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Happy Kansas Day! Kansas celebrated its 154th birthday Thursday. Attention this week quickly focused on the budget and other bill hearings as the urgency of the state's fiscal crisis came into focus. Committees started having bill hearings this week.

There will be no official action taken in either chamber today. Republicans will hold their annual Kansas Days weekend beginning Friday evening in Topeka.

Rescission bill

After several attempts of drafting and redrafting a rescission bill over the past week, the House Appropriations Committee and Senate Ways and Means Committee finally started hearings on the rescission bill Wednesday. The House Appropriations Committee began work on Thursday, but intends to finish up its work on the bill Monday. Senate Ways and Means Committee will begin work on the bill next week.

The urgency of passing the rescission bill became very clear when legislators were told they had to send the bill to the Governor by next Friday or else the state will not be able to pay its bills by mid-February. At issue is \$174 million of school payments that are due to be paid in mid-February. The rescission bill will make the budget adjustments necessary to keep the state paying its bills on time. It includes a 4% cut for some agencies and transfers from the state highway fund and the medical programs fee fund. The latest draft on Wednesday added more transfers from KDOT—from \$150 million—to the roughly \$200 million that have to come up within cuts to finish the fiscal year. Budget Director Shawn Sullivan told House Appropriations that the state is running out of immediate cash for a regular state aid payment to K-12 schools in mid-February. That's the reason the most recent version of the rescission bill was fattened up to provide a \$70 million cash balance at the end of the fiscal year instead of the just over a million as originally planned in a now superseded rescission.

Delayed payments to schools would be a problem, possibly requiring another Certificate of Indebtedness—internal borrowing of idle funds—atop the currently outstanding \$675 million certificate which was approved last June to meet cash flow needs. That \$675 million must be repaid by June 30.

Transportation advocates urged lawmakers to oppose the proposed legislation because the highway fund transfers will harm transportation projects in the state. Child advocates have also opposed the transfer of funds from the Children's Initiative Fund and the KEYS Fund.

In the first action taken on the bill on Thursday, the House Appropriations Committee pulled about \$25 million from the expanded rescission bill's cash balances by agreeing to pay \$25.2 million in capital outlay state aid in February, rather than delaying release of a total of about \$53 million in aid

until mid-June. House Education Chair Rep. Amanda Grosserode, who proposed the bill, said the \$25 million she uncoupled from the Governor's proposed June release will meet cash flow for districts that were expected last year to use the supplemental aid. Once the law passed that subsidized certain capital expenditures, many districts quickly jumped into eligibility by increasing their capital expenditure levies, nearly doubling the cost of the assistance over last year's predictions. Rep. Mark Hutton, R-Wichita, also got an amendment added that would eliminate the provision which swept \$3 million from the worker compensation second injury fund.

"Patent trolling"

A hearing was held on Tuesday on SB 38, patent infringement, in Senate Judiciary Committee. The bill would ban the practice of "patent trolling," the practice of making bogus claims of owning a patent or trademark and then sending demand letters to other businesses for payment of licensing fees. It would give the Attorney General's office authority to seek civil damages against anyone who violates the law. Several states including Illinois, Ohio, Oklahoma, Ohio, Tennessee and Louisiana have enacted similar laws. Sen. Jeff King, who chairs the Judiciary Committee, said patent trolling was the subject of an interim study last year and that there is near-universal support for the bill in the business community. He said he hopes to vote the bill out of committee and send it to the full Senate in the near future.

Insurance

The Senate Financial Institutions & Insurance Committee held hearings on SB 54 which would allow auto insurance companies more options to track termination of policies. They also held a hearing on SB 76 which would require certain insurers and insurance groups to maintain a risk management framework through an internal risk self-assessment. The Committee will work the bills next week.

Kansas Bioscience Authority (KBA)

The KBA presented to the Senate Commerce Committee this week its current operations and plans. It intends to make \$420 million available for corporate investment, which is four times more than between 2009-2014. Its CEO Duane Cantrell said the KBA is able to quadruple its investment after restructuring. To become more effective, the KBA switched to a market-based, self-sustaining financial model two years ago. The money is now beginning to come back into the KBA. The KBA has five key objectives that are expected to work with the new investment structures to help reach its goal of increasing available capital for the next five years. These include improving the return of investment, investment in opportunities, attracting private equity dollars to Kansas, increasing job availability and increasing the export of products and services to a global market. Cantrell said the bioscience sector is a key area of improvement because not only does bioscience work to solve global issues, such as food supply and safety, but it also benefits communities by providing high-quality and high-paying jobs. It is a relevant field in terms of Kansas' strengths and resources, especially in terms of animal health.

Kansas ABLE Act

House Committee on Children and Seniors held a hearing on HB 2100, which proposes to enact the Kansas ABLE savings program, a 529 savings plan designed to empower individuals with a disability and their families to save private funds to support the individual with a disability. The bill is being championed by Rep. Erin David, R-Olathe and would provide an important incentive for disabled Kansans and their families to save money to assist with the cost of providing for their needs.

Immigration

HB 2139 was introduced this week. It is a bill that would repeal the in-state tuition policy for undocumented immigrants in Kansas, which is a 10-year old law. The bill was referred to House Federal & State Affairs Committee after being introduced by Representatives John Rubin, John

Barker, Tony Barton, John Bradford, Dennis Hedke, Brett Hildabrand, Becky Hutchins, Kevin Jones, Mike Kiegerl, Jerry Lunn, Charles Macheers, Les Osterman, Virgil Peck, Marty Read, Gene Suellentrop and Bill Sutton.

HB 2180, which would allow drivers licenses to undocumented was also introduced in House Transportation Committee on Wednesday.

It is rumored that at least 5 other immigration reform bills will be introduced by Rep. Rubin. We will keep you informed of those bills when they are introduced and assigned a committee.

Economic development

The tax and commerce committees heard from Legislative Post Audit on the audit they conducted on the state's economic development incentive programs. The programs are working and successful in Kansas. Legislators continue to think of ways to grow jobs and attract companies and entertainment possibilities to Kansas. The highlights of the audit which indicate the state gets a successful return on investment can be found here: <http://www.kslpa.org/docs/reports/h-14-011.pdf>.

Governor Brownback

Governor Brownback nominated Major Mark A. Bruce to be the new Superintendent of the Kansas Highway Patrol. He has served as interim superintendent of the Kansas Highway Patrol since Col. Ernie Garcia resigned earlier this year. He is a 25-year veteran of the Patrol. The appointment will require Senate confirmation.

The Governor also nominated Kathryn Gardner, who has for 15 years been legal advisor/research attorney to U.S. District Court Judge Sam Crow, to the Kansas Court of Appeals.

Next week

The House Tax Committee will have a hearing on Thursday on the sales tax holiday bill, HB 2076. The budget committees will work the rescission bills, which will then be debated on the floors of each chamber. The House Federal & State Affairs Committee will have multiple hearings on alcoholic beverages bills. Other committees will continue to have informational briefings and hear minor bills.