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February 26, 2016 Legislative Update

Although this was a short week with no committee meetings, both the House and Senate chambers debated and passed dozens of bills on Monday and Tuesday before yesterday's Turnaround deadline. We are officially halfway through the legislative session; and all non-exempt bills that were not passed out of their respective House of origin by close of business yesterday, are now considered dead for this year. The Legislature is now enjoying a week break and will return to work on March 2. Below are some of the highlights from the last two days, including a few issues we're continuing to watch very closely.

Governor's Power Plant Plan Halted

Senate Bill 250 was originally introduced to remove the requirement that the Secretary of Administration provide monthly progress reports to the Joint Committee on State Building Construction regarding existing projects. Yesterday, the House amended the bill to also address the Governor's plan to demolish the Docking State Office Building and construct a new power plant for the Capitol Complex with financing from a lease-purchase agreement without the Legislature's knowledge or approval. The bill as amended now requires the Department of Administration to terminate the lease agreement and construction contract, and requires legislation before the Docking building – across the street from the Statehouse – can be reconstructed or relocated and before the adjacent land can be leased. The bill also withdraws appropriated funds from the budget approved in 2015 for the project. Both Chambers passed the amended bill yesterday with overwhelming support.

Major Juvenile Justice Reform Approved by Senate

Senate Bill 367 is a full reform and modernization of the juvenile justice system in Kansas. The bill is a package of consensus proposals produced by the Kansas Juvenile Justice Workgroup, which began meeting last June with the goal of reducing juvenile offending and protecting public safety. A few of the key changes in the bill are: focusing residential beds on higher-level offenders and reinvesting those savings in out-of-home placement into community-based programs, enhanced training for juvenile justice professionals, and creating statewide standards in responding to delinquent behavior. After five hearings in the Senate Corrections and Juvenile Justice Committee, the full Senate approved the bill yesterday by a vote of 38-2.

Speed Limit Raised on Rural Highways

House Bill 2643 authorizes the Secretary of Transportation to increase the speed limit on certain rural highways from 65 mph to 70 mph. Those highways cannot be separated multilane highways (current speed limit of 75 mph) or any county or township highway (current speed limit of 55 mph). A 10 mph buffer still exists, that prevents those infractions from being reported to one's insurance. During the hearing last week in the House Transportation Committee, the Kansas Motor Carrier's

Association and Kansas Highway Patrol testified in opposition, requesting the repeal of the 10 mph buffer. Proponent testimony cited good road conditions in Kansas and compared speed limits with nearby states. An amendment that was offered yesterday on the House floor that ultimately failed, proposed to raise the interstate speed limit from 75 mph to 80 mph. HB 2643 passed by a vote of 106-19.

A Few Issues We're Watching Closely...

Government Bonding Limitation

An informational hearing was held on House Bill 2703 in the House Appropriations Committee last week. The bill limits the authority of state agencies to enter into indebtedness on behalf of the state, relating to the issuance of bonds by the Kansas Development Finance Authority. It does exclude projects approved by the state finance council under \$25 million as well as those under the Kansas Department of Transportation (KDOT). As previously reported, the budget bill that already passed this year sets the KDOT bonding cap at 19% for fiscal year 2016 and 18% for fiscal year 2017. Lawmakers are looking at this bill as a vehicle to ensure legislative oversight for projects like the Docking Power Plant and University of Kansas' Central Development District. A hearing on HB 2703 is scheduled for March 3.

School District Bond Project Review Board

House Bill 2486 and Senate Bill 356, essentially the same bill, create the School District Bond Project Review Board, which would have authority to approve or deny applications by the school districts for capital improvement bonds approved by a local election after January 1, 2016. The review board would only approve the issuance of bonds on projects utilized for direct instruction of students. Board members would include the House Appropriations Committee chair and ranking minority member, Senate Ways and Means Committee chair and ranking minority member, and two members of the Kansas State Board of Education. Both bills have had hearings in their respective education committees and were referred to their respective budget committees yesterday. The House Appropriations and Senate Ways and Means Committees are exempt, which means these bills are "blessed" for the rest of the legislative session and not restrained by yesterday's Turnaround deadline.

STAR Bonds

House Bill 2625 amends various STAR bond provisions and is a result of several items of concern raised in 2015 by the Legislative Post Audit and from hearing that the Administration was working with the American Royale to move their events from Missouri to Kansas and fund it through STAR bonds. As previously reported, this year's budget bill awaiting the Governor's signature included language that halted the Wyandotte County project until STAR bond reform can be addressed. HB 2625 is currently in the House Tax Committee and awaiting a hearing. The use of STAR Bonds has come under legislative scrutiny this year, and we expect to see several hearings regarding STAR bonds during the second half of the legislative session.

Looking Ahead

The Legislature will be in recess until Wednesday, March 2, when they will be back working bills in committees, spending much time vetting the efficiency study recommendations. Also still on the table is the Legislature's response to the Kansas Supreme Court's ruling on equitable funding for schools. The next deadline is March 21, where all bills must be considered and passed by the second Chamber. First adjournment is scheduled for March 25.