unanimously.

3. REAP 2012 Legislative Priorities Report and Update

Mr. Tom Bruno, REAP Legislative Liaison, provided an update from Topeka on the 2012 Legislative Session. Pages 4-6 of the agenda packet give a brief report. He noted that there were no changes to the report and committees were beginning to meet to discuss the budget. It is expected that the budget will be finalized and put on the floor for Tuesday, May 1. Both the redistricting and budget items must be finished by the end of session. There is uncertainty regarding the redistricting nothing had been agreed upon at this point in time.

Mr. Dale Goter, City of Wichita, explained that \$600,000 was added to the Equus Beds funding. In addition, there had been discussion regarding the expansion of rail service through the region.

4. REAP June Board Meeting Discussion

Mayor Williams explained that Congressman Mike Pompeo has agreed to speak and field questions at the June REAP meeting. The Committee discussed the value of having the Congressman speak on federal issues that directly affect our region. The Committee determined that a brief overview of the key issues followed by the Congressman speaking about the how efforts in Washington are affecting these issues would be an appropriate approach. The committee decided the three issues to highlight are Energy, Economic/Workforce Development, and Transportation/Infrastructure. It was determined that Commissioner Dave Unruh, Sedgwick County, will introduce the Workforce portion, Mayor Williams the Energy portion, and Commissioner Longwell the Transportation portion. Dr. Ed Flentje, WSU, was asked to moderate the discussion.

5. 2012 REAP Regional Listening Tour

Mr. Joe Yager, REAP Chief Executive Officer, explained REAP's Listening Tour plan for 2012 and provided information for discussion within the agenda packet. The committee suggested having Ms. Sue Schlapp, Mr. Bill Bolin, and others to provide information to partners at the tours to promote all of us. Included in information packets for each manager of the community visited may include: infrastructure, key contacts, benefits of smaller communities, and what we can we do together as a region. The purpose of the tour is to show why REAP is important to these communities and promotion of regionalism. Locations for the 2012 tours were discussed and Andover, Goddard, Maize, Strother Field, SCAC meeting, Derby, and Harvey Council of Governments were all identified. Thursday nights were also discussed as being a time and date for some of the meetings. Mr. Tylour Tedder, REAP Graduate Assistant, was tasked to continue planning the 2012 Listening Tour schedule.

6. Sustainable Communities Grant Update

Mayor Williams shared the focus statement written in the Wichita Eagle newspaper, stating it allows REAP to define what we are doing with the grant. This will be taken to the REAP board next meeting. It

encompasses the livability principles and narrows the focus for REAP's perspective. One change was successes to add the cost of doing business, in addition to the cost of living.

7. Unscheduled Topics

Mr. Joe Yager, Chief Executive Officer REAP, explained the Affordable Airfares program had received the local match for Garden City, and it was forwarded to Commerce. The Executive committee is preparing a response to the Legislative post audit.

8. Adjourn

Having no other business the meeting was adjourned.

REAP Legislative Committee *Attendance – 4/27/2012*

Committee Members

Chair- Council Member Jeff Longwell, City of Wichita
Mayor Kristey Williams, City of Augusta
Ms. Stephanie Knebel, City of Derby
Mr. Dale Goter, City of Wichita (Via Phone)
Mr. Marv Duncan, Sedgwick County

Guests/Staff

Mr. Tom Bruno, Bruno & Associates (Via Phone)
Mr. Tom Winters, Kingman County
Mr. Bill Bolin, SCKEDD
Ms. Linda Sorrell, Workforce Alliance
Dr. Ed Flentje, WSU
Mr. Joe Yager, WSU
Mr. Dane Baxa, WSU
Ms. Kate Flavin, WSU
Mr. Taylour Tedder, WSU

Item

REAP Legislative Committee 2012 Legislative Priorities Update

Background

The REAP Legislative Committee identifies legislative issues of regional concern and recommends to REAP legislative action at the state or federal level. In particular the LC monitors the progress on the annual legislative priorities.

Legislative Liaison Report

2012 Session Closes

The 2012 Kansas legislative session closed Sunday, May 20 after a long and contentious session. The major issues that dominated the session remained in play until the final hours. The major issues included the budget, tax reform, and redistricting.

Redistricting was a consideration during discussions on all of the major issues. The Congressional and Senate reapportionment debate prevented the legislature from coming to agreement on the new maps. The disagreement about the congressional maps centered on Manhattan and which district it would be in, the 1st district or the 2nd district. The state Senate map discussion was complicated by announced challengers to sitting incumbent State Senator's. Those challengers, many of whom serve in the Kansas House of Representatives, are being backed by the Kansas Chamber. With the lack of legislative conclusion on reapportionment, the task now falls to the courts to decide. An Olathe woman has filed a lawsuit in federal district court on redistricting. The court is expected to come to a resolution on the district maps fairly quickly, due to the time constraints given the August primaries and the filing deadlines.

The tax bill that the governor has signed makes significant changes from the current law. Senate substitute for House Bill 2117 takes the current 3 bracket structure for individual income taxes and collapses it into a two-tier system. The bill also reduces the rates. The current bottom rate is 3.5% and the current top rate is 6.45%, the bill would put the low rate at 3% and the high rate at 4.9%. The bill totally exempts nonwage business income that is reported by LLC's, subchapter S corporations and sole proprietorships from the states income tax.

Other sections of the bill repeal various tax credits currently allowed for individuals including: sales tax rebates; abandon while plugging; environmental compliance expenditures, and many more. No business tax credits were repealed in the bill.

The bill also increases the standard deduction for both single head of household filers and for married taxpayers filing jointly. The single standard deduction increases to \$9000 from the current amount of \$4500 and for married taxpayers it goes to \$9000 from the current \$6000.

The bill also repeals the 2 year new pool severance tax exemption for oil production for any pool producing in excess of 50 barrels per day, provided the initial production occurs on and after July 1, 2012.

The fiscal impact of the tax bill is expected to be significant. One projection predicts a shortfall in revenues next fiscal year, FY 2014, of approximately \$600 million.

The House and Senate did come to an agreement on a budget. The budget spends \$6.170 Billion from the State General Fund and \$14.256 Billion All Funds.

REAP Legislative Priorities Report

The following is an update of the REAP adopted 2012 Legislative Priorities:

Maintain Kansas Affordable Airfares Program to assure more flight options, more competition for air travel, and affordable airfares for Kansas.

- Airfares was funded at the full amount of \$5 million.

Advance legislative and administrative action to secure state financial participation in:

The Equus Beds Aquifer Storage and Recovery (ASR) Project to preserve the aquifer for agricultural, industrial, and municipal use that is essential to the regional economy.

- The budget includes \$500,000 from the state water fund, consistent with the recommendations of the Kansas Water Authority and the Governor. The budget also included additional funding in the amount of \$500,000 to come from expanded gaming revenue.

Sediment and nutrient reduction programs that protect and sustain the region's public water supplies.

- No funding was identified to utilize the six million dollar general fund demand transfer to support a sediment and nutrient reduction program.

Aviation research at the National Institute for Aviation Research at Wichita State University.

- Funding for the National Institute for Aviation Research (NIAR) is included in the budget at \$5,000,000.

Orthopedic research at the Center of Innovation for Bio Orthopedic Research (CIBOR).

- \$1,000,000 was awarded to CIBOR related to fiscal year 2012, running from July 1, 2011 to June 30, 2012. This award is inclusive of the modification of the State of Kansas House Bill 2383, which allocates \$1,000,000 of KBA funds to CIBOR through Wichita State University. There is no indication that the recent audit findings will have an impact on CIBOR funding, however, the Governor has imposed a moratorium on funding from the KBA. The audit will continue to be a focal point while there are unresolved legal issues.
- It was announced that CIBOR is being restructured and is moving to the WSU campus. CIBOR will remain a joint venture of Wichita State and Via Christi Health, but will be managed by NIAR. CIBOR will be overseen by NIAR Executive Director John Tomblin and WSU Associate Provost David McDonald. The scientific staff will be retained and continue to work on current research projects.

Support a reevaluation of current state water policy including Kansas Water Authority representation; revenue sources and distribution for the state water plan fund; and, the process for adopting the annual state water plan fund budget.

- John Bailey was appointed as a public member of the Kansas Water Authority; he currently serves as the Director of Public Utilities for the City of Pittsburg, and provides engineering expertise in water supply to communities.
- At the January Water Authority Meeting, Kansas Water Office staff announced they will begin a process to update the state water plan, aiming to align regional and state priorities and funding.

Promote science-based, common sense policies that protect the safety of the region’s water supply; recognizing that the region’s job creation potential should not be unnecessarily jeopardized.

- The following bills were identified by the Water Resources Committee for evaluation:
 - Senate Bill 272 was signed into law by the Governor on March 5, bringing important changes that will allow multi-year flex accounts for water rights. A side product of that debate was ongoing concern over the water rights associated with the Equus Beds ASR project. The Division of Water Resources in the Department of Agriculture is working with the City of Wichita and other parties to identify a possible resolution.
 - Senate Bill 310 provides for the establishment of local enhanced management areas (LEMAs), was signed by the Governor.
 - House Bill 2451 Eliminates “use it or lose it,” for groundwater rights in areas closed for new water rights development was signed into law by the governor on March 5th.
 - House Bill 2678 / Substitute Senate Bill 148 would allow sand and gravel pit operators to bypass current water regulations, as well as allow water rights to be divided without losing seniority. “Compromising” language was added in the House Substitute for Substituted Senate Bill 148 that would not allow exemption in closed areas of appropriations. The bill was combined with language that would allow water rights to be divided without losing seniority.
 - Senate Bill 375 allows the disposal of drill cuttings to be spread on land. This bill, introduced by the Kansas Department of Health and Environment, raised concern for the Equus Beds as it sought to allow solid waste permits for the oil and gas drilling shavings that may contain high levels of chlorides to be spread on the ground. An amendment was added February 16th to address some concerns and was passed from the Senate Agriculture Committee.
 - Senate Substitute for HB 2526 Senate Sub. for HB 2526 amends several statutes regarding energy and the powers and duties of the Kansas Corporation Commission.
 1. The bill provides explicit authority for the KCC to regulate hydraulic fracturing, imposes a time limit of 180 days for the KCC to act on applications for certificates of public convenience, broadens the definition of renewable energy resources in the Renewable Energy Standards Act to include storage connected to any renewable generation by means of energy storage equipment, and requires the KCC to annually determine and report the statewide retail rate impact of compliance with the Renewable Energy Standards Act.
 2. The bill also amends KSA 55-152 to allow the KCC to promulgate rules and regulations necessary for the supervision and disclosure of any hydraulically fractured well. This bill gives the KCC explicit authority to regulate wells that have been hydraulically fractured.

Support research and development efforts regarding renewable energy sources.

- There were several bills regarding specific renewable energy types, most in the form of tax bills.

Support a stronger system of business-driven technical training and education in Kansas including enhanced funding support, better alignment and articulation of education and training programs, and transition programs to better serve adult learners.

- Funding for the National Center for Aviation Training (NCAT) is included in the budget at \$4.9 million.

Support federal reauthorization of the Workforce Investment Act of 1998 to include maintaining local control through private sector and employer driven Local Workforce Investment Boards.

- There is no legislation for reauthorization expected.

REAP End of Session Report

A comprehensive report on all REAP priorities and other issues from the session is being developed and will be provided prior to the June Legislative Committee meeting.

REAP June Board Meeting Discussion

For the June 11, 2012 REAP Board meeting “Legislative Engagement” was chosen as the theme and the following three topics were identified as areas of focus: Workforce/Economic Development; Energy; and Transportation/Infrastructure. Below are several observations regarding the REAP region:

Workforce/Economic Development

- REAP endorses federal reauthorization of the Workforce Investment Act of 1998 to include maintaining local control through private sector and employer driven Local Workforce Investment Boards.
- McConnell Air Force Base is intricately linked with our region through its relationship with the aircraft industry. McConnell's prominent role in providing global reach provides our regional economy with nearly 17,000 military and civilian employees with an estimated total impact on the local economy of \$560 million.
- With limited local resources many small cities in the region partner with the U.S. Department of Commerce through the Economic Development Administration, U.S. Department of Agriculture Rural Development, and Housing and Urban Development by utilizing various programs for economic and community development to become more economically competitive.
- REAP plans to utilize the \$1.5 million HUD grant to coordinate and leverage investments (public and private) that support existing communities, businesses, and workforce development opportunities.

Energy

- With our region located in the heart of the nation’s Wind Corridor we are an ideal location for wind turbine manufacturing and production. Our central location and outstanding transportation infrastructure provide convenient and economical access to the regions with the greatest wind energy activity. National tax incentives for wind energy development have spurred new industries in the REAP region, particularly Hutchinson and Newton, and also economic growth in rural counties with wind farms.
- Long-standing national tax incentives for oil and gas development, along with new technologies, have spurred new oil and gas development in the region.
- The development of new energy sources in the region is having environmental impacts on water supply, housing, and other natural resources in the region.
- REAP plans to utilize the \$1.5 million HUD grant to provide a framework for cooperation and an understanding of the capability of meeting future natural resource requirements affordably while integrating the protection of property rights with access to safe natural resources.

Transportation/Infrastructure

- The interstate and national highway infrastructure represent essential elements of the regional economy. Modernization of this infrastructure is essential to the economic future of the region.
- The REAP region is positioned as an integral part of international commerce and related transportation infrastructure that connect the middle US to Canada and Mexico and is expected to spur economic growth.
- REAP supports reauthorization of national funding for transportation infrastructure.
- REAP seeks to support advocates of passenger rail transportation that links the region from Kansas City into Oklahoma and Texas.
- REAP plans to utilize the \$1.5 million HUD grant to think regionally on transportation by providing recommendations and strategies to achieve a safe, efficient, accessible, and affordable transportation system.

REAP Sustainable Communities Grant Focus Statement

The REAP governing body is the managing entity of the Consortium and has final decision making authority. While the planning process will help in enhancing the capacity of our region to grow economically and compete both nationally and globally, REAP believes sustainability in South Central Kansas will ultimately be defined by the citizens of our region and their elected representatives. As a first step in assuring local control, REAP adopted the following focus statement for our region to guide all work conducted under the grant:

REAP Mission: To guide state and national actions that affect economic development in the region, and to adopt joint actions among member governments that enhance the regional economy.

Consistent with its mission, REAP will focus all work relative to the sustainability grant on enhancing the capacity of South Central Kansas to grow economically and compete both nationally and globally. Activity conducted through the grant will address, as highest priority, the cost of living and doing business in South Central Kansas. Specific plans that lower our cost of living and doing business and result in greater competitiveness for our region will be identified. This focus will include community engagement to address housing, transportation, economic development, water resources, workforce development, and natural resource conservation.

In addressing the cost of living and doing business, grant funds will also be applied to understanding the fiscal impact of government on area residents within our region in comparison to other regions. The impact of taxing, spending, and borrowing by government—national, state, and local—will be analyzed in conjunction with all grant work.

This focus statement was reviewed by the REAP Executive Committee and provides a starting point for work conducted under the grant. Furthermore, this statement aligns with REAP's stated mission and with the alliance's work and accomplishments over the past fourteen years.

Item

2012 REAP Regional Listening Tour

Background

In an effort to connect REAP with the communities in the region while allowing REAP members to identify issues that are important to individual communities and could be beneficial to the region, the Committee will have several Listening Tour stops for 2012. The Committee has noted that many issues may not be of regional importance, but could be important to individual communities, and REAP should be aware and supportive as long as the issue does not hurt any other community in the region.

Proposed Locations and Tentative Dates

The following dates and locations have been selected as potential stops for the 2012 Regional Listening Tour. The dates and locations are tentative, as REAP will work with the jurisdictions on finalizing a date and location that works best for the greatest attendance. Through existing REAP contact lists, and suggested partners, the meeting location and date may be shared to reach a larger number of people. Partners, such as the Sedgwick County Association of Cities, will be utilized when possible to prevent duplication of meetings for those attending the tour.

July 12 th	Andover (Butler, Harvey, Sedgwick Areas)
July 19 th	Strother Field, Winfield (Cowley, Sumner, Butler Areas)
August 16 th	McPherson (McPherson, Harvey, Reno Areas)
August 23 rd	Anthony (Harper Area)
August 20 th	Municipal Resource Fair, Derby (All REAP Areas)
August 30 th	South Hutchinson (Reno, Kingman, Harvey Areas)
September 6 th	Cheney (Sedgwick, Kingman, Harper, Reno Areas)
September	Sedgwick County Association of Cities Meeting
TBD	Wichita (City of Wichita area)
TBD	Harvey County Council of Governments Meeting (Harvey Area)

Proposed Regional Partners

For the 2012 Regional Listening Tour, it has been recommended by the Legislative Committee to utilize partners creating inclusive and beneficial conversations with the different communities visited. Communication will be a key factor in getting community members, partners, and citizens to the table at each jurisdiction visited. The following partners have been identified to participate or provide information and contacts for follow-up.

- *Kansas Department of Commerce*
- *Kansas Department of Transportation*
- *Kansas Department of Agriculture*
- *Center for Economic Development and Business Research*
- *Kansas Small Business Development Center*

- *Workforce Alliance*
- *Workforce One*
- *Hugo Wall School of Urban and Public Affairs*
- *South Central Kansas Economic Development District*
- *Visioneering*
- *Kansas Water Office*
- *Kansas Leadership Center*
- *Kansas Department of Health and Environment*
- *Kansas Department of Agriculture Division of Water Resources*
- *Greater Wichita Economic Development Coalition*
- *Network Kansas*
- *United States Department of Agriculture Rural Development*

Proposed Agenda

The Legislative Committee had recommended the Listening Tour discussion to follow a unique agenda:

- “Why think regionally?” The conversation with community members will follow several themes, starting with thinking regionally within South Central Kansas.
- “What we do...” An overview of what REAP’s purpose and mission will follow to show what REAP does and how its members and partners work together.
- “What are you doing in your community?” Bringing the conversation back to the community’s local issues and concerns will promote better understanding of what the focus and needs are of the jurisdiction.
- “What can we do for you?” Through showing how REAP’s members and partners work together on inter-jurisdictional issues, it can be determined what issues would be the most beneficial to be involved with.
- “How you achieving success help REAP and others...” The conversations of how REAP and other partners can help the communities represent how REAP members and support can help the specific community and their causes.

The Listening Tours will create a better understanding of each community’s unique issues and concerns REAP and partners may assist in. Detailed reporting of the findings from the Regional Listening Tour is a standing commitment to the stakeholders involved. Sharing the issues and solutions between agencies will encourage more coproduction on solving and helping the regional issues identified at the tours. Updates and final findings will be shared to all partners, participants, and REAP members to have the greatest effectiveness for the 2012 Regional Listening Tour.

Recommended Action

Discuss and provide direction to staff.

BASIC FACTS ABOUT CITIES IN THE REAP REGION

Total Number of Incorporated Cities in the State= 626

	<u>State</u>	<u>Percentage</u>	<u>REAP Region</u>	<u>Percentage</u>
Cities of the First Class	25	67.37%	3	3.26%
Cities of the Second Class	96	20.99%	21	22.83%
Cities of the Third Class	506	11.63%	68	73.91%

	<u>State</u>	<u>REAP Region</u>	<u>Percentage of State</u>
Population	2,853,118	766,955	27%

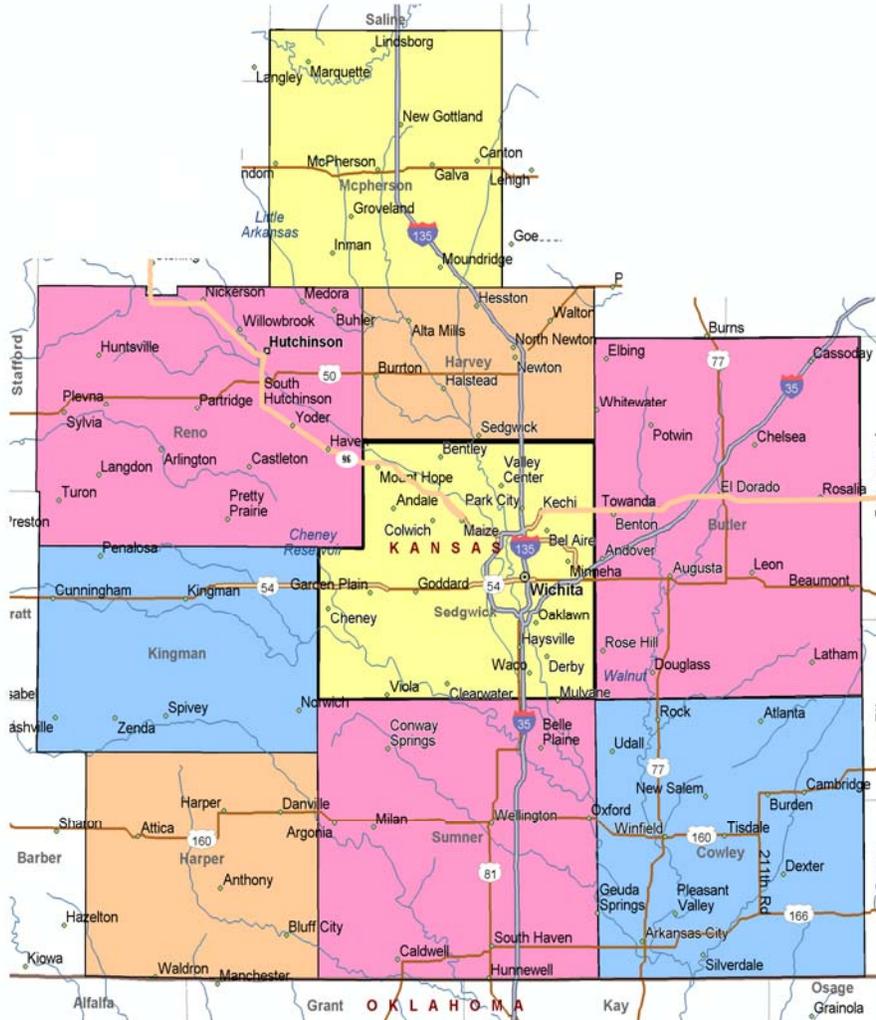
Total City Population= 2,353,444

82% of the state’s population resides in incorporated cities.

<u>Population Group</u>	<u>State- Number of Cities</u>	<u>REAP Region- Number of Cities</u>
10,000 and over	37	10
5000-9999	22	6
2000-4999	64	11
1000-1999	77	16
500-999	90	18
400-499	35	4
300-399	31	3
200-299	61	7
100-199	103	8
Under 10	107	11

<u>Form of Government</u>	<u>State- Number of Cities</u>	<u>REAP Region- Number of Cities</u>
Mayor-Council	558	79
Commission	10	2
Commission-Manager	36	7
Mayor-Council-Manager	19	6
Modified Mayor-Council	2	-
Consolidated City-County	2	-

South Central Kansas REAP Region



<u>County</u>	<u>Population</u>	<u>State Ranking</u>
Butler	65,880	#8
Cowley	36,311	#13
Harper	6,034	#60
Harvey	34,684	#15
Kingman	7,858	#51
McPherson	29,180	#20
Reno	64,511	#9
Sedgwick	498,365	#2
Sumner	24,132	#24

766,955 Residents within South Central Kansas

The REAP Region is home to **27%** of the state's population...

Consists of **10** of the **37 largest** cities in Kansas...

Includes the **largest city** in Kansas...

Primarily is made up of **second** and **third class** cities with populations *less than 5000*...

Includes the **second largest county** in the state...

78% of Counties in South Central Kansas are ranked within the *top 25 largest* counties...