



AMERICANS FOR PROSPERITY  
K A N S A S

2011 Kansas Legislative Agenda

# Prosperity for our Future



## BUDGET:

We believe the current budget crisis cannot be solved without real and meaningful budget reform. Just three years ago, the Legislature had \$935 million in the bank. Kansas now faces a deficit of nearly \$500 million for Fiscal Year 2012. We must learn from our years of over spending and force the state to always live within its means. Additionally, we should:

- Create a rainy day fund to help see us through economic downturns. **Building reserves during times of revenue increases are crucial to weathering economic downturns.** Taxpayers win because the likelihood of a tax increase to pay for government services during a downturn is reduced. Those who rely on government programs will know the services on which they rely will continue during difficult economic times.
- Limit the growth of revenue and spending to the sum of inflation and population growth. The following excerpt from our *FY 2011 Commonsense Budget Proposal*, explains the impact spending constraints would have had if enacted in 2004.

*...a surplus of \$340 million existed in FY 2004, but the growth in expenditures erased that surplus and led to a shortfall of \$890 million in FY 2010. If Kansas had instituted a controlled spending approach as AFP advocated, the difference would have been pronounced for state government finances. ...Instead of a deficit of \$890 million, Kansas would have experienced a surplus of \$554 million in state coffers for FY 2010. It should be noted this estimate is very likely well below what actually could be expected. With just six years of spending controls the cumulative amount of funds that could have been returned to taxpayers would have been in excess of \$3.7 billion. This infusion of cash into the economy would*

*have generated additional tax revenues for the state coffers while strengthening Kansas' private sector economy to weather the recession. It is obvious that putting government growth and special interests ahead of fiscal prudence has created a problem that was easily avoidable. The question now is: will Kansas legislators ignore this lesson of the past or move forward with self-imposed spending controls?*

- Require local governments (cities, counties and school districts) to participate in KanView, the state's transparency Web site, with uniform budget reporting.
- Encourage the state to reduce its debt. Kansas state government debt is now \$1,140 per capita. **During times of growing government revenues, Kansas should consider paying off some of its debt and helping lower the interest payments.** The Legislature should pass a Debt Affordability Act, which requires a debt affordability report each year. A limit on the amount of debt the state can issue should be considered.
- Require every state agency to implement zero-based budgeting practices. State agencies should mirror a common practice amongst the private sector by building budgets from scratch. At a minimum an agency should do so once every four years. It is difficult for anyone to claim all wasteful and inefficient spending has been eliminated without budgeting from the ground up.
- Allow statutory flexibility to utilize unencumbered cash funds for varying purposes. The Kansas Policy Institute (KPI) found last year that **1,658 funds with total unencumbered balances of nearly \$2 billion exist in Kansas.** Some of these funds have legitimate uses but others should be considered as available funds for legislators to use in determining how much to budget to a particular agency.

## TAX POLICY:

Kansas' tax environment is already uncompetitive, and AFP will support efforts to balance the budget without asking taxpayers for more. In a time when the national economy remains in an economic downturn and Kansas is recovering from significant losses in private sector jobs, higher taxes will only worsen the problem.

- AFP supports repealing the sales tax increase enacted on July 1, 2010. As indicated in the chart below, Kansas continues to operate at a competitive disadvantage to our neighboring states in nearly all tax rate categories. To have

the highest state sales tax is especially damaging considering that a third of our population resides in a county that borders Missouri alone.

- AFP supports a legislative super-majority in order to raise taxes. Currently 16 states, including three of our four neighboring states, require a super-majority to approve tax increases.
- **AFP will fight all attempts by lawmakers to increase taxes in order to balance the budget.**

The following chart lists some of Kansas' tax rates compared to our neighboring states:

	Top tax rate for individual with \$50,000 taxable income	State & Local Property Tax Collections Per Capita (2007)	Top Corporate Income Tax Rate	Sales Tax Rate	Gas Tax	State Cigarette Tax
Colorado	4.63%	\$1,180	4.63%	2.90%	\$0.22	\$0.84
<b>Kansas</b>	<b>6.45%</b>	<b>\$1,251</b>	<b>7.05%</b>	<b>6.30%</b>	<b>\$0.25</b>	<b>\$0.79</b>
Missouri	6.00%	\$893	6.25%	4.23%	\$0.18	\$0.17
Nebraska	6.84%	\$1,353	7.81%	5.50%	\$0.27	\$0.64
Oklahoma	5.65%	\$537	6.00%	4.50%	\$0.17	\$1.03

## TAXPAYER-FUNDED LOBBYING REFORM:

Currently, more than 100 lobbyists with more than 60 government entities/associations have been hired by your tax dollars, lobbying for more and more of your money. Taxpayer funded lobbying propagates the cycle of more spending and more programs that call for more spending. Serious reform will help curb the culture of "more is never enough" in Topeka.

- Require governments that hire lobbyists to report how much they are spending on these services.
- Require those individuals who represent state level government entities to register as a lobbyist, just like those who represent city and county government.

## KPERS (Kansas Public Employees Retirement System):

KPERS should transition from a defined benefit plan to a defined contribution plan for all new hires. It has been reported that KPERS has a projected funding shortfall of \$7.7 billion. This essentially means that KPERS is \$7.7 billion short of being able to pay the retirement benefits that have been promised by the system. Savings incurred through the enrollment of all new employees to a defined contribution plan will allow KPERS to spend down assets if necessary and a short-term cessation of funding should not impair KPERS' long-term viability.

## FREEDOM OF CHOICE IN HEALTH CARE:

Support efforts to preserve and protect the rights of individuals in Kansas to make their own health care and health insurance choices. Protect Kansas employers and individuals from being penalized for not purchasing government-defined health insurance.

## JUDICIAL REFORM:

Supreme Court justices are selected primarily by an insider group of Kansas lawyers, and Kansas is the only state with lawyers completely dominating the selection process.

AFP supports reforms that will open up the system, allow public input, and allow the appropriate questions to be asked before a judge is appointed, rather than later.

- Implement a legislative confirmation process for selecting judges.

## SUNSET FOR STATE PROGRAMS:

AFP supports implementing a program, similar to what the federal government uses to decide which military bases to close, to scrutinize every program and agency and root out wasteful spending.



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