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Legislators had a short day today as they headed home to rest before a long week next week of debate on the floor of each chamber. Most committees held their last meetings on Thursday. Friday is the day in which all bills need to pass out of committees to be considered for this legislative session. Next Wednesday is the deadline that all bills need to pass the second chamber of origin before First Adjournment is on April 3.

This week legislators largely focused on the budget, passing budget bills out of each budget committee. In addition, multiple other hearings and discussions were held on controversial bills.

Budget

The House Appropriations Committee's passed their budget out of committee and to the House floor. That budget includes appropriations for all state agencies and programs, including the judicial branch, except K-12 public education. The school finance block grant bill for the next two years was passed by the House on Friday, by the Senate on Monday and sent to the Governor. The House could debate its budget as early as Tuesday next week.

The House budget is a balanced budget, without any tax increases as of right now. However, that balanced budget has only an approximate 1% ending balance. That ending balance is dependent on several bills passing that would provide savings to the State General Fund and steady state revenue receipts. There are still some members of the House that cannot support the current budget because it increases spending without having secured the revenues to pay for it and there needs to be more savings and efficiencies identified. Notable amendments in the House budget include:

- Maintaining the special revenue fund transfer to the State General Fund at 10% rather than increasing it to 20% which is what the Governor recommended in his budget;
- Including language to send out an RFP for an efficiency audit of state government, including K-12 education and postsecondary education;
- Providing an additional \$1 million for the rest of FY 2015 for the Rural Opportunity Zones; and
- Adding a proviso that requires the Kansas Department of Labor to hold meetings and seek input from industry groups to implement a state-run OSHA, despite KDOL's recommendation this session to not. Groups who have indicated initial support for a state OSHA were included in the proviso to make up the review panel including Kansas Chamber of Commerce, Contractors Association, the Wichita Chamber, the Roofing Association, Kansas Grain and Feed Association, and labor organizations.

The Senate also passed out its budget which is also balanced with a very narrow ending balance and also maintains the 10% limit on special revenue fund transfers.

Both budgets still need revenue increases to maintain the state's required 7% ending balance and stay balanced should the revenue receipts decrease for the state or expected savings not be realized.

One of the interesting pieces to watch is whether the budget committees will keep the judicial branch budget separate from the mega budget bill. The Senate Ways and Means Committee passed out a separate bill for the Judicial Branch budget, Senate Substitute for HB 2005. Senator Jeff King, who also serves as Chair of the Senate Judiciary Committee, said last year's judicial budget included substantial policy changes separate from just funding the budget of the courts. Last year's bill included the manner of selection of chief judges of district courts and budgeting for those district courts. The House Appropriations Committee put the judicial branch budget into its mega appropriations bill, where it is relatively safer from policy amendments.

Taxes

Meanwhile, the House and Senate Tax Committees held hearings on several different tax increase proposals in preparation for when they return for the Veto Session when they will craft a tax bill to meet appropriations and offset revenue shortfalls. The House held a hearing on HB 2401, which would place an excise tax on renewable electric generation and ethanol. It also held a hearing on HB 2399, which would temporarily increase the state retail sales and compensating use tax rates from 6.15% to 6.3% for three years, effective on July 1, 2015. The bill would also temporarily shift the amount of state sales tax deposited into the State General Fund from 82.927% to 83.334% and the State Highway Fund from 17.073% to 16.666%, which would sunset on July 1, 2018 and revert back to existing rates. In addition, the House heard HB2409, which proposes to eliminate the property tax exemption from statewide school levy for residential property for \$20,000 of its appraised. The House also heard HB2400, which would repeal the \$54M local ad valorem tax reduction fund (LAVTRF), which was created to be use for local property tax reductions, but has not been funded since 2003.

The Senate Tax Committee held hearing on SB 261, which would remove the state sales tax exemption on the sale of gas, electricity, and heat for residential and agricultural uses. The bill would also remove the state sales tax exemption for other fuel sources for the production of heat and lighting for residential uses. If the exemption is removed state revenue would increase by \$165M. The committee also heard SB 259, which would increase the minimum property tax on motorcycles from \$12 to \$18 beginning in tax year 2016, and the minimum property tax on any other motor vehicle would increase from \$24 to \$36 beginning in tax year 2016. The bill includes a grandfather clause to prevent older vehicles (including those already below the newly proposed minimum tax thresholds) from receiving a tax increase.

Next week, the Senate Tax Committee will hear both the governor's tax bills next week including SB 233 which proposes to increase tax on cigarettes, tobacco products and alcoholic beverages as well as SB 234 which is the income tax bill that freezes further rate reductions and speeds up the elimination of the income tax deductions.

Guns

The House Federal and State Affairs Committee voted to pass out the "constitutional carry" bill that would allow most 21-and-older Kansans to carry concealed weapons without any state certification, as is currently required. It previously passed the Senate.

Liquor

The House passed several liquor bills this week including measures dealing with who can receive liquor licenses as well as allowing distributors' samplings under their licenses. In addition, HB 2331 would allow caterers to host events on public property without the need for an additional permit and reduces the notice requirement from 10 days written to 48 hours electronic notice for catered events. In addition, the bill allows any unlicensed business to allow alcohol by patrons. Finally, the bill authorizes the ABC may issue more than one temporary permit for the sale of wine or beer, or both, on the State Fairgrounds.

However, HB 2200, the Uncorked Kansas bill, was referred back to the House Commerce Committee for further work. Proponents of Uncorked Kansas, an effort to allow liquor to be sold in both grocery and convenience stores, have been unsuccessful in gaining support to pass the measure for several years. Despite having the votes to pass the bill out of committee, it appears there are not enough votes to pass the full house. In an effort to gain support for the measure, it is rumored proponents of the bill will seek a local option for communities to approve liquor sales in the grocery and convenience stores county by county.

School finance

Following the House's passage of the school finance block grant bill on Friday, the Senate concurred on Monday with the House's bill and sent the bill to the Governor for his signature. The vote in the Senate was 25-14. The motion to concur drew only Republican votes, with six Republicans joining the chamber's eight Democrats to oppose it. As mentioned last week this measure repeals the state's 22-year old school finance formula while lawmakers concoct a new school finance plan for distribution of state aid to the state's 286 school districts. The bill, as the House amended it, also repeals the block grant process in two years, when another plan must either be formulated or the block grant repeal overturned.

Unemployment Insurance reforms

On Tuesday the House Commerce Committee passed out a bill that makes substantial changes to the unemployment system. SB 154 makes changes to the weekly benefits and determination, amends classification and industry groups by sect, and moves from an arrayed to a fixed system for employer contributions. The House Commerce Committee amended the bill to decrease the weekly benefit average percentage of wage from 60 to 55% but inserts that the weekly benefit would not be less than current amount of \$474. The contents of HB 2357 were also put into the bill. HB 2357 would allow an unemployed individual not in the educational field to take a part-time substitute teaching position and remain eligible for UI benefits. It also requires all UI wage report filings be electronic, clarifies when an UI appeal is due and eliminates the requirement the Labor Secretary has to hire certain positions in the classified services and removes restrictions from hiring certain members from political parties. The bill passed out of committee and will be debated next week by the full House.

Local elections

SB 171 is currently on House General Orders, but as of today, it remains below the line. Two notable amendments were approved by the House Elections Committee. One would move local elections to the fall of EVEN numbered years and remain non-partisan. The original version of the bill provided for fall of ODD numbered years. The second amendment would make local races for municipal and school board offices to be listed first on the ballot. Conferees stated the cost of a fall EVEN numbered year primary election, including local non-partisan offices, would double.

Public sector unions

The Senate Commerce Committee passed out a bill this week that limit public employees' collective bargaining power and the change the way unions collect dues. It would also limit automatic paycheck deductions for public employee unions and other organizations such as charities. It would also abolish Public Employee Relations Board, which handles disputes between public sector workers and their employers, and give the secretary of labor the power to arbitrate instead. The Senate Commerce Committee took the contents of these two Senate bills and put them into HB 2096. If the Senate passes the bill, the House can vote to concur and send the legislation to the Governor's desk.

Public lobbying

SB 42 was passed Thursday evening by the Senate on a vote of 38-0. Instead of prohibiting public lobbying it requires reporting of public funds used for lobbying. The bill makes every registered lobbyist paid by any public funds to provide an itemized listing of the amount of public funds used by the government or association contracting for the lobbying services. Sen. Dennis Pyle also amended the bill to require entities receiving public funds to also publically report all expenditures on lobbying including organization memberships they belong to that lobby and the dues paid to them. No public hearings were held on Pyle's amendments and it is uncertain if a House committee will have time since today is the last day for committees to meet. However, it could be an item to be put into a conference committee report or no action could be taken.

Immigration

The House Education Committee tabled HB 2139, which requires students who are not American citizens to pay out-state tuition to Kansas higher education institutions. The measure would repeal a decade-old law that allows children of undocumented immigrants who complete three years of high school and vow to become citizens of the U.S. to pay in-state tuition rates. During debate of the measure, the bill was amended by Rep. Dennis Hedke to delay the elimination of that in-state tuition for three years. Rep. Ed Trimmer then offered an amendment to require Kansas schools and all employers who do business with the state to use the federal E-Verify citizenship documentation program to determine citizenship. During this debate a motion by Rep. Diana Dierks was offered to table the bill. That motion passed on a vote of 10-8. It takes a majority of the committee to revive it again.

Next week

The House and Senate will work on the floor of each chamber Monday through Wednesday. Wednesday is the deadline for bills to pass the second chamber of origin. Legislators will take a break Thursday and Friday for conference committees to meet before returning on March 30 for the last week of the 2015 Regular Session.