

Bright and Carpenter Consulting, Inc.



825 S. Kansas Avenue, Suite 502C Topeka, KS 66612, www.brightcarpenter.com

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The 2015 Legislative Session remains in overtime with no end in sight. Legislators returned to the Statehouse on Tuesday with leadership vowing to work without a break until a budget is passed with a positive ending balance. This week talk of state employee furloughs was brought to the forefront as all options are being considered should a budget not pass in the very near future.

Legislators are still facing a \$385 million shortfall in the state budget for FY 2016. The budget will have to be cut to fill that shortfall, which many conservatives are calling for, or a tax plan has to be put in place to fill that shortfall, with many who do not want to have a “tax increase” on their voting record. This week legislators attempted several tax debates, and as of today, there is no agreement. The governor has said that he didn’t have a specific proposal for lawmakers on the tax issue, but he reiterated his support for consumption-based taxes.

On Thursday, the House attempted to put a single-tax issue bill into a House-Senate conference committee when the procedural motion to tee-up the bill failed, 14 votes short of the 84 needed. The strategy being that those six members of the conference committee could decide on a tax plan without having individual legislative members having to vote on the record for tax increase amendments (which could then be used against them in the next election). The plan was to take a bill on the House calendar, strip it of virtually every amendment and come up with just a simple \$30 million income tax amnesty provision that would allow Kansans to pay back taxes without penalties and interest. It’s a simple provision that few oppose, but it doesn’t solve the roughly \$385 million budget shortfall for the coming fiscal year. When the motion failed to pull the bill above the “line”, the plan crumbled, and after 15 or 20 minutes of trying to cajole any House member willing to make a motion to reconsideration, the House adjourned for the day.

The Senate Wednesday refused to forward to final action a bill that would have boosted the sales tax, but included small business tax increases that would be tempered by a tax credit for wages paid by those firms. Senate leaders after the debate were wondering how to craft a “consumption-oriented” tax plan after the chamber adopted 27-10 an amendment to drop the sales tax on food to 5.7%, as a portion of a sales tax increase on everything else from the current 6.15% to 6.5%. Senate leaders weren’t sure whether food sales tax drops are the key to raising sales taxes on everything else, or just what the fiscal tradeoff might be. Additionally, it was hard to tell where the Senate was regarding raising motor fuels, with the bill as it was presented increasing fuel taxes 5 cents a gallon, to 29 cents. The fuel tax increase was meant to be shuttled to the State General Fund, and it appeared if the money stayed with KDOT, interest in raising the tax was slim, but not terribly objectionable. The Senate’s efforts to scrap the current law’s exemption for pass-through income of LLCs, S Corporations, sole-proprietor businesses and farms, and provide a 2.7% tax on that pass-through income failed.

The Legislature is in session today with another scheduled tax debate. Today the House will begin debating as many as three separate tax bills, which could either establish a House position on tax issues or just move something into a conference where without recorded votes, Senate and House delegates could craft a single bill for simple yes or no votes. The measures up for debate today are primarily consumption-tax based, with sales tax increases, the amnesty provision and temporary freezes on rates and deductions.

Moderate Republicans and Democrats believe, in any tax plan, some tax must be put back on the untaxed income for small businesses, LLCs, subchapter S corporations and owner-operated businesses. The taxation of these businesses is in the second bill to be considered today, apparently because the first tax bill might just raise enough revenue to bring the state's deficit to near zero, and perhaps those business income tax exemptions can be retained. Whether the first "consumption tax-oriented bill raises enough money to cover the deficit, or whether it gets stripped to just the amnesty provision, its chances of passage are considered better than that of the business tax reimposition bill. A third tax bill on the House agenda is imposition of a 2.7% tax on non-wage income of those small corporations.

Leadership announced to legislators on Thursday "to put on their seatbelts" and be prepared to work long days thru the weekend until a deal is reached. The state's new fiscal year begins July 1st and if changes are made to sales tax, retailers must be given 30 days' notice which means Sunday is an important deadline for legislators.