



# **Bright and Carpenter Consulting, Inc.**

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## **January 22, 2015 Legislative Update**

The Kansas Legislature had a slow start to their second week of business with the Martin Luther King holiday on Monday and snow and ice beginning on Tuesday.

### **Agency Program Presentations to the Legislature**

After last week's update to the Legislature on the Governor's Fiscal Year 2016 and Fiscal Year 2017 budget proposals, along with the Alvarez & Marsal State Government Efficiency Study, the Legislature heard from several agency program heads outlining their detailed budgets, including the Economic Development Initiative Fund, Children's Initiative Fund, State Water Plan Fund, Expanded Lottery Act Revenue Fund, Human Resources Consensus Caseload Estimates and the State General Fund (SGF) receipts and estimates.

### **Consensus Revenue Estimate**

On Wednesday, Chris Courtwright with the Kansas Legislative Research Department presented to the Senate Ways & Means Committee the State General Fund Revenue Estimate for FY'16 and FY'17. After some revisions, the Consensus Estimating Group's (CEG) overall estimate for FY'16 and FY'17 was decreased by a combined \$353.6 million. For FY 2016, the estimate decreased by \$159.1 million or 2.5%. That revised estimate of \$6.166 billion is 4% above final FY'15 receipts. The revised estimate for FY'17 is \$6.286 billion, which is \$194.5 million or 3%, below previous estimates. Total taxes are expected to increase by 2.8% in FY'17, following a 5.7% increase in FY'16. Overall, the Kansas Legislative Research Department reported a \$16 million balance proposed for FY'16 and \$46.6 in FY'17 in the SGF.

### **Human Services Consensus Caseload**

Legislative Research Staff from the Human Services Consensus Caseload also presented to the Senate Ways & Means Committee on Wednesday their estimates for FY'16 and F&'17. Officials from the Division of the Budget, Department of Children and Families, Kansas Department of Health and Environment, Department of Aging and Disability Services, Department of Corrections and the Legislative Research Department met in October to revise estimates on human services caseload expenditures for FY'16 and FY'17.

Caseloads include expenditures for Temporary Assistance to Families, Reintegration/Foster Care Contracts, Out of Home Placements, KanCare Regular Medical Assistance, Non-KanCare, and

Nursing Facilities. The combined estimate for FY'16 and FT'17 is an all funds increase of \$131.0 million and an SGF increase of \$47.4 million.

### **Tax Interim Report**

On Wednesday in the House Tax Committee, Kansas Department of Revenue Secretary Nick Jordan presented an update on revenue numbers, along with economic data. While sales tax collections for Kansas are down 4.2%, DOR reported use tax receipts are increasing.

- 29% of the income tax cuts went to small business, versus 71% to individuals.
- Personal income taxes were reduced by 30%.
- 80% of tax filers utilize itemized deductions.
- States on the coasts are seeing an increase in sales tax collections, but states in the Midwest region - reliant on oil, gas and agriculture - are seeing a decline.

### **Non-severability Clause Passes House**

After a briefing from Jill Wolters, Office of Reviser of Statutes, in the House Appropriations Committee on Wednesday, the Committee held a hearing and passed out favorably HB 2449, which would repeal the non-severability clause in last year's chief judge election bill. The bill removed the authority of the Kansas Supreme Court the appointment of chief judges of the state's 31 judicial districts, with a non-severability clause that would eliminate the \$100 million-plus budget of the Kansas Judiciary this year and next if the court struck down the provision. The full House of Representatives passed HB 2449 on Thursday by a 119-0 vote. The bill now goes to the Senate.

### **Conceal Carry in State and Municipal Buildings**

On Wednesday, a hearing was held on HB 2440 in the House Federal and State Affairs Committee. Under the Personal and Family Protection Act, it is currently unlawful to prohibit the carrying of a concealed handgun in any state or municipal building unless the building has adequate security measures to ensure that no weapons are permitted to be carried into the building. HB 2440 would amend the Act to specify that the carrying of a concealed handgun must not be prohibited in any "public area" of any state or municipal building unless the public area has adequate security measures to ensure that no weapons are permitted to be carried into the public area. The bill has no fiscal note.

Representative J.R. Clays sponsored the bill. Other proponents included the Kansas State Fire Marshall's Association, Kansas Association of Counties, Todd Heitschmidt, court administrator for Saline County, and Eric Smith, with the League of Kansas Municipalities. There were no opponents or neutral conferees.

### **Kansas Bioscience Authority Privatization**

A legislative post audit update on was given on the Kansas Bio Science Authority (KBA) during the House Appropriations Committee on Thursday by Kevin Lockett, CEO, and Acting Secretary of the Department of Commerce, Antonio Soave. During the 2015 session, SB 305 was introduced through the Senate Ways and Means Committee to dissolve the KBA and move programs under the Department of Commerce. It never came to a vote, but the bill is still alive. Since then, the KBA has scaled back their operations by going from 14 staff down to six and eventually down to three.

Lockett, the KBA Board of Directors and Secretary Soave have unanimously agreed to privatize the KBA. The KBA will continue to use their grant commitments to support research and development and grow the bioscience business portfolio in Kansas. Lockett was quoted as proclaiming to the Committee that “the KBA should not be seen as a failure, as the original funding for the KBA was planned to sunset in 2019.” Many legislators on the committee voiced disagreement with that statement, but they are hopeful in a new transition into the private sector. The KBA plans to clear all balance sheets then transfer the remainder of the funds back to the SGF.

### **Osawatomie State Hospital Loses Medicare Certification**

In a joint House and Senate Health Committee on Thursday, Tim Keck, Interim Secretary for the Kansas Department of Aging and Disability Services (KDADS), gave an update on the Osawatomie State Hospital and Inpatient Community Crisis Centers. The Osawatomie State Hospital lost its Medicare certification last month. This decertification by the Centers for Medicare and Medicaid Services (CMS) will prevent the hospital from receiving federal dollars, costing Kansas approximately \$1million/month to continue its operations.

The KDADS would like to expand community centers in Kansas as replacements for state hospitals, hire a consultant, and seek recertification from the federal government. Keck explained that nurse and physician staffing to care for the mental health patients that can currently only be treated at Osawatomie and Larned State Hospitals is their biggest hurdle.

### **Stillbirth Research and Dignity Act**

In the House Health Committee on Wednesday, a hearing was held on HB 2324, the Stillbirth Research and Dignity Act. The act would require the Secretary of the Kansas Department of Health and Environment (KDHE), in consultation with the Behavioral Sciences Regulatory Board, the State Board of Nursing and the State Board of Healing Arts, to develop and prescribe by rules and regulations comprehensive policies and procedures to be followed by general hospitals and freestanding birth centers in Kansas when a stillbirth occurs. The State Board of Healing Arts indicates that HB 2324 could increase the number of complaints it receives regarding practitioners alleged to have violated requirements of the Act. However, an estimate of the fiscal effect cannot be made at this time. Administrative requirements placed upon KDHE and other state agencies by the Act can be performed within existing resources.

Proponents included Dr. Libby Rosen, RN, March of Dimes, Kansans for Life, and Anna Newell. Several proponents of the bill wanted to see amendments to certain sections, including adding “abortion” in the medical facts collected by the patient. The American College of Obstetricians and Gynecologists testified as neutral; along with the Kansas Hospital Association expressing the need for additional research and feedback from their hospital members. There were no opponents to the bill.