



Kansas Rural Center Legislative Policy Watch

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Legislative Policy

Watch is a weekly online publication of the Kansas Rural Center (KRC) during the State of Kansas legislative session. KRC is a private, non-profit organization that promotes the long term health of the land and its people, through education, research and advocacy that advance an ecologically sound, economically viable, and socially just agriculture.

Policy Watch is produced by Paul Johnson, KRC Policy Analyst, pdjohnson@centurylink.net, and Mary Fund, Editor, ksrc@rainbowtel.net

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REDISTRICTING REVENGE

By Paul Johnson

The predicted, forecasted one-party Republican gerrymandered Congressional map for Kansas has now become law as both the Kansas House and Senate succeeded in overriding the Governor's veto. This mystery map – unclaimed by any legislator – predictably and racially carved up Wyandotte County while surgically cutting Lawrence out of Douglas County and dropping it on the Colorado line within the big first District.

The Kansas legislative redistricting guidelines adopted unanimously by the House and Senate redistricting committees to draw compact, understandable districts and preserve communities of interest - were thrown to the curb. Now the battle moves to the courts.

With the recent 5-4 decision by the U.S. Supreme Court allowing a disputed voting rights map in Alabama to stand for now and punting on the actual appeal to a later date (See more [here](#)), there is now a surrender to a state's rights philosophy which could allow more partisan congressional maps and blindness to any racial gerrymandering. Even if a Kansas federal district court would throw out the artificial division of Wyandotte County, the U.S. Supreme Court signaled it would conveniently look the other way, or delay drawing any new map until after the electoral damage had been done.

This brings us to the role the Kansas Supreme Court may play. The Kansas Supreme Court is not prohibited from reviewing this Congressional map but it will take a litigant to petition the Court for such a review and the opportunity to present their views. In this truncated, manipulated legislative redistricting process, there was compelling evidence of contrary public testimony to the final gerrymandered map and detailed non-partisan maps submitted.

Constitutionally, the Kansas Supreme Court is required to review the state legislative district maps. The Attorney General has 15 days after the publication of the maps to petition the Supreme Court to determine the 'validity' thereof. Should the Supreme Court determine that the 'reapportionment statute' is invalid, the legislature shall enact a statute of reapportionment conforming to the judgement of the Supreme Court within 15 days. At this point, there have been no state legislative district maps made public. Given the debacle seen with this Congressional map, one can only surmise that partisan games will continue to be played with Senate and House districts.

Read more at:

<https://www.nytimes.com/2022/02/07/us/politics/supreme-court-alabama-redistricting-congressional-map.html>

<https://kansasreflector.com/2022/02/09/kansas-house-completes-override-of-gov-kellys-veto-of-congressional-redistricting-map/>



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HOUSING LEGISLATION MOMENTUM BUILDS

Housing issues are finally sparking at the Kansas Legislature. [SB 375](#) concerns economic development and enacts the Kansas Housing Investor Tax Credit for underserved rural and urban communities. [SB 376](#) substantially increases loans and grants for moderate income housing in rural areas and the city of Topeka. [SB 369](#) establishes the Kansas affordable housing tax credit to coincide with the existing federal low-income housing tax credit program (that has been in federal tax law since 1986).

The Governor pledged \$20 million in her 2023 State Budget for moderate-income housing administered by the Kansas Housing Resources Corporation (KHRC). A number of interest groups from farm organizations to bankers to realtors to local governments have joined a chorus of proponents for more resources to KHRC's State Housing Trust Fund (SHTF) and these bills. Since Kansas still has \$730 million in unspent federal pandemic funds, the request is on to put \$50 million of those funds in the SHTF for KHRC to create more affordable housing.

[SB 375](#) would provide \$18 million annually in state housing tax credits that could build 800-850 units of mixed housing from single family to small duplexes to apartment buildings. For more remote areas where few builders are available, manufactured and modular housing would be one option to bring in finished housing. Counties must be under 75,000 in population and cities under 70,000 (but of the 625 cities in Kansas just six would not qualify).

[SB 376](#) expands KHRC's existing moderate-income housing program from \$2 million a year to \$20 million a year for 2023 and 2024. Over the 10-year history of this program there has been \$20 million available and \$57 million in eligible requests. KHRC testified that each dollar from this program leverages \$6 in the community. There are 590 units ready to go when the first \$20 million arrives.

[SB 369](#) would provide state affordable housing tax credits as our surrounding states now provide and 15 states nationwide. Kansas' allotment of federal low-income housing tax credits totals \$7.6 million but these are 10-year credits which equates to \$76 million. KHRC has the administrative skills to pair the new state credits with the federal credits. Fees from issuing the credits cover administrative costs. This tax credit structure requires coordination and partnership between the public and private sectors. These combined credits would generally be limited to lower-income households (60% of area median income). The cost to Kansas - starting in 2024 - would be \$7.4 million annually in lost revenue.

The Governor's Kansas Statewide Housing Needs Assessment was completed and published in December. This study – the first in 27 years - provides detailed data on the housing market in each region of the state and provides some general goals and strategies for tackling housing problems.

<https://kshousingcorp.org/kansas-statewide-housing-needs-assessment-2021/>

The data is impressive and housing development suggestions are made for each region. The statewide strategies are generic at best. Best practices from other states were not forthcoming. There were no concrete suggestions to find a secure revenue source for KHRC's State Housing Trust Fund. Kansas has not issued a single First-Time Homebuyer Loan in 15 years even though Kansas has significant 'private activity bonds' allocated to the Kansas Department of Commerce for this purpose. (By law KHRC is prohibited from issuing these loans and it must be done at a county level). There is no serious mention of how utility costs and housing costs are combined to define 'affordable housing'.

Of the 1.2 million housing units in Kansas, 66% are owner-occupied and 34% rental with 40% of all renters in Kansas housing cost burdened (over 30% household income). Established in 2003, KHRC is a self-supporting, nonprofit,

public corporation that serves as the primary administrator of federal housing programs for the State of Kansas. The annual budget for KHRC is not approved by the Legislature. Out of sight and out of mind, most legislators have had little or no contact with KHRC. If the housing debate in Kansas is to remain relevant and viable into the future this must be changed.

FOOD SALES TAX UPDATE

By Mary Fund

On Feb. 10, the Senate Tax Committee passed its version of the food sales tax bill [SB 339](#). This bill was heavily amended, as expected, which increased the fiscal note significantly. This may change its trajectory through the Legislature, given all the other tax related proposals to deal with the State's surplus. SB 339 includes prepared food, including restaurants, unlike the Governor's bill SB 342.

The amended version passed out of committee includes the following:

- o Adds local option so that cities and counties can remove their local sales tax if they choose.
- o Adds SB 359: Exemption of state sales tax on utilities. Fiscal note for this bill alone is \$55-\$60 million.
- o Adds SB 327: Excludes separately stated delivery charges from the sales or selling price for sales tax purposes. Fiscal note for this bill is \$4.8 million.
- o Adds SB 228: Allowing retailer to retain the state rate of sales and compensating use tax from movie ticket sales and concession sales. Fiscal note for this bill is \$6.9 million.
- o Implementation date pushed to 2024.

Also, SB 339 does not hold KDOT harmless, which has been a major concern for many.

Finally, another food sales tax bill – [HB 2616](#) – was introduced this week. It would gradually reduce the sales tax on food and only if the state's ending balance is above the 7.5% constitutionally required balance.

KANSAS FOOD & FARM COALITION SPEAKS TO STATUS OF KANSAS FOOD SYSTEM & FOOD INSECURITY

By Mary Fund

On Monday Feb. 7, members of the Kansas Food and Farm Coalition spoke before the House Agriculture Committee outlining the history of Kansas food policy, status of food insecurity in Kansas, and the lessons learned from the Pandemic. Testimony at the Informational Hearing covered KRC's 2014 Feeding Kansas Report & Recommendations, the Legislative Food and Farm Task Force reports and recommendations 2016 & 2017, and the status of food banks, food insecurity and access. Members also highlighted the role of food policy councils and food banks elevated by supply chain issues, empty shelves, and increased demands related to the Pandemic.

The [Kansas Food and Farm Coalition](#) formed in 2021 as a group of nonprofit Kansas organizations concerned about the food system from farm to fork, with a common goal to “support policies that grow Kansas communities’ local food systems. This includes production and sales of locally grown foods, access to healthy food for all and reducing food insecurity.”

Members include: KC Healthy Kids, Kansas Food Action Network, Kansas Rural Center, and Harvesters.

The KFFC 2022 agenda includes:

- Elimination of the state sales tax on food.
- Increase SNAP enrollment among eligible individuals and families
- Support local food procurement and promotion

Tom Buller, KRC Executive Director, explained that 92% of fruits and vegetables consumed in Kansas are imported, which provides an opportunity to increase Kansas production of some fruits and vegetables and diversify farmers’ income stream. Buller noted the importance of removing the sales tax at local farmers’ markets and supporting local foods procurement at the state and local levels, such as schools. He testified to the research and education needs to increase local food production, pointing to the needs for a Local Food Economist at KSU, more regional local food specialists and centers, and support for beginning farmers. See [Testimony](#) here.

In 2019, one in six Kansas kids was food insecure. Food insecurity is defined by USDA as lacking consistent or limited access to healthy food, or the limited or uncertain ability to acquire acceptable healthy safe foods. During the Pandemic, as schools and businesses closed, food insecurity rates increased 20%,

according to Andrea Clark, [KC Healthy Kids testimony](#). Karen Siebert of Harvesters explained that demands at [food banks](#) rose 40 to 50%.

Kansas has the highest number of local food policy councils in the nation. See map [here](#). During the Pandemic, they stepped forward and provided critical information, guidance, and structure to food issues locally and regionally.

Legislators noted the challenges in their districts pointing to empty store shelves, lack of canning jar lids and freezers to preserve home raised garden produce, and to overwhelmed local meat small processors struggling to meet increased demands. Direct market farmers raising fruits and vegetables pivoted to increase production, develop online sales, and delivery capacity.

Conferees at the informational hearing emphasized that even before the Pandemic, food access and local food production and distribution were challenging, and that we are still far from “normal”. However, we do have the opportunity—from the lessons learned in the Pandemic-- to build a more resilient food system.

Listen to full hearing at: <https://www.youtube.com/watch?v=mvAdwm4aCsk>

See KRC News Release etc.: <https://kansasruralcenter.org/krc-news/food-system-testimony-2-7-22>

2021 FEBRUARY FREEZE PRICE HIKES

The obfuscation of the natural gas price hikes from February 2021 drags on. The Kansas Corporation Commission (KCC) has blocked the public from seeing the invoices for skyrocketed natural gas prices and who benefitted from the market manipulation. The Kansas Attorney General intervened in the KCC docket on the higher natural gas prices and has special investigative authority under the Kansas Consumer Protection Act to limit the increases to 25% over the regular natural gas price. But silence has prevailed.

Is it even possible to confront and hold accountable the economic speculators who manipulated this natural gas pricing? The Kansas AG has been unable to hire the legal and economic expertise to solve this natural gas pricing puzzle. The Federal Energy Regulatory Commission has shown little interest or provided few resources to understand this market manipulation. What is certain is that the KCC is now allowing the largest natural gas distribution company in Kansas – Kansas Gas Services (which serves ½ of the 1.2 million Kansas households) – to issue \$366 million in ratepayer-backed bonds that will probably last 10 years at an average monthly cost of \$5-7 per customer.

LEGISLATIVE BRIEFS

Water Agency Restructuring Bill Introduced

[House Bill 2686](#) Restructuring the state’s water agencies into one agency was introduced this week in the House Water Committee. The bill creates the Kansas Department of Water and Environment , transferring the duties of certain offices (Kansas Water Office, Kansas Department of Health and Environment, and Conservation Division of the Kansas Department of Agriculture) to such department, establishing the water and environment maintenance fund and the water and environment maintenance board, modifying election procedures for groundwater management districts, establishing a water rights fee on owners of water rights and permits to appropriate water for beneficial use, authorizing the chief engineer to issue certain orders without review by the secretary of water and environment, increasing water protection fees, establishing a civil penalty for obstructions in streams violations and establishing the water structures emergency fund.” The bill is 283 pages long as it deals with a myriad of water and agency related issues, responsibilities, and detail.

Two days of briefings will be held (Monday and Tuesday Feb. 14 & 15 in the Water Committee 9 a.m. Hearings follow on Wednesday and Thursday Feb. 16 & 17.

Ag Pipelines Along Public Right of Ways Bill to be Heard

[HB 2531](#) allowing certain agricultural pipelines along public right of ways. “ Allowing certain persons to use the right-of-way of any county road or township road to install, maintain and operate one or more pipelines for agricultural activities” will be heard on Monday February 14 in the House Agriculture

It is likely this bill came about due to a legal case in a western Ks. county where a large hog operation was taken to court by neighbors who opposed a pipeline along their property. The hog operation lost. Now a bill is before the Legislature to make sure that does not happen again. There is a question of what other kind of pipelines this might include under agricultural activities.

Raw Milk Bill Passes Senate

[SB 346](#), the raw milk bill, amended version, passed out of the Senate 38-0 on February 11. Now goes to House side for consideration. The amended bill addresses label and advertising for raw milk, requiring raw milk sold or advertised to clearly label it “raw milk” or “unpasteurized”. It also authorizes the secretary of agriculture to declare an imminent health hazard, extends certain milk and dairy license fees to milk imported into Kansas.

FEDERAL NOTES

CATTLE MARKET MANIPULATION

There should be no doubt that Kansas is cattle country. According to USDA’s 2017 Agricultural Census for Kansas, total farm sales were \$18.8 Billion and cattle sales accounted for \$10.9 Billion of that total. Grains totaled \$6 billion while dairy came in at \$591 million and hogs at \$711 million.

On December 21, 2021, 16 Attorney Generals wrote a [letter](#) to USDA requesting strengthening enforcement of a fair, open cattle market under the Packers and Stockyards Act (PSA). For over a century, the PSA has served as an important tool to ensure fairness in livestock and poultry markets to protect the integrity of these markets. Seeking a return to competition in U.S. livestock markets, this letter identified increased packer concentration, the thinning of the competitive cash market and increase in captive supply contracts (Alternative Marketing Arrangements - AMA) as key factors in threatening producer profitability resulting in fewer livestock producers.

While the poultry industry has been corporately controlled and vertically integrated since the 1960’s and the hog market following suit with “take it or leave it” captive supply contracts as 70% of the pork market is controlled by four firms, the cattle market had been slower to consolidate. In 1977, the four largest beef packers only accounted for 25% of the market, but as of 2018, the four largest packers controlled 85% of the beef market. These four packers are Cargill, Tyson, JBS (Brazilian) and National Beef (now owned by the Brazilian firm Marfrig). Brazilian raised beef can be imported into the United States and processed in U.S. packing plants and the meat labeled American beef.

The AG’s explain the uniqueness of the PSA in that it is anti-monopoly legislation, separate and apart from the nation’s antitrust laws. The letter suggests that PSA may be able to address the effects of past packer mergers, which have enabled concentrated packers to charge higher prices to consumers while paying producers less for their livestock. The letter explains that the introduction and promotion of AMA’s - which are exclusive contracts that create captive supply chains - is one of the most notable effects of market power in livestock markets. AMA’s deplete packer and processor demand in cash markets. In the last 15 years, the percentage of cattle purchased on the spot cash market plummeted from 52% to 23% in 2020. The most insidious manipulation occurs when these AMA’s tie pricing to a dwindling, dying cash market. Cattle producers have proposed protecting the cash market through a mandated minimum percentage of cattle to be procured through the cash market. A similar proposal for pork was proposed two decades but never enacted and today the pork cash market is virtually non-existent.

The power of the USDA to enforce the PSA and the power of the Commodity and Future Trading Commission to regulate these same and related markets are critical to ensuring that these agricultural markets are functioning fairly and equitably. USDA should consider establishing an ‘Agricultural Markets Integrity Working Group’ bringing together federal and state leaders from the various agencies to discuss issues in the market and share ideas and information to facilitate the proper agencies addressing each issue as it emerges.

The Kansas Attorney General did not sign onto the December 2021 letter. The Kansas AG has had no problem filing court suits denying climate change, or destroying the protection of ‘pre-existing’ health insurance under the Affordable Care Act.

The Kansas AG also sat out Department of Justice inquiries into the wholesale consolidation of the agriculture seed & chemical industry as Dow took over DuPont, ChemChina bought Syngenta, and Bayer took control of Monsanto. The Kansas Livestock Association – funded by mandatory beef check-off dollars – sits silently as does the National Cattlemen Beef Association (NCBA) - funded by the same mandatory beef taxes and the four packers.

Read more at:

<https://news.mikecallicrate.com/attorneys-general-from-16-states-identify-cattle-market-problems/>

HEARINGS Week of February 14

Note: Calendars are set by committee chair discretion so are subject to change. Check the daily calendar at http://kslegislature.org/li/b2021_22/chamber/calendars/

Hearings are also available remotely. See <http://www.kslegislature.org/li/> Go to Audio/Video broadcast box on right side of page.

House Water Committee 9 a.m. Room 152-S

Monday Feb. 14 and Tuesday Feb. 15 Briefing on [HB 2686](#) *Creating the Kansas department of water and environment within the executive branch and transferring the duties of certain offices to such department, establishing the water and environment maintenance fund and the water and environment maintenance board, modifying election procedures for groundwater management districts, establishing a water rights fee on owners of water rights and permits to appropriate water for beneficial use, authorizing the chief engineer to issue certain orders without review by the secretary of water and environment, increasing water protection fees, establishing a civil penalty for obstructions in streams violations and establishing the water structures emergency fund.*

Weds. & Thursday Feb. 16 & 17 Hearing on HB 2686

House Agriculture Committee 3:30 p.m. Room 112-N

Monday, February 14 Hearing on: [HB2531](#) — Allowing certain persons to use the right-of-way of any county road or township road to install, maintain and operate one or more pipelines for agricultural activities.

K-12 Education Budget Committee 3:30 p.m. Room 546-S

Wednesday, February 16 Hearing on: [HB2662](#) — Establishing the parents' bill of rights and academic transparency act, requiring school districts to establish parent transparency portals to provide information on materials that are used or made available in schools, removing the affirmative defense for schools for the crime of promotion to minors of material that is harmful to minors and prohibiting schools from non-renewing a teacher's contract for refusing to teach against certain beliefs or practices.

LEGISLATIVE DEADLINES

Friday, February 11th Last day for non-exempt Committees to INTRODUCE bills in originating chamber. NOTE: Bills must be submitted to chamber staff during daily session for Introduction.

Thursday, February 24th (Turnaround Day) Last day to consider non-exempt bills in house of origin.

Wednesday, March 23rd (Second Chamber Consideration) Last day to consider non-exempt bills not in originating chamber.

Friday, April 1st (First Adjournment) No bills considered after this date except bills vetoed by governor, omnibus appropriations act and omnibus reconciliations spending limit bill.

Veto session is anticipated to begin on April 25th . *****

Exempt committees: House and Senate Federal and State Affairs, Senate Ways and Means, Senate Assessment and Taxation, House committees on Calendar and Printing, Appropriations, Taxation or select committees of either house when so authorized.

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For questions about Policy Watch content, contact Paul Johnson at pdjohnson@centurylink.net or Mary Fund at ksrc@rainbowtel.net

Kansas Rural Center | 9350 E Corporate Hills Drive, #781057, Wichita, KS 67278

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