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The second half of the 2018 Kansas Legislative session began slow with only two days of work after the turnaround break and a pro forma (nonwork day) on Friday. With more than half of the session's scheduled ninety-days complete much work still remains before First Adjournment, which is scheduled for Friday, April 6th.

Washington Days

Washington Days, the annual Democratic Party State Convention, begins today in Topeka. The Democrat's have a number of issues on the agenda to be addressed as well as a Governor's candidate forum scheduled for Saturday evening.

Revenue Estimates

On Thursday, the Kansas Department of Revenue issued a state revenue report that state revenues were up from estimates by \$24 million. Total tax receipts continue to be stable this fiscal year at \$275.36 million above expectations and \$612.70 million above last year at this time. Specifically, individual income tax collections for the current fiscal year are \$268.97 million above expectations, totaling at \$1.99 billion. In addition, sales tax continues to grow above predictions coming in at \$6.30 million above estimates and \$48.37 million above last year.

The only downside to the report is corporate receipts down \$9.66 million below expectations for this fiscal year. However, the corporate receipts are up \$14.92 million over this time last year. It is still uncertain what impact the federal tax reforms will have on Kansas, but KDOR is expecting the state will benefit from them.

Revenue Secretary Sam Williams said "there is a growing sense of optimism reflected in tax receipts, but we have to be patient for April receipts to accurately identify economic growth. Hopefully this is a sign that businesses are making investments and Kansans are buying more goods and services."

Party of the Center

A group of Kansans are working to introduce a new party to the political landscape to encompass those who feel the existing parties have become too extreme. If the group can obtain 18,000 signatures needed to get the Party of the Center recognized by the Secretary of State we will see its candidates appear on the November ballot.

Budget Committees

The shortened work week also ate into the time that legislators spent on budget matters.

House Appropriations met twice as a full committee to discuss budget subcommittee reports. The biggest budget it worked on this week was for the Kansas Department of Transportation. The committee heard the subcommittee report, which recommended stopping the transfers from the State Highway Fund to the Kansas Department of Education to fund its transportation money for local school districts. This SHF transfer to KSDE is around \$100 million. The committee took no action in this budget and will continue its conversation about this on Monday. Efforts to delay this debate in committee to later in the session were not successful. House Appropriations will begin discussion on other large agency budgets next week.

Senate Ways and Means didn't meet as a full committee, instead concentrating on its budget subcommittees. The full committee is scheduled to meet twice next week and will hear the budget for the Judiciary Branch. House Appropriations has already delayed its consideration of the Judiciary budget until later in the session. Again, the Judiciary budget will be a point of contention between the House and Senate, as it was last year. Will KDOT's budget also be? Stay tuned.

K12 Budget

This week the K12 Budget Committee announced their intention to work the K12 budget every day until it is resolved. With several scheduled informational hearings as well as beginning work on what has already been presented this committee will be busy the remainder of the session.

Taxes

This week the Senate Assessment and Taxation Committee heard from businesses on the property valuation of big box stores, specifically in the Johnson and Sedgwick County areas. Big box stores, such as Wal-Mart, Target and others, believe that they have been targeted for large property tax increases and believe that appraisers are taxing both income and real property instead of just real property. Some valuations in Johnson County have increased over 100% in the last few. Next week, there will be a continuation of the briefing, which will include a cities and county appraisers.

The House Taxation Committee heard a bill this week on internet sales taxation. The Kansas Department of Revenue estimate millions of dollars are lost each year in forgone sales tax revenue. There is a current case pending at the US Supreme Court that will determine if these remote sales will be able to be taxed in states. Next week, the House Tax Committee will hear a bill to increase the state-wide property tax for schools by 18 mills. The House Taxation Committee Chair has indicated that since income and sales taxes have been significantly increased over the last few years, property tax should be examined this year to see if there is any desire to increase it to fund schools.

Tort Reform

Next week, three tort reform bills will be taken up in the House and Senate Judiciary Committee. The House Judiciary will hear two bills, SB 199, the appeal bond bill that will cap the amount a bond must be set at for an appeal. This will help small businesses have better access to the justice system. The Committee will also hear SB 296, the seatbelt

bill. This measure will allow evidence of seatbelt use to be presented to a jury in auto accident cases. The Senate Judiciary Committee will hear HB 2457, an asbestos trust bill that will bring in evidence of other trust fund use.

STAR Bonds

Two bills will be heard next week in Senate Commerce aimed at reforming the economic development program STAR Bonds, which have been used to develop such projects as the KS Speedway. Over the last few years, legislators have become increasingly concerned with the use of the program and want to bring more legislative oversight to the program.

SB 432 and SB 434 were each drafted with the oversight of the Committee Chair, Senator Julia Lynn-Olathe (R). SB 423, scheduled for Tuesday, creates a 3-member oversight panel of specialist in banking and real estate development. The bill also requires increased financial reporting. SB 434, being heard on Wednesday, adds language to assure the program is used to build tourism attractions that bring people to Kansas. The bill also looks to reduce competition of existing businesses by limiting certain retail stores within a 25-mile radius from locating in the STAR bond district.

Local communities, chambers and economic developers are watching the bill proposals closely and will likely provide comments next week.

Next Week

Next week should see the Legislature ramping up their rate of work. With the largest issue, K12 funding all but untouched and each chamber beginning the work of sifting through bills passed by their sister chamber expect the hard work to truly begin. Bills of interest next week include PBM regulation, allowing taverns to sell self-serving beer, STAR Bonds, property tax evaluation on large commercial property, seat belt evidence and asbestos trust claims.