

# JEFF MELCHER MEANS JOBS

2013 LEGISLATIVE SESSION    DECEMBER 2013

## MOVING IN THE RIGHT DIRECTION

When I entered the Kansas Senate, our state government was one of the most costly and expansive in the nation, stifling our private sector and costing us jobs. My goal—to grow the economy by making Kansas as economically competitive as possible—is now well on its way to reality. We are now growing jobs AND also putting more money back into the pockets of Kansans.

As a result of the reforms enacted by the Legislature, incomes have risen, 40,000 new-taxpayers have been added to the rolls, and we've experienced the growth of over 15,000 new jobs in the private sector. The most robust sector in the year-over-year job growth was in the

high-paying business and professional services, which saw employment rise 5.3% to nearly 167,000.

These positive results are only expected to multiply as the state aims to eliminate your personal income tax.

Another great accomplishment the Kansas Legislature achieved this session was the passage of our two-year budget, which has never been done before. Agencies and other state-funded organizations could only project their finances from year to year. Now these entities will have a solid foundation in their finances and will be able to



better manage their expenses and savings.

Our balanced budget with increasing reserves, pro-growth tax reform, and commitment to improved education all mean one thing: It's time to move to Kansas!

## SPECIAL POINTS OF INTEREST:

- This year, Kansas received an "A" rating in being business-friendly in multiple nationwide surveys.
- The Kansas Legislature passed Legislation this Session that addresses many social issues, such as human-trafficking, the funding of abortion, and government assistance.
- The Senate approved of increased funding for the National Bio and Agro Defense Facility. My amendment to this bill made sure our expenses were fixed and any new funding of the federally-run facility would come out of federal dollars, not Kansas reserves.

## PRO-GROWTH TAX REFORM

This year the Legislature worked hard on some of the biggest tax reforms our state has ever seen. The goal is to create a business-friendly environment that will increase jobs for Kansans. The Kansas Legislature believes that taxing Kansans for getting up in the morning and going to work does not in-

centivize self-dependency or create a pro-job growth environment. In seeking to reduce government dependency and bring in higher paying jobs for Kansans, the Legislature voted to reduce sales tax and begin a five-year long decrease in your

personal income tax that will begin the path to a 0% income tax. Sales tax has decreased from 6.3% to 6.15%, and income tax will decrease each year for the top and bottom brackets. The goal is to have top bracket income tax reduced to 3.9% and lower bracket tax reduced to 2.3% by Fiscal Year 2018. (Continued on pg. 2)

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## PRO-GROWTH TAX REFORM (CONTINUED FROM PAGE 1)

I believe this is the best policy for Kansas. With our neighboring states lowering their income taxes, Kansas needs to stay competitive. This plan keeps us competitive and makes us the leader in the Midwest. Kansans should no longer be taxed for earning a day's wages, and government shouldn't misuse taxpayer dollars. Our budget and tax plan aim for responsible, pro-growth fiscal policy.

This is a chart that shows changes in income and sales tax rates from 2012 to 2018.

Income Tax Reductions & Sales Tax							
	2012	2013	2014	2015	2016	2017	2018
<b>Income Tax</b>							
<b>Top Bracket</b>	6.45%	4.9%	4.8%	4.6%	4.6%	4.6%	3.9%
<b>Bottom Bracket</b>	3.5%	3.0%	2.7%	2.7%	2.4%	2.3%	2.3%
<b>Sales Tax</b>	6.3%	6.15%	6.15%	6.15%	6.15%	6.15%	6.15%

## UNEMPLOYMENT INSURANCE

Part of making Kansas economically competitive is ensuring our regulations on business make sense and function the way they are intended. This session the Legislature passed revisions to employment security law, also known as Unemployment Insurance (UI). Unemployment Insurance is a partnership between the federal government and the state. Almost all wage and salary workers are covered by this program,

which provides an important safety net for employees who are laid-off.

The legislation revised contributions paid by employers, eligibility for UI benefits, and administration of the UI system.

Starting in FY 2014, unemployment benefits will last 16 weeks, provided the unemployment rate in Kansas is less

than 4.5%. As the unemployment rate rises, the weeks of eligibility will also rise. A study from the National Bureau of Economic Research shows that lowering the time duration of benefits creates an incentive for those to find full-time employment before the benefits expire.



## PREVAILING WAGE

As a member of the Commerce committee, I received an opportunity to amend various pieces of legislation including the new prevailing wage law.

My amendment fixed the problem of local governments requiring inflated payments that added substantial cost to tax-

payer funded projects.

The new law bans cities, counties, and local units of government from placing a "prevailing wage" clause in contracts. A prevailing wage clause artificially inflates wages and benefits paid to workers causing taxpayer-funded

projects to cost more than the market would dictate.

## PAYCHECK PROTECTION

Ensuring the protection of your liberties has been a priority of the Legislature this year, which is why the Legislature passed HB 2022, or better known as “Paycheck Protection.” The law will protect the liberty of public sector union members who currently are required to financially support political causes that they themselves do not support.

Money can no longer be taken directly out of the member’s paycheck via automatic deduc-

tions at the cost of the state. The provisions clearly define the importance of one’s liberty to choose how their hard-earned dollars are spent; it ensures that every worker will have the choice to support the issues they believe in. A union member will be free to enroll into an automatic deduction service through their personal account, write a check, or give cash directly to the union’s PAC.

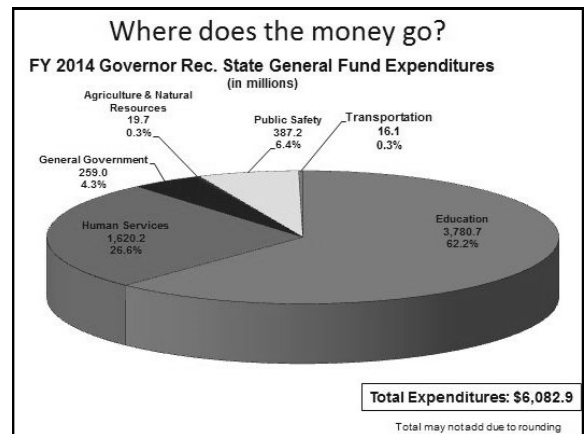
The bill’s second part also

allows an employer to withhold a part of an employee’s wages for the following purposes: repayment of a loan or an advance from the employer to the employee; recovery of overpayment; and repayment of merchandise or uniforms purchased by the employer, upon written agreement between the employer and employee. The employer could not withhold payment if the paycheck would be less than the federal or the state’s minimum wage requirement. This will give employers more discretion when dealing with wage deduction purposes, as long as they have a written agreement.

## THE TWO-YEAR BUDGET

After much debate and negotiation, the 2013 Legislature passed the Governor’s budget for FY 2013 and 2014. The budget aims to spur economic growth. It ensures that our state has sound financial footing and spends the hard-earned dollars of taxpayers in a responsible and effective manner. This year, the Legislature passed a two-year budget. This will ensure that agencies and organizations that count on state funding will have solid ground to stand on when they make their

projections on expenses and investments. This new security in funding will allow for better accountability in spending, and increase responsibility in adding expenses. The budget reflects millions in efficiencies, ensures a healthy ending balance, and protects core services such as K-12 education, public safety, and transportation.



## SPECIAL SESSION

At the request of Kansas Attorney General Derek Schmidt, Governor Brownback called the Legislature in for a special session this past September. The session was called in response to the United States’s Supreme Court decision on *Alleyne v. United States*, which was handed down this past June. In the *Alleyne* decision, the Supreme Court ruled that juries, not judges, have the authority to issue what are known as “Hard 50” sentences (life without eligibility for parole for 50 years). This rul-

ing could have an impact on dozens of cases pending for some of the most heinous crimes committed in our state. The Governor and Attorney General felt that this issue could not wait for the 2014 legislative session in January and a special session was needed to reform our state’s statutes.

Both chambers passed the bill unanimously with a House vote of 122-0 and a Senate vote of 40-0. While the Governor’s proclamation calling for the spe-

cial session gave the Legislature three days to complete their work, the Legislature finished in two. The actions of the special session demonstrated that members of both parties were willing to come together and put the needs of the people they represent first. This bipartisan bill allows for a sense of justice to victims’ families and safety to all Kansans.



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IMPORTANT  
INFORMATION INSIDE

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**DEAR CONSTITUENTS:**

As we enter the holiday season and prepare for the upcoming year, we have the opportunity to reflect on our accomplishments. The 2013 Legislative Session was productive and efficient, finishing in just under 100 days. During that time, we crafted quality legislation resulting in much-needed tax reform, an efficient and thoughtful state budget which protects core services, and a reduction in government regulation that prepares us for growth and prosperity. This newsletter will give you a brief overview of the business conducted over the Session. If you have any additional questions, please feel free to contact me as I would be happy to hear from you.

Thank you for the opportunity to serve you.

Sincerely,

Jeff Melcher

