



## **2015 State Legislative Program**

The *2015 State Legislative Program* is a policy document that expresses the position of the City of Manhattan for the 2015 Legislative Session. It is not intended to be either an exclusive or all-inclusive document, but rather captures the major policy positions of the City. We encourage area legislators and citizens to contact City officials regarding any issue that could potentially impact local units of government. City Commissioners and City Administration welcome questions and insights and are happy to offer their knowledge and experience on those matters affecting local government.

In addition, the City of Manhattan endorses the League of Kansas Municipalities' 2015 Statement of Municipal Policy (available online at <http://www.lkm.org/smp/>).

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## LEGISLATIVE PRIORITIES

The following are the City of Manhattan's top legislative priorities for the 2015 legislative session (in priority order). The corresponding page numbers provide additional information:

1. The City encourages Congress to pass legislation that would give local governments and the State the ability to collect sales tax on remote sales. The distribution of those funds to cities and counties should occur using an equitable formula (page 8).
2. The City encourages the State to avoid redirecting designated transportation funding for other state priorities and also encourages the State to sustain funding streams for the T-WORKS program (page 10).
3. The City opposes the State of Kansas not making its KPERS employer contribution (page 7&8).
4. The City encourages the State to oppose solutions to its fiscal challenges that simply displace the problem by reducing revenue distributions and reimbursements to local governments. Special city/county highway funds and liquor taxes are of particular concern in addition to any new **unfunded mandates** (page 8 & 9).
5. The City supports local elections remaining non partisan and separate from state and national partisan elections (page 6).
6. The City encourages the State to oppose legislation that would impose a property tax lid on local governments (page 7).
7. The City supports the Home Rule Amendment of the Kansas Constitution, which allows local elected officials to make decisions for their communities, particularly local tax and revenue decisions (page 6).
8. The City supports continued funding and operations at Fort Riley and encourages the continuation of community partnerships in the region (page 5).

## ECONOMIC DEVELOPMENT

The City of Manhattan is utilizing an approach to economic development that leverages the research strengths of Kansas State University to lure technology, bioscience, and global food related companies to Manhattan. We work closely with the following organizations in Knowledge Based Economic Development (KBED): Kansas State University, Kansas State University Foundation, Kansas State University Research Foundation, Manhattan Area Chamber of Commerce, Kansas State University Institute for Commercialization (KSUIC), and the North Central Kansas Community Network. We need the state to partner with us by offering programs that sustain and enhance economic development capacity for the future economic growth of our state, region, and community. These partnerships are necessary to ensure that Kansas can attract and retain quality employers and ensure an available skilled workforce. For example, in 2009 the City leveraged a local commitment of \$425,000 to secure a \$1 million grant from the Kansas Bioscience Authority to add three new laboratories in the Manhattan/K-State Innovation Center to accommodate animal health or other bioscience related research. In 2012, the City successfully partnered with the Kansas Department of Commerce to retain and grow CivicPlus, a community engagement software company that specializes in cost-effective website solutions for public sector clients. CivicPlus expects to add 250 jobs earning wages above \$45,000 per year over the next 10 years. **The City supports continued funding for the Kansas Department of Commerce and the Kansas Bioscience Authority Kansas Bioscience Authority to help leverage local investments in attracting and keeping high-skill, high-wage jobs.**

### Financing Tools

The ability to utilize Tax Increment Financing (TIF), Community Improvement Districts (CID), STAR Bonds, and Transportation Development Districts (TDD) has been critical for redevelopment in Manhattan, and will continue to be vital for future redevelopment in Manhattan. These tools are essential to communities throughout Kansas when engaging in public improvement and economic development projects. **The City of Manhattan opposes any changes in state law that would restrict the flexibility of cities to use financing tools including TIF, CIDs, STAR Bonds, and TDDs to promote economic development in their communities.**

## FORT RILEY

In June 2014 the Army issued a report on their Supplemental Programmatic Environmental Assessment (SPEA). The report showed possible significant losses of troops to the Fort, and economic detriment to the Manhattan area. The worst case scenario in the report shows a loss of 16,000 military and civilian personnel to Fort Riley. The Fort provides approximately \$1.8 billion in direct economic impact to the Central Flint Hill Region and is the largest employer in the area and the State of Kansas. The City and the Fort would like to further pursue partnerships that could benefit both parties, but are currently limited by legislation. **The City of Manhattan greatly appreciates the support of our legislative delegation over the past years in addressing identified needs for Fort Riley. The City supports continued funding and operations for the Governor's Military Council; further development of partnerships with the fort, regional entities and the State of Kansas.**

## GOVERNANCE AND FINANCE

### Advisory Board Appointments

State law requires two members of the local board of education to serve on the City's Park and Recreation Advisory Board. Many cities appoint unified school district board members or designees, rather than following the strict interpretation that a board member must serve. This allows more flexibility to appoint advisory board members with adequate time and interest to serve. **The City of Manhattan supports a change to K.S.A 12-1930 to allow school district board members, or designees, to serve on the City's Parks and Recreation Advisory Board.**

### Annexation

The ability of cities to grow is inherent for the economic growth and development of the state. Statutory framework for annexation was amended in 2011 to balance the interests of cities and those to be annexed. Any further amendments would impede orderly growth for cities. Manhattan is a growing city and annexation is a key tool in helping aid that growth. **The City of Manhattan opposes any change to legislation that limits the authority of the city to grow through annexation.**

### Budget Timing

The state imposed deadline for filing City budgets occurs in August of each year for the City's calendar year budget. This forces the City to engage in an early budgeting process and limits the information available for producing more accurate revenue and expense projections. The early timeframe is also challenging for incorporating budget requests from outside agencies. **The City of Manhattan supports increased flexibility regarding the statutory requirements for filing the annual budget.**

### Consolidation

The City of Manhattan and Riley County have had great success with consolidated law enforcement services through the Riley County Police Department (RCPD). The City of Manhattan believes we have quality, effective law enforcement services through the RCPD model that allow for good stewardship of the taxpayer dollar. Local voters should determine whether consolidation of any type

of service with another unit of government should occur. **The City of Manhattan supports processes for local consolidation of services without undue statutory barriers and specifically supports the consolidated Riley County Police Department structure, and the legislation (K.S.A. 1944-27) which allowed such consolidation to occur.**

#### E-Verify for Government Contracts

E-Verify is an internet-based system that allows employers to determine the eligibility of employees to work in the United States. The City of Manhattan uses E-Verify to confirm the eligibility status of new hires before extending offers of employment. Legislation may be considered that prohibits local governments from contracting with companies that do not use E-Verify. For many contracts, the City already requires the vendor to accept responsibility for determining the work eligibility of employees. Additional analysis is required to determine what impact such a law might have if extended to cover all future contracts. **The City encourages the legislature to consider the financial and other potential impacts to local governments before adopting mandatory E-Verify legislation.**

#### Home Rule and Local Control

Constitutional Home Rule is the cornerstone of municipal government and should not be preempted by State action. The City of Manhattan believes that the preservation of constitutionally-granted home rule authority is essential to effective and responsible local self-government. Local elected officials are in the best position to make decisions concerning their local communities and are most accountable for those decisions. **The City opposes any change in state law which would limit the Home Rule authority of cities.**

#### Kansas Open Meetings and Records Acts

The City of Manhattan believes that the Kansas Open Records Act and the Kansas Open Meetings Act appropriately balance the public's right of access with individual privacy rights and community interest. **The City of Manhattan strongly opposes any changes to current exemptions under the Kansas Open Records Act or any changes to current law limiting the ability of governing bodies to appropriately utilize executive session and maintain its intended confidentiality.**

#### Local Elections

In 2014, numerous hearings were held on bills aimed at changing the schedule of local elections due to low voter turnout. Local general elections are held in April of odd-numbered years. If moved to November, local elections would have to compete with media coverage for state and national elections, thereby diminishing voter education about local issues. Furthermore, local elections are non-partisan and should remain distinct from partisan elections. **The City of Manhattan opposes any changes to the scheduling of local elections and supports local government elections remaining non-partisan in nature.**

#### Machinery and Equipment Property Taxes

In 2012 and 2013 there was an attempt by a limited group of taxpayers to expand the definition of machinery and equipment under the property tax law. The proposal would have reclassified "fixtures" as personal property in order to obtain exemption under the machinery and equipment law that was enacted in 2006. This change would significantly erode the property tax base, thereby

shifting the property tax burden to other businesses and homeowners. **The City of Manhattan opposes any attempts to expand the machinery and equipment property tax exemption.**

### Motor Vehicle Property Tax Reduction

During the 2013 session, the Senate passed SB 181, a bill that would have reduced the percentage that a vehicle is multiplied by in order to determine the taxable value of a vehicle from 20% to 12%, essentially reducing the taxable value. This bill would have had an estimated impact of over \$50 million to local governments if passed. The reduction would have a significant fiscal impact on multiple jurisdictions within Riley and Pottawattamie Counties, including the City of Manhattan. Currently, these dollars help reduce local property taxes needed to support activities within the annual budget including the general fund, public safety and quality of life initiatives. **The City of Manhattan firmly opposes any legislation that restricts the City's ability to access revenue that it currently relies on, and specifically opposes any changes to the motor vehicle property tax rate.**

### Property Tax Lid

The City of Manhattan opposes the enactment of State-imposed spending or taxation lids/control. The local taxing and spending decisions for a community should be made by local officials. The process of adopting a city budget already includes extensive opportunities for public input and the City makes budget information and financial information accessible online. Local elected officials are under significant public scrutiny to carefully use taxpayer dollars to deliver public services. Local leaders thoroughly deliberate on all matters concerning property tax increases. Additional oversight from the state is cumbersome and unnecessary. **The City of Manhattan opposes legislation that would impose a property tax lid on local governments or place burdensome requirements on the budget adoption process.**

### Public Property and Rights-of-Way

The City of Manhattan has the responsibility of managing the orderly, efficient, and safe use of the public rights-of-way within its boundaries. The City supports the continued ability of cities to impose franchise fees on utility, telecommunications, and cable companies wishing to use those rights-of-way. Recognizing that use of the public rights-of-way is important to the enhancement of services for businesses and citizens, the City must continue to maintain order in this crowded and limited space as demand for use of public rights-of-way increases. **The City of Manhattan would support legislation that enables cities to enforce maintenance and repair standards on franchisees that disturb the public right-of-way and/or damage the existing public infrastructure.**

### Public Retirement Systems

The City applauds the 2013 legislature for passing legislation that encourages sustainability in the Kansas Public Employees Retirement System (KPERs). Gains in the stock market and the new increased contributions from employees and the State have shown recent positive gains in the KPERs fund. The State should still honor the funding commitments designated in the 2013 legislation. The State did put in more than \$40 million in gaming revenue in 2014, but did so instead of, rather than in addition to, State general fund monies. For 2015 the State of Kansas has proposed cutting their employer contribution to KPERs. The City opposes the state not making its KPERs employer contribution while mandating state employees and other local units of governments and school districts along

with their employees all making their increased contributions. Much work was done to improve the financial capacity of the retirement system and now is not the time to short change it and put it back in jeopardy. Any changes to the current system should consider the need of local governments to predict and control employee benefit costs and to recruit and retain qualified employees. **The City of Manhattan encourages the legislature to honor its full funding commitments to KPERS. The City requests that the legislature include local governments in discussions about changes to KPERS or the Kansas Police & Fire Retirement System (KP&F).**

#### Sales Tax Collection on Remote Sales

Collection of sales tax on remote sales would level the playing field for online and brick-and-mortar retailers. Collecting sales tax on remote sales is not a new tax; it simply allows states and local governments to enforce existing sales tax laws. An estimated \$23 billion in uncollected sales taxes on remote sales are already owed to local governments. In 2012 alone the State of Kansas missed out on an estimated \$279 million in uncollected remote sales tax. The City of Manhattan estimated to miss out on over \$2 million between 2011-2013 for uncollected sales tax on remote sales. With that money local governments could provide better services to residences at no extra state government costs, and the money could help aid the State in addressing budgetary shortfalls. **The City encourages Congress to pass legislation that would give local governments and the State the ability to collect sales tax on remote sales. The distribution of those funds to cities and counties should occur using an equitable formula.**

#### Sales Tax Exemptions

Before its dissolution, the Kansas Advisory Council on Intergovernmental Relations (KACIR) reported that erosion of the sales tax base through sales tax exemptions is a growing problem, and local governments have little say in exemptions that are granted. KACIR recommended a three-year moratorium on new property and sales tax exemptions to allow time to reexamine all existing exemptions to ensure they are performing as intended. The City of Manhattan relies heavily upon sales tax as revenue with sales tax typically making up between 30-40% of total revenue for the City. **The City encourages the State to actively review existing sales and property tax exemptions in coordination with cities and counties in order to determine whether exemptions are still appropriate in light of current fiscal challenges.**

#### State Budget Concerns/Shifts to Local Government

The City of Manhattan recognizes the ongoing budget challenges for the State of Kansas. However, local governments across the State have shouldered significant responsibility as a result of cost-cutting at the state level. The City of Manhattan has more than contributed to the goal of reducing the State's shortfall. State budget cuts can have a dramatic effect on the ability of local governments throughout the State to continue funding planned budget expenditures and supporting programs that have historically relied either in whole or in part on distributions from State tax revenues. The City of Manhattan is growing, and the region is a significant economic engine for the State of Kansas. Further budget reductions would restrict our ability to accommodate growth and economic development. **The City of Manhattan supports the Kansas Legislature to find ways to balance the budget without shifting the burden to local government entities. Local governments should also be included in any discussions regarding restructuring of the State tax systems to ensure solutions are reached that fully assess the resulting financial burden on local taxpayers.**



## State Shared Revenues

The State has discontinued a number of initiatives that had previously constituted a significant contribution to local government revenues, and the State has reduced or threatened revenues from the following sources: State Liquor Tax distributions; Machinery & Equipment (M&E) Property Tax Exemption reimbursements; Local Ad Valorem Tax Reduction (LAVTR) distributions; and Special City/County Highway Fund (SCCHF) distributions. The City is especially concerned about the direct impact to citizens if further reductions are made in State Liquor Tax distributions which fund numerous social agencies, programs, and initiatives supported by the Special Parks and Recreation Fund and the Special Alcohol Programs Fund. Additionally, the reduction of the M&E, LAVTR, and SCCHF revenues will most impact planned infrastructure maintenance projects and the Riley County Police Department, among other initiatives supported by the City's General Fund. The resulting effect of these reductions to local governments will likely be a greater burden on the State's property taxpayers. **The City supports the reactivation of previously eliminated state-shared revenues and strongly opposes budget-balancing measures that simply displace the problem by reducing or eliminating revenue distributions and reimbursements to local government.**

## Unfunded Mandates

State and federally mandated functions, without the financial resources to accomplish their legislative intent, are contrary to the spirit of constitutional home rule and are not conducive to cooperative intergovernmental relationships. **Any function of sufficient importance mandated to local governments by the State or Federal branches of government should be fully funded by the State and/or Federal government on a continuing basis.**

## TOURISM

The approval by the Kansas Department of Commerce of \$50 million in STAR bond financing for the South End Redevelopment District, including a Flint Hills Discovery Center which opened in 2012, is an encouraging indicator of the State's dedication to its planned initiatives to promote the Flint Hills region as a tourism destination. **The City of Manhattan supports cooperative ventures between state and local government in Kansas to promote tourism as an industry which is vital to growth and development.**

## TRANSPORTATION & UTILITIES

### Airline Revenue Guarantee

Adequate and affordable air service is a key factor in improving the economy and tourism potential of regions and cities throughout Kansas. Support from the State of Kansas, in partnership with regional communities, facilitated the recruitment of non-stop jet service from Manhattan Regional Airport via American Eagle Airlines. The airline offers daily, non-stop flights to Dallas-Fort Worth International Airport and Chicago O'Hare International Airport. Due to the overwhelming success of the program, the City returned the full investment from the State of Kansas of \$2 million, including interest. Additional routes will only enhance the economic potential of the State of Kansas and the region, particularly as it relates to the National Bio and Agro Defense Facility (NBAF), Kansas State University, and Fort Riley. Although smaller than Wichita Mid-Continent, MHK has proven to be a successful

commercial airport as the States second busiest commercial service airport. This keeps transportation dollars in Kansas as opposed to going out of state. Given airline instability, having expanded service secures vital jet service for the success of NBAF and related businesses, which was the primary purpose of appropriating the original revenue guarantee funds. **The City of Manhattan thanks the legislature and Governor for reinvesting state funds to recruit additional commercial air service, or expanding existing service, at the Manhattan Regional Airport through airline revenue guarantees or similar arrangements, rather than direct subsidies, and asks for fairness regarding the distribution of state funds for either direct subsidies or other similar programs across the state.**

#### Stormwater Grant and Loan Program

Cities and counties throughout the state recognize the benefits of a coordinated stormwater program that fulfills the strategic objectives of Kansas Department of Health and Environment and the Kansas Department of Agriculture's Division of Water Resources. Such a program could be funded through state-issued stormwater bonds, the proceeds of which would be used to support stormwater planning and construction projects that are designed to reduce erosion, control local flooding, and create more sustainable uses of our water resources. Monies could be distributed as a combination of grants and loans disbursed through a revolving loan fund. **The City supports the creation of a Stormwater Grant and Loan Program to assist local communities in the continued implementation of the best practices for stormwater management.**

#### T-WORKS & KDOT

T-WORKS, the 10-year transportation program approved in 2010, ensures funding for highway preservation, expansion projects to accommodate economic development, and modernization improvements for enhanced safety. As of September 2014, the T-Works program has lost \$1 Billion overall since inception in 2010. \$96 million more is planned to be cut from the program in 2015. Over the past ten years the City has received on average \$1 million per year in Federal and State transportation grants funneled through KDOT. Each grant share varies between 10-35% depending on the source. The City has many concerns with funds continually pulled from KDOT regarding available state fund grants, and worries that continued cuts could negatively affect the city's ability to get federal grants through the state as well. **The City of Manhattan supports the fully funded T-WORKS program and encourages the legislature to avoid redirecting designated and traditional transportation funding for other state priorities. The legislature should be cautious about making operating reductions to the Kansas Department of Transportation that may negatively impact routine pavement and sign maintenance and snow/ice operations, as well as safety improvements and local matching grant programs.**

#### Water and Wastewater Quality

The City of Manhattan recently completed a major expansion/upgrade to its Water Treatment Plant/Well Field , as well as a major expansion/upgrade to its Wastewater Treatment Plant. The Water Plant project cost was \$17 million, and another \$23 million was spent for the Wastewater Plant project. These upgrades were required, in part, due to the imposition of new federal regulations. These unfunded mandates create a significant burden for our utility ratepayers. **The City supports funding for state programs, such as the Kansas Public Water Supply Loan Fund, that help**

**local utilities meet infrastructure needs. In addition, the City encourages the state and federal governments to adopt broader standards and provide assistance to private property owners to better control non-point source pollutants to our rivers and streams rather than burdening point sources such as waste water treatment plants, which comprise only a small fraction of the input stream.**