

“ THE PECK PERSPECTIVE ”

(From the Capitol)

March 2, 2022

The whole world is aware that the Russian President, Vladimir Putin, decided he wants to take control of Ukraine and on Thursday, February 24th, ordered the Russian military to invade their neighbors. There has been a lot of attention given to the atrocities committed on Ukrainians by the Russian military and the overall horrible conditions being created by the invasion. I, and most all Americans, unequivocally agree that Putin's decision is wrong and the Russian military should withdraw immediately.

Although much could be written here about the current situation, I'll let others do that. I will focus on a couple issues of how a prolonged Russian occupancy of Ukraine could impact Kansans.

Kansas has long been known as a large producer of wheat – #1 state in the United States. Russia and Ukraine also grow a significant amount of the world's wheat supply. As a matter of fact, the two countries rank in the top four among the world's largest exporters of wheat. If these two countries' wheat production gets cut short, due to war damage or economic sanctions, it could drastically reduce wheat supplies around the world. That could have a significant impact in Kansas. Farmers could see an increase in the price of wheat per bushel – and possibly other grains. A higher wheat price would be good for Kansas growers, but not for consumers of breads, cereals and other products containing wheat. However, Kansas wheat producers could see their profits offset by a drought and/or the rising cost of fuel and fertilizer. If he would, the US President could take steps that would quickly help with fuel prices.

I've frequently said "elections have consequences". It's apparent now more than ever that many of the decisions in Washington DC are negatively impacting the budgets of American families. Almost immediately after taking office in early 2021 the US President (Biden) halted construction of the Keystone XL Pipeline and placed a moratorium on oil and gas activity in Alaska's Arctic National Wildlife Refuge (ANWR). A few months later he halted energy development on federal land. To further exacerbate the situation for the United States, Biden removed barriers to Russia building the Nord Stream 2 gas pipeline. The result of these actions has been skyrocketing gas prices.

The effect of higher fuel prices equates to Kansans having a reduced amount of money for discretionary spending. In an effort to save money, many drivers are driving less and have cut back on the amount of fuel they purchase; which

lowers the amount of fuel tax revenue collected by the State. According to the state constitution, money collected from the fuel tax must be spent on highway and bridge construction and maintenance. A Reduction in fuel tax revenue means less money available for Kansas roads.

Eliminating State Debt: As a legislator who is unquestionably known in the Capitol as a fiscal conservative, I am pleased to write that the Senate recently passed a couple bills, SB 421 and SB 443, designed to immediately eliminate debt and free up future money in the state budget – money available for tax cuts. Both bills passed the Senate by a unanimous 40–0 vote.

SB 421 would make a one-time appropriation of \$253.9 million to payoff outstanding debt incurred by the Legislature in FY '17 and FY '19 when they delayed making KPERS payments. The State is currently making yearly payments of \$6.4 million (for FY '17) and \$19.4 million (for FY '19) toward the debt. Paying the balance due now will save \$172 million in interest over the life of the bonds and eliminate \$25.8 million in annual payments.

SB 443 would also make a one-time payment, in the amount of \$332.2 million, to eliminate three different debts. The three purposes for the debt were: 1) to finance a portion of the construction of a health education building at the KU Medical Center, 2) dredging and improvements at the John Redmond Reservoir in Coffey County and 3) pay the state's portion of the National Bio and Agro-Defense Facility at K-State University. Making this one-time \$332.2 million appropriation will free up the \$45.2 million annually; since the state will no longer be making payments each year.

Passage of SB 421 and SB 443 will eliminate a total of \$81 million in yearly payments the state is currently paying for the debt service. Both bills have been sent over to the House, where they must also pass in order for the debts to be eliminated.

Until next time, may the blessings of God be yours.

Virgil Peck
State Senator