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The pace of the 2018 Kansas Legislative session picked up this week as many issues were discussed in committee and debated on the floor of the House and Senate. The shadow of K12 School Finance continues to hang over the statehouse while House and Senate member await the education study that is due next week.

Senator Doll

On Wednesday, Senator Doll of Garden City announced he was leaving the Republican party to become an Independent and the running mate of Independent Candidate for Governor, Greg Orman. As a result of this decision and because of Senate rules, Senator Doll was removed from all committee assignments and will now only have a voice when bills come to floor of the Senate.

Budget Committees

The House and Senate budget committees spent time this week on various budgets. Both committees hear and discuss agency budgets at different times and base much of their work off the agency budget requests and what the Governor approved in his budget proposal.

The Senate Ways and Means Committee discussed the budget from the Board of Regents and the Regent's schools this week. The Regents are prioritizing the restoration of the 4% cut they got in the last budget. Also, technical education is being discussed at length. Legislators have been supportive technical education across the state, and they continue to hear from businesses about the importance of a well-trained workforce and support for entities like NIAR and NCAT.

Ways and Means also worked their version of the budget for the Judicial Branch. This continues to be a point of contention between the House and Senate, and both chambers are setting the stage for a vigorous budget debate on this issue.

The House Appropriations Committee deliberated their version of the budgets for the State Hospitals. There is concern now with new information that estimates on possible federal money coming in was incorrect. Committee members had counted a more money coming in to work with for the hospitals. Now they are unsure of what they can use.

Appropriations almost became the Utilities committee as an amendment to the Kansas Corporation Commission budget that would have required a comprehensive electric rate

study was discussed. The enthusiastic debate focused on the whether this committee was the place for the issue. There was support for the idea of a study, but not in that committee. The amendment was voted down.

Next week will see more agency budgets reviewed. There's hope that most of these budgets will be put into a big budget bill the following week.

STAR Bonds

The Senate Commerce Committee held hearings three days this week on two bills regarding the state's economic development program Sales Tax and Revenue (STAR) Bonds. Senate Commerce Chair Julia Lynn, Olathe-R and Senate leadership have desired program reforms for a few years. The two measures represent their collective work to establish more legislative oversight for the program narrow the scope of projects approved through the project.

SB 432, establishes a three-member underwriting commission charged with reviewing and recommending projects for approval. Senate President, House Speaker and Sect. of Commerce would each nominate one appointee to serve a three-year term. Appointees must have ten years of experience in commercial banking, investment banking or real estate capital markets, not be employed by or have ownership/financial interest in developers who participated or are participating in a STAR bond project. Also, appointees cannot participate in STAR bond application decisions by a city or county if the appointee resides in, has an ownership or financial interest in a business located in, or is locating or relocating a business to that city or county.

SB 434, amends STAR bonds by limiting the financing to only tourist destination attractions, reducing the state share of revenue contributions and narrowing the businesses that can be a part of a project.

Advocates from both sides presented their positions on the bills and the Chair asked that all suggested amendments be submitted to the committee for consideration. Proponents agreed additional oversight of the program is needed and lawmakers should avoid picking "winners and losers" as well as s of how tax dollars are being used. Opponents of the bills suggested the proposals, particularly in SB 434, would narrow the program too much and essentially "kill" the program forcing these types of developments to be built in other states. The committee is expected to work the bills over the next two weeks and it appears there is strong support for both measures.

Economic Development

The House passed HB 2572 this week. This bill requires taxpayers who receive economic development incentive to be posted on a new state website. The bill is part of several other transparency measures being considered this session. This information is currently public but will now be in one, searchable database and will be protected by state confidentiality laws.

The Senate Local Government will hear HB 2506 that will make it easier to develop and rehabilitate abandoned houses. This topic has been debated for several years and proponents and opponents hope that this compromise legislation will protect property rights but allow abandoned property to be rehabilitated.

Amusement Parks

On Tuesday House and Federal and State Affairs will hear SB 307, which proposes to amend provisions of the Amusement Park Rides Act. The bill would exempt from the definition of an amusement ride registered agritourism activities, privately owned rides, hayrack rides and barrel trains. It also exempts from the Act waterslides owned or operated by municipalities. Injuries reportable under the Act would only be those “serious injuries” that require immediate admission and overnight hospitalization and observation by a licensed physician. The current definition requires reporting injuries or illnesses requiring immediate medical treatment. The bill requires bi-annual inspection of inflatables. Finally, all home-owned amusement rides or registered agritourism activity must have a valid permit issued by the Department of Labor (Department) or they will not be able to operate in Kansas.

It is expected that House members will want to discuss the inspection of “bouncy houses” inflatables and home-grown amusement rides. They appear to be looking for stricter requirements on these attractions.

Teacher Due Process

On Thursday, the House passed 73-48 a bill that will restore some due process right for teachers that have worked in the same school district for three years and whose contracts are not renewed. Previously, these provisions were removed by the legislature and their restoration have been a goal of the education lobby. Under this measure, a hearing would be held to determine if the “firing” was justified with the goal of preventing the teacher from suing the school district. The bill now moves on to the Senate.

Property Taxes

The House Tax Committee heard a proposal this week to raise property taxes from the current 20 mills to 38.43 mills over 3-years. This increase is estimated to raise \$659 million for schools. This is very close to the amount that has been discussed to satisfy the Gannon school case. The tax proposal was met with significant opposition from Kansas business groups including the National Federation of Independent Businesses, the Kansas Farm Bureau, and the Kansas Chamber. The increase is not likely to move forward unless the education study recommends a significantly high amount of money than anticipated.

This week the Senate Assessment and Taxation Committee continued their discussion on the property valuation of big box stores. There is significant disagreement between local governments and businesses on the valuation of these buildings and many of the appraisals are on appeal. There will be continued discussion on it next week, though no bill has been introduced yet on this issue. Senator Tyson convened a meeting between local governments and businesses to see the best way to address the issue.

Internet Sales Tax

The House Taxation Committee passed a bill out this week that would require collection of sales tax on internet purchases. Currently in Kansas, sales tax cannot be collected unless there is a nexus between the buyer and seller. The Tax Committee discussed the desire to put Kansas in the best position to collect internet sales tax when and if a case comes down for the US Supreme Court allowing collection of this tax. The Kansas Department of Revenue estimate millions of dollars are lost each year in forgone sales tax revenue.

Law Enforcement

Several law enforcement issues will be heard next week in the House and Senate Judiciary Committees. HB 2571 addresses body cameras and will be heard on Monday. This bill defines “heir at law” and requires release of the footage within 20-days of the incident. We expect that all other body camera issues will be sent to the Judicial Council for study over the summer and fall. HB 2459, asset forfeiture will be heard on Wednesday. This bill is a compromise bill that includes additional reporting and transparency requirements when assets are seized. Finally, HB 2581, the swatting bill will be heard. This bill will increase the criminal penalties for giving a false alarm.

Tort Reform

The three tort reform measures discussed last week; appeal bonds caps, all evidence of seat belt use to be presented to a jury and asbestos trust transparency, were met with opposition from the Kansas Trial Lawyers Association and plaintiff’s attorneys. We expect the appeal bond cap bill as well as the asbestos trust transparency bill to come out of committee. The evidence of seatbelt use bill faces a much tougher road and may be scaled back to only apply to products liability cases.

Next Week

Late next week, the Legislature is expected to receive their report that evaluates school funding to meet the requirements of the Supreme Court decision. After this study is released, real work can begin on building a budget, funding education and hopefully, providing a long-term solution to the school finance debate in Kansas.