

The Topeka Capital-Journal

Company owned by Republican Party treasurer and Brownback campaign treasurer goes into delinquency

TCTLA Consulting has not filed annual report or paid required fee

Posted: [June 5, 2015 - 5:02pm](#)

By [Jonathan Shorman](#)

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A company jointly owned by the treasurer of the Kansas Republican Party and the treasurer of Gov. Sam Brownback's campaign failed to file and pay its annual report and fee with the state this spring — causing the Secretary of State's Office to label it delinquent.

At one time, the business provided accounting services to the pro-Brownback political group Road Map Solutions.

TCTLA Consulting, a limited liability company owned by T.C. and Trella Anderson, who are married, didn't file the required report or pay the fee due April 15, online records from the Secretary of State's Office show.

Trella Anderson served as the governor's campaign treasurer during his re-election campaign. T.C. Anderson is the current treasurer of the Kansas Republican Party.

The company was formed in November 2012. TCTLA previously provided \$11,000 in accounting services to Road Map Solutions, where the lobbyist David Kensinger — who was the subject of an FBI inquiry into potential influence peddling — serves as president. Both of the Andersons sit on the governing board for Road Map Solutions.

According to a report filed by Road Map Solutions with the Internal Revenue Service, the organization paid TCTLA for the accounting services during the 2013 tax year. The \$11,000 paid to TCTLA matches the amount the report says Road Map paid to Trella Anderson.

Reached by phone, T.C. Anderson said he has until July 15 to decide whether to pay the fee and file the report to avoid allowing the company go into forfeiture status. He said he didn't know whether he would do so.

"I'm glad you spend your time looking at your records. I spent 20 years at The Capital-Journal, and I didn't have to look at those records," Anderson said, referring to business records and his previous employment at the newspaper.

Loans to Brownback's campaign, where Trella Anderson served as treasurer, have been under federal scrutiny in recent months.

In January, Carol Williams, the director of the Kansas Governmental Ethics Commission, in response to a records request, disclosed she had received a subpoena to testify before a federal grand jury that is investigating loans to the campaign.

Williams was ordered in the subpoena to bring materials related to any loans made to the Brownback campaign in 2013 and 2014. The focus of the investigation is widely thought to center on loans made to the campaign by Lt. Gov. Jeff Colyer.

Colyer, a reconstructive plastic surgeon, first loaned the campaign \$500,000 on Dec. 31, 2013. The last-minute infusion helped push Brownback's cash on hand to nearly \$2 million. But the campaign then refunded the loan on Jan. 2, 2014.

Colyer then made a second \$500,000 loan to the Republican governor's campaign on July 23. The campaign repaid the loan soon after.

In both cases, the loans were made right before campaign finance filings were due and had the effect of boosting Brownback's fundraising numbers.

A third \$500,000 loan was made by Colyer to the campaign Aug. 13. Campaign finance filings by the Brownback campaign indicate the campaign repaid \$400,000 to Colyer on Nov. 21.

When the investigation was revealed, the Brownback administration said the investigation had "no merit." The governor's office has maintained the campaign followed all laws.

No criminal charges have been filed and neither Colyer nor anyone else has been publicly accused of wrongdoing.

Rumors of impending indictments were rampant throughout the Capitol this week, however. On Thursday, Jim Cross, spokesman for the U.S. Attorney's Office, District of Kansas, said Colyer hadn't been indicted.

Read more at: <http://cjonline.com/news/2015-06-05/company-owned-republican-party-treasurer-and-brownback-campaign-treasurer-goes>

Ad astra exaspera: Senate starts, then stops tax debate without vote

House shoots down second attempt at agreement to find \$400 million in additional revenue

Posted: **June 5, 2015 - 12:10pm**

By **Celia Llopis-Jepsen and Jonathan Shorman**

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Ad astra exaspera.

As furloughs of state workers loomed less than 24 hours away, the Senate took up a tax bill after midnight Saturday morning. But at about 1:20 a.m., Senate Majority Leader Terry Bruce, R-Hutchinson, called off the debate and said the bill had "issues."

The legislation – the third compromise proposal produced by House and Senate negotiators – had only been crafted hours earlier and legislative staff had rushed to prepare it.

Bruce apologized as the clock kept ticking down, but the damage was done: the Senate adjourned soon after until 10:30 a.m., burning through several hours until furloughs begin at 12:01 a.m. Sunday.

The aborted debate came after a day of pre-blaming between the House and Senate, as both chambers sought to shirk responsibility for the impending furloughs.

Just minutes before Bruce called on the Senate to adjourn for the night, the Senate Appropriations Committee Chairman, Sen. Ty Masterson, R-Andover, lambasted the House for adjourning for the night.

“Tough decisions have to be made. I could say tough decisions have to be made tonight. But the other side of the hall took a break again. I understand we may have some issues with how this bill was put together but at the end of the day this body did debate, did pass a budget and set up for a motion to concur in March,” Masterson said.

Masterson said the Senate is the only chamber to have debated and passed a budget. The House passed a budget earlier this week, but without debate.

“To sit there and say this is somehow a Senate issue is just disingenuous,” Masterson said.

Those comments came in response to remarks from Senate Minority Leader Anthony Hensley, D-Topeka, who said the Senate needs to come to grips with the crisis and do something on Saturday.

“I’ve never seen anything like this. I mean, I’ve seen it back in Washington D.C. where the government’s shutdown but I’ve never seen it in Topeka, Kansas,” Hensley said.

Earlier in the day, House Republicans called on the Senate to pass a budget. Some lawmakers say the passage of the budget would prevent worker furloughs. But there is no guarantee Gov. Sam Brownback would sign a budget without a tax package in place.

Upping the pressure on the Senate, the House Appropriations Committee late in Friday evening quickly approved legislation designed to prevent workers from being furloughed. The full House is scheduled to debate the bill Saturday morning. The measure would not actually fund worker pay, however.

The “furlough fix” bill before the House would deem all state workers essential from the time of enactment until the Legislature adjourns. During furloughs, non-essential employees will be forced to stay home while essential employees must continue to report to work.

State budget director Shawn Sullivan appeared skeptical of the proposal.

“Then we’re making them liable for 17,000 employees that we’re on the hook for that we have no authority -- may not have money to pay them,” Sullivan said of the idea.

The increased attention toward preventing worker furloughs – as opposed to passing a final, comprehensive tax package and budget – came after lawmakers still appear stuck on the terms of a tax plan, which needs to raise \$400 million to balance next year’s budget.

Members of the House shot down the first attempt at a tax deal on Thursday evening and the second one Friday afternoon, each time sending negotiators back to the drawing table.

The third offer took a different tack — proceeding to the Senate floor first — and doesn’t hike taxes on business income, which scared conservatives away from the second proposal. The Brownback’s administration also had threatened to veto any plan that raises business taxes.

The bill that came before the Senate would set the state sales tax rate at 6.55 percent, up from its current 6.15 percent. The sales tax on food would fall to 5.95 percent beginning in 2016.

Taxes on cigarettes would jump 50 cents to \$1.29 a pack, and e-cigarettes would be taxed for the first time.

The proposal would also stall the so-called “march to zero” income taxes. Personal income tax rates would be frozen at 2.7 percent in the low bracket and 4.6 percent in the high bracket. A budget stabilization fund would be established beginning in 2019, with revenue growth above 2 percent going into the fund, which could be used for future tax cuts as well as state pensions and Medicaid spending.

It would also loosen the regulations for which children are eligible for a controversial program that funds private school tuition with corporate tax credits.

The second tax deal that the House debated, which would have filled more than half of the state’s \$400 million budget hole with income tax hikes, failed by a resounding 82-27. It would have rolled back some of the controversial 2012 business tax exemptions widely blamed as one reason for the state’s shrinking coffers.

That idea drew disgust from some lawmakers and praise from others.

“Businesses need certainty, and this bill destroys business certainty,” said Rep. John Rubin, R-Shawnee, who said it might be unconstitutional by imposing unexpected taxes on businesses for the current fiscal year.

Rep. Mark Hutton, R-Wichita, said the state had eroded its own financial stability in recent years.

“Finally this year we ran out of money,” Hutton said, adding this doesn’t send a message to businesses that Kansas is fiscally prudent.

A few lawmakers indicated they support taxing businesses, but couldn’t vote for the bill for other reasons, including its reliance on a sales tax hike.

“This is not real revenue reform,” said Rep. Don Hineman, R-Dighton. “It doesn’t stop the march to zero.”

Democrats also rejected the bill.

Rep. Tom Burroughs, Kansas City, said in a statement that it “balances the budget on the backs of the middle class and working families.”

The proposal would have taxed all non-wage business income at 2.7 percent and reduced or eliminated most itemized deductions for personal income tax.

Another \$120 million would have come from raising the sales tax from 6.15 percent to 6.45 percent in July. However, the proposed deal dropped sales tax for groceries to 5.7 percent in 2016, though House negotiators wanted a rate of 5.9 percent.

Read more at: <http://cjonline.com/news/2015-06-05/ad-astra-exaspera-senate-starts-then-stops-tax-debate-without-vote>

State workers union threatens legal action if employees placed on furlough

Agencies must inform workers by noon Friday, but some notifications are late

Posted: **June 5, 2015 - 9:55am**

By **Celia Llopis-Jepsen and Luke Ranker**

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As the threat of government shutdown loomed Friday, a workers’ union threatened to file legal action against the state if its employees are placed on furlough.

Some state employees deemed nonessential learned at noon Friday furloughs would cost them their paychecks starting Sunday unless the Legislature passes a budget.

The Kansas Organization for State Employees will file several forms of litigation if that happens, said Rebecca Proctor, executive director. KOSE represents about 9,000 state employees including correction officers, some state hospital employees, administrative assistants and equipment operators. The employees the union represents have a contract mandating the state provide 30 days’ notice of possible furloughs, a plan for the furlough and allow the union to discuss that plan, Proctor said.

A September 2014 change in law removed the 30-day notice period for emergency furloughs, but Proctor said the union's contracts haven't been renegotiated to include that change.

"If any KOSE covered employees are furloughed, we see that as a wrongful action," she said. "We would file all kinds of action Monday."

The agency will challenge the furlough administratively through their contracts, through the state Public Employee Relations Board and one or more court actions, she said.

Proctor said she isn't sure the current furloughs qualify as "emergency furloughs" because state agencies should have anticipated a possible shutdown when the Legislature failed to pass a balanced budget during the regular session.

"For an agency to not have a plan and then suddenly say they didn't see this coming is disingenuous, I think," she said.

The Kansas Department of Administration informed state employees they would receive furlough notices from their respective agencies no later than noon Friday, but by 2 p.m. some state employees received notification their furlough letters would be late.

The Associated Press reported more than 24,000 workers at state agencies and universities received furlough notices.

Susan Mosier, Department of Health and Environment secretary, sent an email to KDHE employees at noon informing them that nonessential staff would be on furlough come Monday. The email included pre-written outgoing messages for both email and voicemail. Mosier directed employees not to change the messages because they were "crafted to remain relevant in the event that you report back to work on Monday, June 8."

The agency employs about 1,000 people, but it is unclear how many will face furlough, said Sara Belfry, director of communications.

Roughly three quarters of the Kansas Department of Transportation's 2,400 employees will be furloughed, spokesperson Steve Swartz said. Current construction projects, rest areas, emergency crews, the 511 traveler information phone line and information provided on the KanDrive website will function normally, a KDOT media release said.

"Headquarters and district offices will be staffed by a skeleton crew of workers during normal business hours," the statement read.

Between the Lawrence and Edwards campuses of The University of Kansas, 5,270 employees have been notified of the pending shutdown. Summer classes are still scheduled to begin June 9 with some services scaled back, said Erinn Barcomb-Peterson, director for news and media relations. About 2,600 KU Medical Center Employees were notified of possible furloughs.

Kansas State University will also hold summer classes and enrollment as scheduled, but with 8,720 employees possibly on furlough the school will be staffed at about 30 percent, said Jeff Morris, vice president of communications. The school provided a furlough information phone line with a recorded message and website for employees to submit questions.

Meanwhile, the 109 employees of the Kansas Public Employees Retirement System haven't been notified of furloughs. Kristen Basso, a KPERS spokesperson, said instead of deeming some employees essential and other nonessential the agency is developing a "rolling schedule" that furloughs employees day-to-day based on member and employer needs. Some employees are essential when the agency pays benefits to members, while other are essential when agency enrolls new members, she said, so essential functions depend on the day of the week or month.

That plan wasn't completed by 3 p.m. Friday.

"Right now, we're waiting to see what happens and hoping for the best," she said.

All Department of Corrections facilities and parole offices will remain operational, said Adam Pfannenstiel, DOC communications director, but the total number of employees who would be off work Monday is unknown.

Andrea Johnson, an industry relations manager in the tourism division of the Kansas Department of Wildlife, Parks and Tourism, is one of the workers concerned she will be deemed “nonessential” and asked to stay home.

Speaking early Friday morning, she said she hopes lawmakers act to prevent furloughs from taking effect Sunday, but also said she doesn't want them to rush tax and budget deals without proper consideration.

“It would be nice if they would take into consideration a temporary budget to keep us working and then use that time to get it right for all Kansans,” Johnson said. “I want them to get it right. I don't want it to be just any old budget.”

The Legislature is now on day 106 of its traditionally 90-day session as lawmakers argue over how to fill a \$400 million hole in the state's fiscal 2016 budget, which starts July 1.

The record for the longest legislative session ever is 107 days.

The furloughs of state employees will take effect unless the Legislature passes a budget or a temporary fix by the end of Saturday. The House passed an unbalanced budget Wednesday with the goal of keeping salaries flowing while negotiations continue, and on Friday, dozens of House members urged the Senate to follow suit.

“There is no time to waste,” House Speaker Ray Merrick said in an emailed statement. “Kansans expect state government to be there for them when they need it, and state workers who provide valuable services should not have to endure furloughs because the Senate stalled on taking up the budget.”

Senate negotiators have signaled, however, that they want to reach a tax deal and pass a balanced budget rather starting with a temporary fix.

A furlough is mandatory leave without pay. According to the administration department, furloughed employees will continue to have health insurance.

State employees also could receive unemployment benefits after waiting a week, though benefits would need to be repaid if employees receive back pay later.

The state “will file the initial claim on your behalf if the lawful conditions for payment are met. State employees are strongly encouraged to not attempt to file their own initial unemployment claim as this will cause delays in processing,” the department said on its website.

On whether essential employees — those not furloughed — would receive pay, the department says the Legislature is expected to have passed a budget by the time paychecks are scheduled to be issued.

The state doesn't have authority to disburse paychecks during a furlough, and the administration department said earlier this week that back pay requires special legislative approval.

Johnson, who said she is the main breadwinner in her family, with three children, expressed frustration that lawmakers didn't start tax and budget negotiations earlier in the session.

“They knew it was looming,” she said. “It's just unreal to me that they would have waited so long.”

Read more at: <http://cjonline.com/news/2015-06-05/state-workers-union-threatens-legal-action-if-employees-placed-furlough>

Gov. Sam Brownback releases statement announcing he will sign furlough fix bill

Brownback: 'It is past time for the Legislature to act'

Posted: **June 6, 2015 - 5:56pm**

By **The Capital-Journal**

Governor Sam Brownback on Saturday evening issued the following statement as the Legislature passed House Substitute for SB 11 (the furlough fix bill), designating all state employees as “essential” through Sine Die.

“Today the Legislature passed, and I will sign, House Substitute for SB 11, a bill that designates all state workers as “essential” and therefore exempt from any emergency or administrative furlough through Sine Die.

“Every state employee is essential to our success and provides needed services to the citizens of our state. All state employees should report to work as normal beginning Sunday, June 7, even though the Legislature has not yet passed a bill authorizing expenditures.

“The solution is for the Legislature to continue its work, and bring to my desk a balanced budget with sufficient revenues to pay state obligations and do so now.

“It is past time for the Legislature to act.

“If the Legislature does not pass a budget and tax policy, it leaves the state with no authority to disburse funds, including salaries. SB 11 means that employees will work without the guarantee of being paid for that work. That is potentially in violation of the Fair Labor Standards Act.

“The circumstances creating the potential for a furlough still exist: ‘an immediate or imminent lack of funding to continue agency operations,’ as defined by K.A.R. 1-14-11 (a)(1). Article 11, Section 4 of the Kansas Constitution requires the Legislature to provide “sufficient revenue to defray the current expenses of the state for two years and further in section 24 states that ‘no money shall be drawn from the treasury except in pursuance of a specific appropriation made by law’.”

Read more at: <http://cjonline.com/news/2015-06-06/gov-sam-brownback-releases-statement-announcing-he-will-sign-furlough-fix-bill>

Fourteen GOP senators' votes break no-tax pledges

GOP block sends \$470 million tax increase to House

Posted: **June 7, 2015 - 8:50pm**

By **Tim Carpenter**

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Fourteen Republican senators sidestepped personal promises to oppose tax hikes Sunday night, delivering votes needed to advance a bill to the House to escalate state revenue by \$470 million.

Senators articulated an array of reasons for embracing the bill, adopted 21-17, and expected to generate sufficient cash by raising sales, cigarette and health maintenance organization taxes, as well as shrinking itemized deductions and shifting other tax policy to resolve a \$400 million deficit in the upcoming fiscal year.

The GOP holds a 32-8 majority in the Senate, and no legislation significantly boosting taxation could be advanced without backing from Republicans who prefer to keep their DNA off such legislation. In the Republican-dominated House, dozens of members with similar beliefs signed no-tax pledges.

Five GOP senators voting for the tax bill signed the anti-tax pledges put forward by Americans for Prosperity and Americans for Tax Reform.

Those doubling down were Steve Abrams, of Arkansas City; Jeff Melcher, of Leawood; Michael O'Donnell, of Wichita; Mike Petersen, of Wichita; and Mary Pilcher-Cook, of Shawnee.

O'Donnell said he was convinced to support the tax bill simply because it included a reduction the state's sales tax on food by 4.95 percent in July 2016. The state's general sales tax would go up to 6.55 percent on July 1, a rise from the current 6.15 percent.

Grover Norquist, president of Americans for Tax Reform, sent a letter to legislators reminding each of their taxpayer protection pledge to "oppose any and all efforts to increase taxes."

He indicated an affirmative vote on tax increases, rather than following a duty to cut wasteful spending, "would be in clear violation."

Sen. Dennis Pyle, R-Hiawatha, was the only senator accepting the Americans for Prosperity's pledge to follow through and vote against the tax bill.

"It is the largest tax increase in state history," said Pyle, who acknowledged some colleagues labeled him a political obstructionist. "That's a medal of honor. You can get in the way and resist and work for limited government."

Knox, who also signed the Americans for Prosperity promise, said he "never met a tax bill that I like," but conceded the state's economy hadn't performed as well as expected and a correction in state tax policy was warranted.

He explained his support for the bill while emphasizing a philosophical preference for expansion of consumption taxes on general sales and cigarettes rather than rolling back the exemption from the state's income tax granted about 330,000 businesses in 2012. The state's cigarette tax would go up 50 cents a pack to \$1.29.

"I like that shift," Knox said. "You tax what you want to get rid of. We're in the business of protecting industry in this state."

Other Republican senators who signed a no-tax promise and backed the bill raising taxes were Steve Fitzgerald, of Leavenworth; Dan Kerschen, of Garden Plain; Jacob LaTurner, of Pittsburg; Ty Masterson, of Andover; Larry Powell, of Garden City; Greg Smith, of Overland Park; Susan Wagle, of Wichita; and Rick Wilborn, R-McPherson.

Fitzgerald said he was confident of persuading voters the \$470 million revenue enhancement deal was appropriate.

"The voters are going to love this," he said. "It's a good sandwich. It's a good package. It expands the tax base."

Read more at: <http://cjonline.com/news/2015-06-07/fourteen-gop-senators-votes-break-no-tax-pledges>

Gov. Sam Brownback will sign tax bill if it passes House

Governor: 'It's past time to get this done'

Posted: **June 8, 2015 - 11:59am**

By **Jonathan Shorman**

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Gov. Sam Brownback said Monday he will sign a tax package expected to come before the House later today that would generate the \$400 million needed to fill the state's budget hole.

The confirmation from Brownback came after Senate President Susan Wagle said Sunday that the governor supports the plan. The Senate passed the package on a 21-17 vote.

The plan, which would produce about \$470 million next year, was the first comprehensive tax package to pass either chamber this year. If the House now approves the bill, it will go to the governor.

"People have looked at 40, 50 iterations of a tax bill. I put one forward. It's time to get this done, it's past time. This is a good plan and it's been thoroughly discussed and it's past time to get this done and move it forward," Brownback said.

The bill would increase the state sales tax from 6.15 to 6.55 percent, generating about \$187 million. The tax on food would drop to 4.96 percent beginning in July 2016. About \$97 million would be gained by reducing itemized deductions.

Taxes on cigarettes would increase by 50 cents to \$1.29, along with a new tax on e-cigarettes. The plan also assumes \$47 million is produced through new fees on managed care organizations, which is contained in different legislation.

Individual income tax rates would stay at 2.7 and 4.6 percent until tax year 2018, when the rates would drop by 0.1 percent. After that, further reductions would only be triggered by revenue growth in excess of 3 percent after additional funds go to pay state pensions and Medicaid caseloads.

The bill would also sunset many current sales tax exemptions in 2019 unless the Legislature acts to keep them in law.

Read more at: <http://cjonline.com/news/2015-06-08/gov-sam-brownback-will-sign-tax-bill-if-it-passes-house>

Mayor slams state of Kansas' intrusion in municipal government tax policy

Senate leader praises bill imposing property tax restrictions on cities, counties

Posted: **June 8, 2015 - 12:21pm**

By **Tim Carpenter**

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Overland Park's mayor denounced a bill scheduled for vote Monday in the House requiring voter approval of budget increases advanced by city and county officials tied to escalation in property taxes.

Mayor Carl Gerlach said the legislation passed by the Senate on Sunday night could damage the ability of local units of government to properly support police and fire services or maintain public infrastructure.

"This is not the typical thoughtful policy-making process Kansans expect or deserve," Gerlach said. "At the 11th hour and under great pressure to complete a state budget, the Kansas Senate enacted a major local budgetary policy decision impacting all cities and counties across the state without any committee discussion, without any public input, without a full understanding of the implications of this legislation."

Senate Majority Leader Terry Bruce, R-Nickerson, said the city-county property tax element was among policy reforms in a sweeping adjustments included in a bill raising state tax collections to address a \$400 million state budget deficit.

The Senate proposes to escalate state tax revenue in the next fiscal year by \$470 million, including a new \$47 million tax on managed care organizations. The property tax provision is designed to compel local units of government to deliver tax relief to Kansans, Bruce said.

"Not only does it ensure our state meets its long term obligations, it is estimated to provide property tax relief, reduces sales tax on food products and ensures the state continues down the path to zero income tax for all Kansans," Bruce said.

Adoption of the tax-hike legislation 21-17 by the Senate set up a pivotal vote in the Republican-led House on the 109th day of the legislative session. It is now the longest legislative session in Kansas history.

Gov. Sam Brownback is lobbying for passage of House Bill 2109 as a reasonable vehicle for closing a projected deficit in the fiscal year starting July 1. Much of the cash will be derived from raising the statewide sales tax from 6.15 percent to 6.55 percent and hiking the cigarette tax by 50 cents a pack to \$1.29.

The legislation would protect much of Brownback's 2012 income tax exemption granted 330,000 businesses in Kansas. The bill hits business owners with a \$24 million tax, but shields a majority of their tax break.

After hours of floor debate Sunday on tax policy, the Senate took less than five minutes to vote 23-11 for a new \$15.4 million budget for state government. The House passed the budget a week ago, which means Senate Bill 112 moved on to the governor's desk.

"I'm confident the state is on surer financial ground at this point," Bruce said.

Sen. Laura Kelly, a Topeka Democrat on the Senate's budget committee, said the state's budget was flawed because it drained \$132 million from the Kansas Department of Transportation and sidestepped a \$45 million contribution by the state to the Kansas Public Employees Retirement System.

She said the bill waded into the state's \$16 million higher education grant program that serves needy Kansas students. Currently, the money is divided evenly between public and private colleges.

The bill would earmark 60 percent of the money for private school students who make up only 20 percent of the state's higher education enrollment. If signed into law, private institutions would receive \$9 million and public universities would receive \$6 million.

"That's not fair," Kelly said. "You know, the 50-50 wasn't fair."

Read more at: <http://cjonline.com/news/2015-06-08/mayor-slams-state-kansas-intrusion-municipal-government-tax-policy>

Senate narrowly approves \$470 million state tax hike

Majority Leader blisters House for taking day off while "Rome is burning"

Posted: June 7, 2015 - 4:28pm

By [Tim Carpenter](#)

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The Republican-dominated Senate adopted by the thinnest margin Sunday night the largest tax increase in state history to close a budget deficit exceeding \$400 million in the upcoming fiscal year.

With the tally stuck at 20 votes in favor — one short of the required total — Olathe Sen. Julia Lynn voted “yes” to deliver the final margin that moved a bill containing \$470 million in revenue increases to the House.

“I know this is a very, very difficult vote,” said Sen. Les Donovan, a Wichita Republican and tax committee chairman who struggled to get much support for previous bills elevating state taxes.

Nine Republican senators broke no-new tax pledges to put the measure over the top 21-17. As anticipated, none of the Senate’s eight Democrats voted for the bill. Nine Republicans turned thumbs down on the bill.

Prospects of the legislation surviving the political gauntlet in the GOP-led House were unknown. Members of the House reconvene Monday after departing Topeka on Saturday after legislation was approved to block furloughs of 24,000 state employees.

Earlier Sunday, negotiators representing the House and Senate endorsed a compromise to erase the deficit with tax increases, slow the pace of individual income tax rate cuts and delete in four years many state sales tax exemptions unless saved by legislative action.

Senate President Susan Wagle, R-Wichita, said Gov. Sam Brownback was “fully supportive” of this proposal to extract state government from the budget crater in the upcoming fiscal year. In addition, Donovan said the governor promised to apply pressure on the House if the Senate rounded up the necessary votes for the bill.

The state burned through a massive reserve fund and developed a deficit as individual income tax rates were slashed and 330,000 businesses were awarded income tax exemptions in 2012. The supply-side economic firestorm of business expansion and job creation envisioned by Brownback and GOP allies in the Legislature failed to fully materialize.

The bill endorsed by the Senate proposes to address the shortfall by seizing \$187 million with a hike in the statewide sales tax to 6.55 percent. The sales tax on food would drop to 4.96 percent in July 2016. The state would net \$97 million by shrinking itemized deductions. The bill chips a \$23 million sliver from Brownback’s business tax break and eliminates a \$15 million food sales tax credit.

It would increase the state’s cigarette tax by 50 cents a pack to \$1.29, establish an e-cigarette tax, authorize a \$30 million tax amnesty program and weave in a \$47 million tax increase on managed-care organizations in Kansas.

“If this passed,” said Rep. Marvin Kleeb, the House’s top GOP negotiator, “all of this would be cash flow and end up with balances we think are reasonable.”

The arrangement would freeze the 2.7 percent and 4.6 percent individual income tax rates through tax year 2017, drop the lower rate by 0.1 percent in tax year 2018 and impose a softer “trigger” mechanism for future rate reductions. It would earmark year-to-year state revenue growth in excess of 3 percent — after deducting

state pension and Medicaid obligations — which would be used to buy down the upper and lower income tax rates.

“It is the largest tax increase in the history of Kansas,” said Senate Minority Leader Anthony Hensley, D-Topeka. “We cannot tax our people into oblivion.”

In addition, many sales tax exemptions would sunset at the end of 2019 in a manner requiring the Legislature to act to retain tax breaks written into law. The list of protected items would include industrial machinery and equipment, religious organizations, prescription drug purchases and others.

“We are picking winners and losers,” said Sen. Tom Holland, D-Baldwin City. “What a surprise. The winners are the special interests under the dome. They’ve been spared the chopping block.”

The House adjourned Saturday until Monday, but the Senate chose to keep working on the record-setting 109th day of a session that began in January. The Kansas Legislature annually schedules a 90-day session.

Senate Majority Leader Terry Bruce, R-Nickerson, said he was disappointed the House decided to take a day off. If the Senate approves the new tax-increase legislation on Sunday, Bruce said he would promptly call for a vote on a budget that reflects the revenue enhancements.

The strategy ought to force the House to get down to the nitty-gritty of resolving the revenue impasse, Bruce said.

“The House has checked out,” Bruce said. “They took the day off. Rome is burning. They’re not here.”

On Saturday, the Legislature and Brownback rushed into law a bill blocking the scheduled furlough of about 24,000 state employees. The bill declared all Kansas state government workers “essential,” meaning they would report Monday to work but wouldn’t be paid until the state’s political leadership completed work on a tax-and-budget compromise.

Read more at: <http://cjonline.com/news/2015-06-07/senate-narrowly-approves-470-million-state-tax-hike>

Senate punts tax debate; House goes home till Monday

Legislature, Brownback struggle to fill \$400 million budget deficit

Posted: **June 6, 2015 - 11:22pm**

By **Tim Carpenter**

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The Kansas Senate and House participated in separate versions of legislative paralysis Saturday night while trying to wiggle state government out from under the burden of a \$400 million budget deficit.

Inertia was so troublesome that House Majority Leader Jene Vickrey R-Louisburg, adjourned the House until Monday.

The Senate was still scheduled to convene Sunday, but the chamber’s agenda was unclear.

“On Monday,” Vickrey said, “be ready to go.”

Members of the Senate had been expected to engage in late-night debate on a bill raising Kansas tax collections by \$210 million to demonstrate for taxpayers modest progress toward a financial resolution could be achieved.

Instead of hurling political talking points at each other, the politically fractured Senate elected to sit on their hands for a couple hours.

As the clock inched closer to 11 p.m., Senate Majority Leader Terry Bruce, R-Nickerson, called off that floor debate.

Sen. Les Donovan, a Wichita Republican and chairman of the Senate taxation committee, threw up his hands in despair and demanded Senate President Susan Wagle replace him as top tax negotiator for the Senate.

“This is absolutely ridiculous,” Donovan said. “I’m sick of it. If we can’t get together and act as a level-headed, reasonable body of senators, what does the public think about us? We know what they think about us. We ought to be ashamed. I am ashamed. I’m ashamed to be associated with a group that won’t act any better than this. This is crazy. Absolutely stupid.”

Then, Donovan spoke to Wagle directly.

“I don’t want any more of this,” he said. “Madam President, I want you to find another tax chair and I want you to do it now.”

Wagle declined the invitation and said Donovan had done a “fabulous” job as chairman under difficult circumstances.

“You understand the issues,” she said on the Senate floor. “You understand the impact. You have the history. We appreciate your work. Hang in there one more day.”

Donovan dutifully announced a meeting of the House and Senate negotiating committee for 11 p.m. Saturday to work on a new version of a tax deal. His peer in the House, Rep. Marvin Kleeb, R-Overland Park, made the same announcement.

“Yes, p.m.,” Kleeb said. “Our work is never done.”

Over in the House, representatives got hung up on a bill raising \$48 million for the state by elevating the tax on health maintenance organizations operating in Kansas.

The Senate had voted earlier Saturday 28-11 to hike the HMO tax from 1 percent to 3.3 percent and draw down a pile of federal funding to help close the state’s budget gap.

The problem: Too many House Republicans likely to vote for the tax had left the Capitol.

Short of 63 votes required to send the bill to Gov. Sam Brownback, a procedural “call of the House” was ordered. The chamber’s doors were closed and telephone calls went out to representatives who had gone home for the day.

House members who were present had to remain in their seats on the floor, unless released to use the restroom.

Applause broke out among House members when Rep. Randy Powell, R-Olathe, finally arrived to vote “yes” on the bill. Rep. Ron Highland, R-Wamego, turned up to cast another “aye” vote. Rep. Virgil Peck, R-Tyro, also voted “yes” on the bill.

Eventually, it was approved.

Trouble with the HMO tax masked the larger problem plugging remainder of the budget crater. It comes down to a battle among those who want to close the gap by primarily raising the statewide sales tax, significantly slashing the budget or by clipping wings of Gov. Sam Brownback’s business tax cut of 2012.

The political dispute has pushed the annual legislative session beyond 100 days and sent leaders of the House and Senate repeatedly to the drawing board.

Donovan said the latest objective was to narrow a bill down to core elements that most GOP senators might support. The plan that had been ready for debate in the Senate would target tax dodgers with a \$30 million amnesty program.

Under the bill, the state would generate \$97 million next fiscal year by eliminating most personal income tax deductions. The deduction on interest paid on home mortgages and for property taxes paid by homeowners would be cut in half, but the deduction for charitable donations would remain at 100 percent.

That version would raise the state cigarette tax by 50 cents per pack and begin taxation of e-cigarettes. The cigarette tax would rise to \$1.29, which would add \$40 million annually to the state treasury.

Read more at: <http://cjonline.com/news/2015-06-06/senate-punts-tax-debate-house-goes-home-till-monday>

Analysis: Why lawmakers reached Day 107

Session now tied for longest ever and appears headed for record

Posted: June 6, 2015 - 3:59pm

By [Jonathan Shorman](#)

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The Kansas Legislature marked its 107th day Saturday and appeared headed toward Day 108 to make 2015 the longest session in state history.

With historic gridlock and division over the budget that threatened to furlough thousands of workers and shut down much of state government, lawmakers — in the minds of many — have provided a new answer to the old question: “What’s the matter with Kansas?”

The cause of this mess is difficult, if not outright impossible, to pin on any one individual or decision. It is, rather, the cumulative result of choices made and not made, of people elected and not elected, of timing and strategy and even plain error.

The list of events that transformed Kansas from moderate pastures to a charred battleground in the fight over economic philosophy, from commanding a quiet respect across the nation to “The Daily Show” fodder is long.

If any one had gone differently, Day 107 may not have happened.

When Gov. Sam Brownback ran for election the first time for his current post, in 2010, he walloped Democratic Sen. Tom Holland 63-32 percent. With the wind to his back, Brownback set out to change the state’s tax system.

He pursued a policy agenda of personal and business income tax cuts. The debate over taxes came to a head in March 2012. The Senate had just struck down a tax reform bill on a 20-20 vote, the result of an alliance between moderate Republicans and Democrats.

But the Senate president at the time, Steve Morris, persuaded enough moderate Republicans to send the bill out of the chamber after pleading from Brownback. Morris told the Capital-Journal in January that he never

intended for the bill — which contained large tax cuts — to become the final solution. House and Senate negotiators would work out a compromise, he understood.

That didn't happen. Instead, Brownback signed the bill.

The legislation reduced income tax rates and cut the number of brackets from three to two. It eliminated a large swath of taxes on business income. "A shot of adrenaline," the governor's now infamous line went.

Just a few months later, Brownback and conservative allies would work to purge the Legislature of moderate Republicans. They supported primary challenges of Republicans not deemed conservative enough. Morris lost a primary fight. So did several other GOP senators.

The effects of the more conservative Senate can still be seen today as Senate leadership — led by Majority Leader Terry Bruce and President Susan Wagle, two people no one would accuse of being less than conservative — has struggled to control their even more-conservative members, who blocked forward progress on legislation on several occasions.

Rep. John Carmichael, D-Wichita, said the more conservative Legislature now in place — in both the House and Senate — has played a partial, though not exclusive, role in the current impasse. He said lawmakers holding off on critical work until the last minute isn't unique to Kansas, however.

"When you bring in new folks without experience, who have not been here before and they have a specific agenda, in this case to downsize state government, they may not be fully cognizant of the consequences of delay, and that probably plays a role," Carmichael said.

Brownback ran for re-election on a Sun is Shining platform, championing the 2012 tax policy. His opponent, Democrat Paul Davis, warned of a coming fiscal reckoning. In the end, voters sided with Brownback by 4 percentage points.

In the wake of his re-election and the start of the 2015 legislative session in January, revenue estimates trended downward. Lawmakers would need to either reduce next year's budget or raise additional revenue.

But little serious discussion followed Brownback's budget proposal in January. That was a mistake, said Rep. Lane Hemsley, a Republican Topeka freshman. He also sits on the House tax committee.

The budget committees quietly went about their work, eventually crafting a budget that actually increased spending over the current year's budget, though lawmakers say much of the spending increases were due to factors beyond their control — such as increases in social service caseloads and Medicaid spending.

The revenue discussion — and the wide acknowledgment by lawmakers that taxes needed to be raised — didn't come until April. The revenue estimate that month revealed that the true gap between spending and revenues for the new fiscal year beginning July 1 is expected to be \$800 million.

Lawmakers and the administration will be able to use fund transfers and other measures to reduce the amount of truly new revenue needed to fill the hole to about \$400 million.

"We could at least, at a minimum, have put some structure together in anticipation of what we already had and then made some adjustments in April after the numbers came out," Hemsley said.

"I typically don't project my life in terms of, 'Well, I'll wait until three paychecks down the road to figure it out.' I deal with the paycheck I've got today."

But even after the Legislature's new \$400 million reality set in, the discussion ground on at a snail's pace. As April turned to May, the tax committees for the House and Senate had difficulty passing out any kind of plan.

Disputes over what taxes to raise, and by how much, seemed insurmountable. On top of that, Brownback gave few details publicly as to what he wanted to see in a plan, or at least what he would sign. Only on the 100th day of session did he unveil a proposal. His administration also waited until the 101st day to issue its first veto threat, promising to block business tax increases.

At the news conference announcing the plan, he reiterated as he had multiple times over the past few weeks that the budget process takes time to play out. But Brownback displayed a new urgency as well.

“I say this emphatically, we must balance the budget now. Now is the time to do it,” Brownback said.

Lawmakers have so far responded with “not yet.”

Once the tax committees did send bills to the floor, they were met with fresh opposition. Legislative leadership in both chambers wanted the true, final solution to be crafted in a conference committee between House and Senate negotiators.

That process was held up for days after some Senate Republicans demanded a full tax debate on the floor before allowing negotiations to proceed. The debate commenced a week ago Sunday night. But days of floor debate didn’t produce a comprehensive tax package and senators eventually relented, passing a small bill to jump-start negotiations.

Once it began meeting, the conference committee quickly began producing deals — though so far each one has been shot down, with one only drawing three votes in the House.

On Friday and especially on Saturday, much of the discussion in the Capitol turned away from finding a final tax solution and toward preventing state worker furloughs, which were due to begin at 12:01 a.m. Sunday.

But even on the question of keeping workers on the job, lawmakers squabbled. The House unanimously passed a bill to deem all state workers essential, thereby keeping them at work. But Senate leaders said the legislation was potentially merely symbolic, though the Senate eventually also passed the bill, sending it to Brownback.

With Day 108 at hand, there were no assurances Saturday that the count will stop there. Day 109, even 110 seem increasingly likely.

“While the process is ugly, there should be friction,” Hemsley said. “And if we don’t have friction, we don’t have success.”

Read more at: <http://cjonline.com/news/2015-06-06/analysis-why-lawmakers-reached-day-107>

Educators cry foul over private school provision in tax negotiations

Proponents say bill would allow Wichita's Catholic schools to participate in program

Posted: **June 6, 2015 - 12:58pm**

By **Celia Llopis-Jepsen**

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A late-session attempt by some lawmakers to expand a controversial private school tuition program has public school educators fearing a repeat of last spring, when lawmakers folded contentious K-12 policy changes into an appropriations bill in the eleventh hour.

Proponents of the measure say it is a technical fix designed to correct an unintended obstacle that blocked Catholic schools in Wichita from participating in the program. However, the proposal also expands the program in other ways.

The state's main teachers union and an association of Kansas school boards raised alarms Friday, and the union urged its members to voice concern and lawmakers to reject the measure.

The Kansas National Education Association said more than 1,000 union members sent letters to lawmakers in a single hour Friday evening expressing their opposition.

"How do we know this is a great program?" KNEA lobbyist Mark Desetti said. "We continue to expand bad ideas before they're proven."

Sen. Les Donovan, R-Wichita, suggested the KNEA's opposition was a knee-jerk response.

"When the word 'private' pops up in a conversation about education they just go berserk," he said. "This is a scholarship program for low-income, deprived children; what could be wrong with that?"

The program allows corporations to receive tax credits worth 70 percent of what they donate to fund private school tuition for low-income children. Wichita Catholic schools don't charge tuition to all students, however, preventing them from receiving tax-credit-incentivized corporate donations for educating those children, proponents said.

The proposal would get around that by giving the donations to the schools rather than the families.

Also, the current program only allows low-income children to switch from 99 public schools with low performance as gauged by scores on state math and reading tests. The proposal appears to widen it to apply to low-income children at other public schools, too.

Lawmakers first created a private school tuition program last spring, when they folded it into the K-12 appropriations bill together with a raft of other controversial school policy changes — most notably, the late-night inclusion of provisions to repeal teacher due process protections.

Much like this year's tax negotiations, last year's school finance bill also faced an uphill fight. Its core was a court-ordered boost of funding to schools, which rankled some legislators who argue that Kansas' courts should stay out of school finance.

Asked whether tying the private school provision into this year's troubled attempts at reaching an overall tax deal is an effort to attract more votes, Donovan said: "It will probably pick up a few votes and it will probably cost a few votes. Everything we do does."

Last spring's private school tuition legislation took effect in January, but according to the Kansas State Department of Education, no students received scholarships through the program to attend private schools during the second half of the school year.

Scott Rothschild, of the Kansas Association of School Boards, said his organization has several reasons for opposing the private school tuition program.

"It's kind of giving tax relief to corporations, but there's no accountability to show academic progress," Rothschild said, by way of example adding that public schools are required to show progress in student outcomes.

Read more at: <http://cjonline.com/news/2015-06-06/educators-cry-foul-over-private-school-provision-tax-negotiations>

Brownback signs bill giving Kobach prosecution power

Secretary of State says first cases later this year

Posted: June 8, 2015 - 11:11am

By [Jonathan Shorman](#)

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Gov. Sam Brownback gave Secretary of State Kris Kobach prosecution power Monday by signing legislation allowing the state's chief elections officer to pursue allegations of voter fraud in court.

Kobach, a Republican, said three attorneys in his office will be tasked with pursuing cases and that he will personally be involved as well. A leading Democratic opponent expressed "grave concern" about what lies ahead, however.

Kobach has centered his entire tenure as secretary of state on enacting measures he says are needed to keep elections free and fair, such as requiring photo ID to vote and a birth certificate to register.

The more rigorous requirements have so far failed to yield additional prosecutions, however. Of the handful of cases referred to county attorneys in the past few years, no action was taken on several and some were referred to prosecutors in other states.

The new law will continue to allow county attorneys to go after election fraud but will add the secretary of state's office to the list.

Kobach contends voter fraud is very real. At a bill signing ceremony, he repeated a claim made previously that his office has identified more than 100 instances of potential double voting stemming from the 2014 general election.

"I expect later this year you'll see some of the first cases brought. We have a large number from the 2014 election cycle of potential cases," Kobach said.

Kobach won reelection in November in a contest against Democrat Jean Schodorf. Opposition to prosecutorial power has focused in part on the idea that voters did not know the secretary of state would have the power when they cast a vote last year.

Brownback rejected that criticism, saying Kobach ran on seeking the power.

"He took this issue to the people and the people of Kansas looked at it and they want clear and fair elections and they want to make sure you don't have voter fraud," Brownback said.

Rep. John Carmichael, D-Wichita, sits on the House Elections Committee, where the legislation giving prosecution power was heard and considered. Carmichael voiced concern about Kobach's use of prosecutorial discretion, especially given he continues to be politically active in supporting conservative candidates and causes.

"While I disagree with him and I think he's jousting at windmills, the responsibility is now on him to produce results and legitimate results," Carmichael said.

Brownback also signed legislation stiffening penalties for repeat driving under the influence violations. Known as "Mija's Law," the bill boosts sanctions for an aggravated battery DUI when someone is permanently disabled.

Mija Stockman was traveling from Lindsborg to McPherson for work when she was hit by a drunk driver in December 2013. Jeffrey Davis, who hit her, was convicted of aggravated battery while driving under the influence – his third DUI.

Davis was sentenced to a 34-month sentence, though the judge could have sentenced him to probation. Under the new law, repeat offenders who cause permanent disability will see longer sentences.

“What happened to Mija was devastating,” Brownback said. “And while this law cannot reverse the pain Mija and her family have experienced since the accident, I hope they find some peace knowing they’ve helped bring justice to those in similar situations and helped to prevent repeat offenders from harming others.”

Read more at: <http://cjonline.com/news/2015-06-08/brownback-signs-bill-giving-kobach-prosecution-power>

Mars urges legislators to sweeten sales tax deal Bill doesn't define candy as food; confections to be taxed at higher rate

Posted: June 8, 2015 - 4:18pm

By **Tim Carpenter**

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Objections to the Legislature’s strategy of recasting the Kansas sales tax emerged Monday as a sticking point for a major candy manufacturer in Topeka.

Representatives of Mars Chocolate sent a letter to lawmakers conveying empathy for difficult deliberations on tax and budget policy, but declared the Senate-passed version of House Bill 2109, which raises state taxes by more than \$400 million, to be “discriminatory” against the candy and confection industry.

The bill that had been scheduled for a vote in the House would raise the statewide sales tax from 6.15 percent to 6.55 percent and lower the rate on food purchases to 4.95 percent in July 2016. Gov. Sam Brownback endorsed the tax package.

The legislation defines food in a way that subjects candy — including Snickers and M&Ms produced in Topeka by Mars — to the higher sales tax rate. At the same time, the bill defines cakes, cookies and other sweet snacks as food eligible for the lower rate.

“Our concern is separating candy from the current definition of food and assigning it a discriminatory tax,” said Mars representative Mark Broadhurst in the letter.

He said the proposed change would set Kansas apart from neighboring states of Nebraska, Missouri and Oklahoma that don’t separate candy from food.

“Only 18 states, mostly on the East Coast and upper Midwest, tax candy at a higher rate than other foods,” the letter said. “As recently as two weeks ago, the Vermont legislature decided against taxing candy in their recent budget discussions — recognizing the inherently discriminatory nature of the tax.”

In 2014, Mars opened the production plant in Topeka. The letter to legislators said the company invested more than \$330 million and hired more than 200 people, and was preparing for a potential second phase investment and additional hiring.

“The future looks bright for our business to continue growing in Kansas, but a discriminatory tax on our Kansas-made candy sends the wrong signal,” Broadhurst said. “Mars would greatly appreciate your assistance in ensuring that in the final agreed upon tax package, candy remains a part of the existing food definition and is not discriminated against through a higher tax rate.”

Read more at: <http://cjonline.com/news/state/2015-06-08/mars-urges-legislators-sweeten-sales-tax-deal>

Thirty-five House members await no-tax pledge test

House GOP delays vote on Senate's strategy to close deficit with tax hike

Posted: June 8, 2015 - 7:08pm



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"Pledges you should take very seriously," said Rep. Ken Corbet, a Topeka Republican. "It's like a flood or tornado, you got an emergency, you have to take a look at it."

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By [Tim Carpenter](#)

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No-tax campaign commitments of nearly three-dozen House members eventually will be tested by a consequential vote on legislation raising Kansas taxes by hundreds of millions of dollars in response to the budget deficit.

The Senate pushed through 21-17 a bill Sunday generating more than \$400 million in new tax revenue and imposing a series of controversial tax policy changes, but did so only after 14 Republicans walked away from anti-tax pledges made to prominent conservative political organizations.

On Monday, the 109th day of the session, the House GOP leadership called off debate on the Senate bill imposing the largest tax increase in Kansas history.

It delayed the day of reckoning for Rep. Ken Corbet, a Topeka Republican who put his name to just-say-no pledges promoted by Americans for Prosperity and Americans for Tax Reform.

“Pledges you should take very seriously,” Corbet said. “It’s like a flood or tornado, you got an emergency, you have to take a look at it.”

Rep. Harold Lane, a Topeka Democrat who declined to sign the pledges, said black-and-white promises regarding taxation failed to account for the realities of running a \$15 billion state government operation.

“You don’t know what issues might come up,” Lane said. “Just like now with our huge hole in the budget.”

Under the Senate’s bill to erase the deficit, \$423 million in tax revenue would be generated next fiscal year. The key components are a \$187 million escalation in the sales tax, a \$97 million narrowing of itemized deductions, a \$40 million hike in the cigarette tax and the delay in scheduled income tax rate reductions.

The bill would be coupled with a \$47 million tax increase on managed care organizations to complete a \$470 million package for consideration by Gov. Sam Brownback.

The seven other Republican representatives joining Corbet in signing both organizations’ pledges to avoid tax hikes are Steve Brunk, of Wichita; Travis Couture-Lovelady, of Palco; Pete DeGraaf, of Mulvane; Dennis Hedke, of Wichita; Ron Highland, of Wamego; Peggy Mast, of Emporia; Connie O’Brien, of Tonganoxie; and Marty Read, of Mound City.

Four Topeka House members signed the pledge offered by Americans for Prosperity. It is a bipartisan group composed of Reps. Lane Hemsley, Dick Jones and Corbet, all Republicans, and Rep. John Alcala, D-Topeka.

House Minority Leader Tom Burroughs, D-Kansas City, said organizations collecting the pledges should hold accountable legislators that decide to abandon promises made during a campaign.

“If those organizations choose to ignore those that signed the pledges, what’s to real value of signing a pledge? The credibility of those organizations is called into question,” Burroughs said.

The AFP Kansas chapter lobbied in the 2015 session for legislation that relied on spending reductions — as much as 6 percent — to meet the projected state budget shortfall and the cost of income tax cuts scheduled for 2016.

Americans for Tax Reform president Grover Norquist advised Kansas legislators in a letter that pending proposals to elevate taxes were “outrageous” and a “failure of duty by lawmakers to find and cut wasteful spending.”

Norquist said the focus should remain on stepping the state’s income tax to zero, which is a policy objective embraced by Brownback.

Read more at: <http://cjonline.com/news/2015-06-08/thirty-five-house-members-await-no-tax-pledge-test>

Shawnee County District Court rejects union's effort to win back teacher tenure protection

District court disagrees that controversial bill stepped on one-subject rule

Posted: [June 9, 2015 - 12:33am](#)

By [Celia Llopis-Jepsen](#)

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A district court has dismissed a legal challenge by the state's main teachers union against the path lawmakers took last year to unravel teacher job protections.

The Legislature last spring ended state-mandated teacher due process rights by inserting provisions to that end into H.B. 2506, a bill that appropriated funding for K-12 schools.

The Kansas National Education Association sued in August, arguing that rules for dismissing teachers are unrelated to school funding, and the legislation was therefore unconstitutional because it folded permanent policy into an appropriations bill.

The court said provisions not related to appropriations must be struck from appropriations bills, but this doesn't apply to all bills that contain any appropriations provisions.

"This court would need to determine that HB 2506 is an appropriations bill," it says. "This the court cannot do."

The ruling is signed by Shawnee County District Court Judge Larry Hendricks and dated June 4.

Contacted about the matter Monday night, KNEA representative Marcus Baltzell provided a press statement the organization had prepared and planned to release soon.

The statement quotes KNEA president Mark Farr as saying KNEA "has deep respect for the judicial process" and "will review today's decision to determine how this outcome impacts our ability to keep great teachers in Kansas' classrooms."

It reiterates the union's arguments for pursuing its lawsuit, saying every student should benefit "from dedicated, highly skilled licensed educators."

"We believe that student-learning conditions are inextricably linked to the working conditions of our state's education professionals," it says, adding that teachers perform best "when permitted to teach without fear of unfair or unjust dismissal."

H.B. 2506 was controversial for several reasons. At its heart was an injection of well over \$100 million for the state's poorer schools — as defined by their ability to raise revenues through local property taxes — mandated by the Kansas Supreme Court.

This funding boost was controversial among some lawmakers who argued the courts should stay out of school finance decisions.

The bill also included contentious changes to education policy — such as creating a tax-credit-funded private school tuition program and expanding a system in which some school districts can receive waivers of state laws and regulations.

The most high-profile change, however, was stripping teachers of due process rights, which drew allegations from Democrats of non-transparency because of late-night work by lawmakers on the topic, and because the provisions were inserted without undergoing hearings.

Hundreds of Kansas teachers traveled to the Capitol last April to protest and urge lawmakers to pass an appropriations bill without K-12 policy changes attached.

On whether the KNEA would appeal the decision, Baltzell said the group's legal and leadership teams are still reviewing it and "will decide the best avenue" after the review. This could include an appeal, he said.

The court indicates in its ruling that H.B. 2506's origin as a response to a Kansas Supreme Court order about education is crucial context that shows the bill was about that topic. Both the appropriations and the teacher due process provisions are related to schools, the dismissal says.

It quotes the defendant — the state — as saying the bill included "limited appropriations measures related to the overall educational subject of the bill," but says "Brownback identified H.B. 2506 as an appropriations bill" in a newspaper article.

It also quotes the defendant as saying "the inclusion of teacher due process provisions undoubtedly captured some votes in favor of the funding" portions of H.B. 2506.

When the KNEA filed the lawsuit last summer, Gov. Sam Brownback, who is listed as a defendant in the case, together with the state of Kansas, called it "little more than an exercise in labor union politics."

His office didn't respond Tuesday to a request for comment on the case's dismissal.

Kansas teachers earn what is commonly called "tenure" — more formally known as nonprobationary status — in their fourth year of teaching.

Prior to H.B. 2506, tenured teachers were entitled by state law to certain procedures, such as an independent hearing, if a school district sought to fire them.

Proponents of the changes in H.B. 2506 argue that it frees up school boards to make this choice, because boards can now choose whether to grant such procedures. School boards can offer such job protections by including them in locally negotiated job contracts.

Mark Tallman, a lobbyist for the Kansas Association of School Boards, said Tuesday his organization didn't lobby lawmakers to end due process rights, nor did it support those provisions in H.B. 2506, yet "we are satisfied with the result."

"We believe we can provide a fair system for teachers without having that system in place," Tallman said. "We believe boards are very careful and very deliberative if they're going to dismiss a teacher."

Though only a handful of teacher dismissal hearings took place in Kansas each year — others were agreed upon or settled prior to reaching that point — he said the system was at times "an impediment" to appropriate decisions by school boards.

He added that teachers still will be able to sue school boards for wrongful dismissal, even if they don't have access anymore to a state mechanism for independent dismissal hearings.

The KNEA argues that lawsuits are more expensive for everyone involved, and that the hearing system prior to H.B. 2506 functioned well.

House education chair Rep. Ron Highland, R-Wamego, said Tuesday afternoon he hadn't reviewed the court's decision yet. His Senate counterpart, Steve Abrams, R-Arkansas City, didn't respond to an email request for comment.

Read more at: <http://cjonline.com/news/2015-06-09/shawnee-county-district-court-rejects-unions-effort-win-back-teacher-tenure>

Kansas State Board of Education defends science standards as 'performance expectations'

Opponents describe teaching of evolution, climate change as 'atheistic'

Posted: [June 8, 2015 - 3:42pm](#)

By [Robert Boczkiewicz](#)

Special to The Capital-Journal

DENVER — Kansas education officials deny standards they adopted for teaching of science in public schools endorse what critics say is a “a non-theistic religious Worldview.”

The Kansas State Board of Education stated its position Monday in arguments submitted to the 10th U.S. Circuit Court of Appeals in Denver.

The arguments are in response to an appeal by critics of a document the board adopted in 2013. The opponents contend the document violates the religious rights of students, parents and taxpayers, and is unconstitutional.

The document treats evolution and climate change as key scientific concepts for classes from kindergarten through 12th grade, The Associated Press reported when the controversy arose.

Opponents who sued to overturn what they characterized as a “teaching plan” include an organization known as Citizens for Objective Public Education (COPE).

The education board’s response contends the opponents mischaracterized the document. Known as Next Generation Science Standards, it establishes “ ‘performance expectations’ for what students should know and be able to do at each grade level,” the board asserted in Monday’s court filing.

The opponents’s description of the standards as “ ‘atheistic’ is a gross mischaracterization,” the board argued in a 37-page filing.

“The performance expectations do not dictate curriculum,” the board asserted. The Kansas Constitution “allows local school districts to determine their own curriculums” and state law “does not require local school districts to implement the science standards.”

COPE contends a judge in Kansas City, Kan., erred in December by throwing out its lawsuit. U.S. District Judge Daniel Crabtree dismissed the lawsuit on grounds the plaintiffs didn’t have “standing.”

Standing is a legally protectable stake in a dispute that entitles a plaintiff to bring the dispute to court.

Crabtree, in dismissing the lawsuit, “incorrectly characterized” parents and children who are plaintiffs as “bystanders” whose injuries from the standards are abstract, rather than concrete and particular, opponents argue.

The education board is asking the appeals court to affirm that Crabtree was correct.

Monday’s brief was submitted by Assistant Solicitor General Dwight Carswell, of the state attorney general’s office.

Appellate judges have given no indication when they will decide the case.

Read more at: <http://cjonline.com/news/2015-06-08/kansas-education-board-defends-science-standards-performance-expectations>

Gov. Sam Brownback signs bill limiting sex predator appeals

Measure passed overwhelmingly by both Kansas chambers

Posted: **June 10, 2015 - 6:11am**

By **The Associated Press**

Gov. Sam Brownback has signed a bill putting new limits on appeals by sex offenders committed indefinitely to a state treatment program.

The measure was passed overwhelmingly by both chambers and Brownback signed it Tuesday. The new law takes effect July 1.

Offenders determined by a court to be sexual predators are committed to a treatment program after serving their criminal sentences. The bill would remove the right of confined offenders to request a jury trial when petitioning for release. It also would limit their right to file grievances on some issues.

Brownback also signed a bill helping victims of human trafficking by allowing them to file civil lawsuits against perpetrators and collect damages. The new law also takes effect July 1.

Read more at: <http://cjonline.com/news/2015-06-10/gov-sam-brownback-signs-bill-limiting-sex-predator-appeals>

Child nutrition groups, with some skepticism, support Senate plan for food tax

Sales tax on food would drop to 4.96 percent beginning in July 2016 under bill approved by Senate

Posted: **June 9, 2015 - 1:35pm**

By **Justin Wingerter**

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Child nutrition advocates are cautiously optimistic about a provision of a tax bill passed in the Senate that would lower the state's sales tax on food.

Legislation approved by Senate over the weekend would increase the state sales tax from 6.15 to 6.55 percent, generating about \$187 million. The tax on food would drop to 4.96 percent beginning in July 2016, six months after the overall sales tax would increase.

The bill, being considered in the House on Tuesday, also eliminates a \$15 million food sales tax credit.

Kathy Damron, a Statehouse lobbyist for KC Healthy Kids, said the Senate's action was a positive development.

"We're very pleased that the Senate gave its support," Damron said. "This is one of the lowest sales taxes on food the Legislature has considered in recent memory."

Shannon Cotsoradis, CEO of Kansas Action for Children, agreed, calling it "a significant step in the right direction." She worries, however, about the six months between when the overall sales tax would increase and when the sales tax on food would decrease.

"In the short term, I think low-income families will actually be paying more for their groceries," Cotsoradis said.

Before 2012, the food sales tax rebate was refundable, allowing families with no income tax liability to receive a rebate for money spent on food. Changes made during an overhaul of Kansas tax policy no longer allowed for refunds but still allowed some low-income families to deduct money spent on food from the amount they owed the state in taxes.

Under the 2012 policy, taxpayers are eligible for a rebate if they have a gross income under \$30,615, live in Kansas and are either disabled, over the age of 55, or caring for someone under the age of 18.

"Prior to 2012, the high sales tax on food was blunted by giving low-income individuals and families a refundable tax credit," Damron said. "In 2012, they changed that provision to make it nonrefundable, meaning the poorest of the poor also saw no relief for sales tax they paid on food."

Child nutrition activists have been working for nearly a decade to lower the sales tax, Damron said, despite her contention that it has broad bipartisan support. She said it is noteworthy that the change could come during a record-long session of the Legislature.

"While it's not an ideal year, in many ways it's the perfect time," Damron said, "because legislators are being forced to examine the whole tax picture."

Most states and the District of Columbia don't collect sales tax on food and many states that do offer a lower tax rate for food compared to other items. Kansas, however, currently taxes food at the same rate — 6.15 percent — as other consumer goods. Only Mississippi, with its 7 percent sales tax rate, places a higher state sales tax on food purchases than Kansas.

"I think it is a more significant change but we will still lag behind the region as a whole," Cotsoradis said of the Senate plan.

Two of Kansas' four neighboring states, Oklahoma and Missouri, tax unprepared food sales. Oklahoma's tax rate is 4 percent while Missouri's is 1.225 percent.

Cotsoradis is concerned that the delay in implementing the food sales tax reduction could allow legislators to renege on their promise to lower it.

"We may never actually realize that promise," she said. "But we're hopeful."

Read more at: <http://cjonline.com/news/2015-06-09/child-nutrition-groups-some-skepticism-support-senate-plan-food-tax>

Kansas Chamber asks lawmakers supporting tax hikes to make changes in 2016

Organization has opposed changes to 2012 tax cuts

Posted: [June 9, 2015 - 5:41pm](#)

By [Jonathan Shorman](#)

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The Kansas Chamber of Commerce — one of the most powerful groups influencing the Legislature's ongoing tax fight — has so far taken a hard stand against tax increases but has also begun to ask lawmakers who do support hikes to consider changes next year.

The Chamber issued a lengthy message to House members Monday criticizing legislation passed by the Senate while appearing to acknowledge some lawmakers view it as a "ticket out of town."

Chamber lobbyist Eric Stafford sent the message to lawmakers via email just after 10:30 a.m. Monday, hours before the House met. The House quickly recessed for several hours before ultimately adjourning for the day without taking any action.

A lawmaker provided The Topeka Capital-Journal with a copy of the email, which labeled the vote on the bill, House Bill 2109, a "key vote."

The package before the House remained in limbo Tuesday, with lawmakers taking little action during the day and a tax conference committee repeatedly postponed throughout the day. Just before a 6 p.m. meeting was scheduled to begin, Sen. Les Donovan, R-Wichita, said proceedings had been delayed until Wednesday.

The plan in the House would generate the needed \$400 million to fill the state budget hole through a number of provisions. The bill would increase the state sales tax from 6.15 to 6.55 percent, generating about \$187 million. The tax on food would drop to 4.96 percent beginning in July 2016. About \$97 million would be gained by reducing itemized deductions.

Taxes on cigarettes would increase by 50 cents to \$1.29, along with a new tax on e-cigarettes. The plan also assumes \$47 million is produced through new fees on managed care organizations, which is contained in different legislation.

Individual income tax rates would stay at 2.7 and 4.6 percent until tax year 2018, when the rates would drop by 0.1 percent. After that, further reductions would only be triggered by revenue growth in excess of 3 percent after additional funds go to pay state pensions and Medicaid caseloads.

The bill also would sunset many current sales tax exemptions in 2019 unless the Legislature acts to keep them in law.

In the message, the Chamber said the bill would raise a "historic amount" of taxes. Stafford wrote the Chamber appreciates the bill contains a number of policy provisions calculated to bring in votes, but said the organization remains concerned it would affect the state's pro-growth agenda.

"We appreciate how difficult it has been this session for elected representatives to arrive at a solution to close a nearly \$400M shortfall, having abandoned efforts to find additional savings and efficiencies that would not require raising taxes to historically high levels on Kansas taxpayers," Stafford wrote.

But after outlining concerns, Stafford appeared to indicate lawmakers who do vote in favor of tax increases can stay in the Chamber's good graces by advancing legislation early next year addressing the organization's concerns.

"For these reasons, we respectfully suggest that there is a better approach than this one," Stafford wrote.

"If, however, this is seen as the 'ticket out of town' now that the Senate has passed the measure, we fully expect those who plan to vote in favor of this measure to commit to addressing and correcting the concerns expressed above, including controlling the increasing cost of government, at the start of the 2016 Session."

Chamber President Mike O'Neal in an interview said it was fair to characterize the Chamber's position as, 'Please don't vote for this bill, but if you do, please fix it next year.'

O'Neal said some fiscally conservative senators voted for the bill because they believed there are policy provisions they like in the bill and that if they voted no, those provisions would likely disappear.

The provisions in the bill passed by the Senate include a cap on raising property taxes greater than the rate of inflation without a public vote. The Chamber's message to House members was to acknowledge that they may find policy pieces they like in the bill, but to caution them at the same time.

"What we'll look at is: Do you really believe in what we believe in? And if so, prove it by taking care of the concerns in that bill when session starts next year," O'Neal said.

The consequences for lawmakers who stand in the way of the Chamber's agenda have at times been brutal. Brownback and groups such as the Chamber successfully ousted several Republican lawmakers after the 2012 tax debate, installing more conservative lawmakers in their wake.

Some lawmakers have survived Chamber-backed challenges. Rep. Russell Jennings, R-Lakin, survived a 2014 challenge from a candidate supported by the Chamber's political operations.

"What they're doing is simple," Jennings said. "They're going to allow some people to vote how they want to vote with no consequence and for other people (who) vote for it there will be a severe consequence."

The Chamber's message also indicated the organization opposes the food tax cut.

Kansas currently taxes food at the same rate as all other purchases, but the bill would lower the sales tax on food to 4.96 percent. The drop, however, wouldn't take place until July 2016, meaning the sales tax rate on food would spike over the next 12 months before falling.

"In addition, bifurcating the sales tax by having different rates for food will prove to be problematic from the standpoint of definitions. Have you studied how this would actually work in practice?" Stafford wrote.

In the email, Stafford wrote "the far better path" toward targeted tax relief is Gov. Sam Brownback's proposal to eliminate the income tax for about 388,000 poor Kansans. That measure isn't contained in the plan before the House.

Brownback's proposal would eliminate income taxes for married couples filing jointly who earn up to about \$24,500 and for single filers who earn up to about \$10,250. Single heads of household could earn up to about \$17,250.

The measure would cost the state about \$19 million annually.

"We are perplexed as to why this method of targeting tax relief was not preferred," Stafford wrote.

Read more at: <http://cjonline.com/news/2015-06-09/kansas-chamber-asks-lawmakers-supporting-tax-hikes-make-changes-2016>

Schools could lose \$197 million under spending cut scenario

Across-the-board cuts to block grants would cost Wichita \$22 million

Posted: June 9, 2015 - 3:32pm



FILE PHOTOGRAPH/THE CAPITAL-JOURNAL

Schools could lose another \$197 million in funding for the fiscal year starting July 1 if the Legislature opts to allow across-the-board spending cuts rather than filling the state's budget deficit with new revenue.

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By [Celia Llopis-Jepsen](#)

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Schools could lose another \$197 million in funding for the fiscal year starting July 1 if the Legislature opts to allow across-the-board spending cuts rather than filling the state's budget deficit with new revenue.

On Tuesday, the Kansas State Department of Education prepared tallies at the request of the governor's budget director, Shawn Sullivan, showing the district-by-district effects of slicing 6.2 percent off state aid for schools.

Topeka Unified School District 501 would lose \$6.13 million. Wichita USD 259 would lose \$22 million and Kansas City, Kan., USD 500, \$10.8 million.

Kansas City superintendent Cindy Lane said she believes the threat of cuts is a scare tactic meant to pressure lawmakers into resolving tax talks that have dragged on and turned this year into a record-long legislative session.

Lane said she is unsure how her district would absorb a \$10.8 million loss, because it is too late legally to non-renew employees under contract for the 2015-16 school year.

“For me the thing that is most important is that the public needs to know this does not fix the problem,” Lane said. “The problem is a revenue problem and until we’re willing to address that, Kansas is going to be in a tailspin.”

Lane said her district has about \$8 million in reserves, including \$1 million earmarked for expenditures. She described this as a small cushion for a district as large as USD 500, with 22,000 students.

“We have 3,700 employees,” she said. “It costs \$34 million a month to run the Kansas City Kansas Public Schools. This is big business.”

Attempts to pass a tax package have stalled as lawmakers fight over how to fill a \$400 million hole in Kansas’ fiscal 2016 budget. The 6.2 percent across-the-board reductions are a potential scenario in case lawmakers don’t reach an agreement.

Rep. Jerry Lunn, R-Overland Park, said he doesn’t interpret Sullivan’s request that the cuts be tallied and published as a way to twist lawmakers’ arms.

Lunn said it would likely be a worst-case scenario, but it is possible lawmakers only will be able to agree on a tax deal that leaves part of the deficit unaddressed.

“Then if we can’t get agreement,” he said, “That’s the governor’s prerogative, is to go back in and try to find the additional money to make that balance.”

Rep. Jim Ward, D-Wichita, whose district stands to lose the most, said lawmakers are being given a choice between, on the one hand, voting “yes” on a bad tax proposal that burdens average people instead of businesses, and on the other, allowing drastic cuts to schools that would harm those same people.

Both scenarios harm “the little guy,” he said, “so do I cut off his left arm or his right arm?”

Other Shawnee County cuts in this scenario would include \$1.38 million from Shawnee Heights, \$1.42 million from Seaman, \$2.04 million from Auburn-Washburn and \$329,000 from Silver Lake.

While some K-12 spending in Kansas continues to rise — most notably pension costs — most Kansas school districts lost operating and maintenance funding in March when the Legislature scrapped the state’s school finance formula and replaced it with block grants.

For next year, those cuts totaled more than \$50 million — money carved exclusively out of the budgets of districts that qualify for equalization aid, a kind of state aid meant to bolster the resources of those with weaker property tax bases.

Schools have been determining how to handle those losses. Last week, the Topeka Board of Education passed \$1.8 million in spending cuts for 2015-16, including \$300,000 in administrative spending.

Read more at: <http://cjonline.com/news/2015-06-09/schools-could-lose-197-million-under-spending-cut-scenario>

Capitol gridlock taking toll on Gov. Brownback, House GOP members say Raw emotion of deficit, tax debate puts lawmakers on edge

Posted: [June 10, 2015 - 6:20pm](#)

By [Tim Carpenter](#)

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Despair about the tax-and-budget impasse overwhelming the Capitol exacted a toll on Gov. Sam Brownback.

Brownback apparently choked up in a private meeting with House Republicans who sought an audience with the state's chief executive to talk about a possible compromise to close a \$400 million deficit and protect core government functions.

The governor already slashed spending at select agencies by 4 percent and withdrew funding from the state's highway system to deal with a shortfall in the current fiscal year. He has pushed for significant increases in consumption taxes on general sales, cigarettes and liquor to address next year's deficit.

"He got emotional," said a legislator in attendance who viewed the governor's disposition as evidence of his passion for Kansans. "He was eager for us to come together as a party."

"Making more cuts? He said that was really difficult to do before," said another lawmaker speaking on condition of anonymity.

The Legislature's session moved into the 111th day on Wednesday — a record in Kansas. The annual session is scheduled for 90 days, and the 21 days of overtime have cost state taxpayers nearly \$900,000.

The House and Senate were maneuvering late Wednesday to vote on compromise legislation that might end the six-month session.

Legislators at Tuesday's closed meeting said Brownback expressed anxiety about potential of the House and Senate departing Topeka without a deal, leaving the GOP governor to order across-the-board cuts in excess of 6 percent.

Brownback also made reference, legislators said, to backlash he faced when out in public. In March, for example, he was booed by fans at the NCAA Tournament game in Omaha between The University of Kansas and Wichita State University.

The governor's office didn't respond to a request for comment about private meetings with lawmakers.

The \$15 billion budget sent by legislators to the governor falls about \$400 million shy of balancing. The state experienced revenue shortfalls in wake of income tax reductions imposed at Brownback's urging.

Drama in the Statehouse evoked passion among legislators, including Sen. Les Donovan, a Wichita Republican. In a fit of frustration, he asked Senate President Susan Wagle to replace him as the Senate's top tax negotiator.

"I'm sick of it," Donovan said. "We ought to be ashamed. I am ashamed. I'm ashamed to be associated with a group that won't act any better than this. This is crazy. Absolutely stupid."

On Wednesday, GOP House members huddled behind closed doors to produce a deal after two consecutive days of inaction by Senate and House negotiators.

A coalition led by Rep. Mark Hutton, R-Wichita, had sought to apply the state income tax to 330,000 Kansas companies given an income tax exemption in 2012. Hutton's group of about 25 legislators met with Brownback.

Brownback has portrayed the law eliminating state taxes on limited liability companies and other business entities, and reducing individual income tax rates, as the cornerstone of his supply-side program to invigorate the state's economy.

Nick Jordan, secretary of the Kansas Department of Revenue, previously issued a veto threat to lawmakers if they sought more than the narrow \$24 million tax hike on business owners already in the bill.

The Senate narrowly approved on Sunday a bill — not yet debated by the House — implementing \$423 million in tax increases in the fiscal year starting July 1. Combined with a \$47 million health industry tax already sent to the governor, the Senate package would bring \$470 million into the treasury and cover the deficit.

The measure approved by the Senate contained policy provisions, including limits on city and county property tax increases and expansion of tax breaks for private school scholarships, that raised alarm among some House members.

Shawn Sullivan, the governor's budget director, said the administration could be compelled to enact across-the-board spending cuts of 6.2 percent if lawmakers were unable to adopt a revenue plan. The Kansas State Department of Education estimated K-12 spending would take a \$197 million hit.

Read more at: <http://cjonline.com/news/2015-06-10/capitol-gridlock-taking-toll-gov-brownback-house-gop-members-say>

Day 112: House resumes action, votes down massive tax hike

Eight-hour delay prolongs dispute driven by \$400 million deficit

Posted: **June 11, 2015 - 9:37am**

By **Tim Carpenter**

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A bleary-eyed House returned to business Thursday morning after suspending action at midnight when Republicans and Democrats turned against a proposal raising state taxes by more than \$400 million to close a revenue gap.

After two hours of straitjacket persuasion applied to representatives, the House leadership threw in the towel and let the bill go down in flames.

The final tally: 20-95.

Gov. Sam Brownback and GOP allies had resumed a hammer-and-anvil strategy to form a coalition of 63 votes on legislation approved by the Senate that would enact the largest tax increase in Kansas history.

The battle is among legislators who seek state government spending cuts, opponents of huge increases in state taxes and members who want to repeal all or part of Brownback's 2012 tax exemption for 330,000 businesses and reductions in individual income tax rates.

Rep. Peggy Mast, R-Emporia, struck the gavel at 8 a.m. still dozens of votes short of the minimum necessary. The chamber continued on a "call" of the House, after an unprecedented eight-hour break. Technically, Thursday morning was still Wednesday night in the House. The call process requires members to remain in their floor seats, unless temporarily excused, as the search goes on for the 10 representatives who have yet to vote.

In reality, the procedural delay created a window of opportunity to rally votes for and against the bill.

“We’re still on a call of the House,” Mast said. “Doormen keep the doors closed and we will return to business.”

The central argument for the tax bill — on the 112th day of what was to have been a 90-day session — is that the alternative to the proposed increases in taxes would be implementation of state budget cuts of more than 6 percent.

It is unclear whether the GOP-led executive or legislative branches would take such a step, but the possibility helped move Rep. Scott Schwab, R-Olathe, to announce a decision to switch his vote to “yes.”

“I have the oath to keep up to the state of Kansas and I’m going to fund this budget,” Schwab said. “I was part of the problem. I will be part of the solution.”

Rep. Jim Ward, D-Wichita, said Republicans shifting votes under pressure were betraying core beliefs.

Thirty-five representatives in the 125-member House signed anti-tax pledges promoted by Americans for Prosperity and Americans for Tax Reform, the group led by anti-tax guru Grover Norquist. That list runs from Rep. John Alcalá, D-Topeka, to Rep. Kristey Williams, R-Augusta.

“The only thing worse than voting for the largest tax increase in history of Kansas is to flip-flop and vote for the largest tax increase in Kansas history,” Ward said.

At that point, Rep. Kyle Hoffman, R-Coldwater, decided to vote for the tax bill, and Rep. Pete DeGraaf, R-Mulvane, affirmed his opposition.

“I believe in low taxes and limited government. Not, no government and no taxes,” Hoffman said. “The time has come. It may not be pretty. It’s time to fund the budget and go home.”

DeGraaf said state lawmakers ought to curtail expenditures rather than elevate taxes of any kind.

“If we just went back to the spending policies of 2012, the budget would be balanced,” he said. “The sky was not falling in 2012.”

That left the House vote at 34-81 against the bill passed by the narrowest of margins — 21-17 — by the Senate. After a rules challenge to force an end to the call of the House, which failed, enough members agreed to give up the chase. That led more members to remove their support for the measure and resulted in the 20-95 margin.

The bill had one more supporter, but Rep. Dennis Hedke, R-Wichita, requested and received permission from House colleagues to switch his “yes” vote to “no” several hours after the roll had closed on the bill.

Read more at: <http://cjonline.com/news/2015-06-11/day-112-house-resumes-action-votes-down-massive-tax-hike>

Gaming board testimony details economic effects of proposed casinos

Analyst: 'I see them all as very attractive applicants'

Posted: **June 10, 2015 - 12:04pm**

By **Justin Wingerter**

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Members of a state gaming board heard three proposed casinos in southeast Kansas are projected to bring in between \$35 million and \$60 million annually after they become fully functioning in 2019.

Five members of the Lottery Gaming Facility Review Board heard hours of testimony from consultants tasked with determining how much money the proposed gambling facilities are expected to generate for their geographic areas and state coffers. The board has been tasked with deciding which one of the three proposals will receive approval on June 23.

A half-dozen representatives from an array of gaming analytics and economic consulting groups spoke before the board on the impact each casino would have.

“You may see some variance in projections. Let me assure you, this is typical of the business,” Will Cummings of Cummings Associates said. “I see them all as very attractive applicants.”

Michael Greene with Union Gaming Analytics said any of the three proposed casinos would have to compete with the 29 casinos in northeast Oklahoma, which he referred to as “a saturated market.”

“There is a plethora of opportunities for people who want to gamble,” Greene said.

The largest of the three proposals is Castle Rock Casino Resort which would be built less than a mile from where the Kansas, Missouri and Oklahoma borders meet on U.S. Route 400.

Greene told the board that Union forecasts the casino’s 1,400 slot machines and 51 table games will generate \$47.8 million in gross gaming revenue in 2019, the first year of full operation. Union forecasts the casino will attract roughly 313,000 people from Kansas, 315,000 from Missouri, 78,000 from Oklahoma and 80,000 from Oklahoma in 2019. Union anticipates the casino would pay \$12.9 million in taxes in 2019, \$11.5 million to the state and \$1.4 million to local governments.

Cummings, meanwhile, predicts Castle Rock would generate \$59.9 million in gross gaming revenue in 2019, \$44.9 million from slot machines and \$15 million from table games. Cummings predicts \$10.9 million of the revenue will come from Kansas gamblers, \$31 million from Missourians, \$14.8 million from Oklahoma residents and the rest from elsewhere in the Midwest.

According to Greene, there are 10 casinos within 30 minutes of the proposed Castle Rock site and 29 within a two-hour drive.

“There are a lot of options for people who want to gamble,” Greene said.

A second proposal calls for a casino named Kansas Crossing near the Missouri border at the junction of U.S. Route 400 and U.S. Route 69, south of Pittsburg. The investment group, which is largely Topeka-based, promises 625 slot machines, 16 table games and 120 hotel rooms.

Union predicts Kansas Crossing will generate about \$39 million in gross gaming revenue in 2019, about \$16 million from Kansas gamblers, \$19.6 million from Missourians, \$1.6 million from Oklahomans and \$1.9 million from Arkansas residents. Union anticipates 220,000 Kansans will visit Kansas Crossing in 2019, 272,000 Missourians, 21,000 Oklahomans and 26,000 Arkansas residents. Union predicts the casino will generate \$9.4 million in state taxes and \$1.2 million in local taxes.

Cummings, meanwhile, projects Kansas Crossing will generate \$36.6 million in gross gaming revenue in 2019, with \$30.3 million coming from slot machines and \$6.3 million from tables. Cummings projects \$20.3 million will come from Kansas, \$11.8 million from Missouri, \$4.1 million from Oklahoma and \$400,000 from elsewhere.

The third proposal is Camptown Casino, proposed for property just north of Pittsburg. Union predicts the casino’s 750 slot machines, 20 table games and 62 hotel rooms would generate \$43.9 million in gross gaming revenue in 2019. The casino would attract roughly 261,000 Kansans, 307,000 Missourians, 14,000 Oklahomans and 25,000 Arkansas residents, according to Union. Union predicts the casino would generate \$11.8 million in tax revenue, \$10.5 million for the state and \$1.3 million for local governments.

The board met for several hours Wednesday morning and afternoon in the Grand Ballroom at the downtown Ramada Hotel and Convention Center, 420 S.E. 6th St. The forecasters noted that the proposed casino owners will need to compete hard for local gamblers against an array of current options in the area.

“We don’t see a lot of people making a destination trip to southeast Kansas to gamble,” Greene said.

Read more at: <http://cjonline.com/news/2015-06-10/gaming-board-testimony-details-economic-effects-proposed-casinos>

How the Senate voted: Senate Bill 270

Senate passes budget bill late Friday

Posted: **June 12, 2015 - 8:33pm**

By **The Capital-Journal**

The Senate passed a budget bill around 5House passed two budget bills around 4:30 p.m. Friday. Following is how members voted on Senate Bill 270.

View our Legislature directory at <http://cjonline.com/data/kansas-legislature-2015-directory>

On roll call the vote was:

Yea - (21):

Abrams, Arpke, Bowers, Bruce, Donovan, Fitzgerald, Holmes, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, Olson, Ostmeyer, Petersen, Powell, Wagle, Wilborn.

Nay - (19):

Baumgardner, Denning, Faust-Goudeau, Francisco, Haley, Hawk, Hensley, Holland, Kelly, McGinn, Melcher, O’Donnell, Pettey, Pilcher-Cook, Pyle, Schmidt, Smith, Tyson, Wolf.

Present but Not Voting - (0):

Absent and Not Voting - (0):

Not Voting - (0):

<http://cjonline.com/news/2015-06-12/how-senate-voted-senate-bill-270>

Legislature gavels out to end longest session in state history

Bitter division turns to smiles as lawmakers leave

Posted: **June 12, 2015 - 7:04pm**

By **Jonathan Shorman**

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The longest legislative session in Kansas history — 113 legislative days — finally ended Friday evening.

Camaraderie and gratitude characterized the final minutes before lawmakers fled from underneath the dome. Just hours earlier, the Capitol was ensnared in bitter division over how to fill the state's \$400 million budget hole, a task that deadlocked lawmakers for weeks.

But once the Senate approved a tax deal at about 4:30 p.m. to send legislation to the governor, the atmosphere throughout the building quickly changed.

Handshakes and pats on the back were in abundant supply. Smiles formed on often serious faces. And good-byes were exchanged.

The Senate adjourned first. Senate President Susan Wagle, R-Wichita, acknowledged the historic nature of the moment.

"It was a very grueling session. I'm sure the most difficult one in history, not just the longest one, but the most difficult one as far as fiscal challenges are concerned, and yet we've risen above our differences and governed and we've brought forth solutions and we've all made concessions to make things work," Wagle said. Senate Majority Leader Terry Bruce, R-Nickerson, noted the toll the lengthy session had taken on staff.

"Thank you for the staff for being here for us in the wee hours of the night and in the morning," Bruce said.

The House took care of its final business at 6 p.m. Speaker Ray Merrick, R-Stilwell, quipped the chamber was falling behind the Senate.

"The Senate's on their second drink, so we need to catch up with them," Merrick said.

House Minority Leader Tom Burroughs, D-Kansas City, who had led Democrats in resisting a GOP-sponsored tax package just hours earlier, was conciliatory as the House gavelled out.

"We should all take much pride in the fact that here we are today doing the people's work and finishing up," Burroughs said.

Unless a special session of the Legislature is called, lawmakers won't return to Topeka until January for the 2016 session.

"It's been a wonderful experience getting to be your speaker," Merrick said, "And next year will be here awful quick."

<http://cjonline.com/news/2015-06-12/legislature-gavels-out-end-longest-session-state-history>

Lawmakers craft bill to expand Gov. Sam Brownback's budget cutting authority

Brownback would have power to make targeted cuts if end balance under \$100 million

Posted: **June 12, 2015 - 3:37pm**

By **Jonathan Shorman**

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Lawmakers approved a measure Friday temporarily expanding Gov. Sam Brownback's authority to make targeted cuts of state agency budgets, a change described as a way to protect education funding.

A tax proposal that will go to Brownback's desk calls on the governor to make \$50 million in cuts. The cuts, along with tax increases and other measures, are designed to fill the state's \$400 million budget hole and provide the state with a positive ending balance.

The tax plan that passed the Legislature, Senate Bill 270, anticipates an approximately \$80 million end balance. Currently, the governor can make across-the-board cuts if the ending balance is anticipated to be between zero and \$100 million.

House Bill 2135 gives the governor the authority to make targeted cuts, known as allotments, if the end balance is between zero and \$100 million. The power would only last for one fiscal year before expiring.

The bill was approved nearly unanimously by the House and Senate — the last bill approved before the Legislature adjourned.

The bill is designed to help shield K-12 spending, state budget director Shawn Sullivan said. Education spending isn't spared under across-the-board cuts.

"This will allow (Sullivan) to be a little bit more strategic. If we drop below \$100 million ending balance, he would have the ability to cut with more strategy (sic) instead of across the board," said Rep. Ron Ryckman Jr., the House Appropriations chairman.

The bill garnered bipartisan support. Sen. Laura Kelly, D-Topeka, said the measure will give Brownback a scalpel as he makes cuts.

<http://cjonline.com/news/2015-06-12/lawmakers-craft-bill-expand-gov-sam-brownbacks-budget-cutting-authority>

Senate, House send \$432M tax-hike deal to governor

Bills imposes largest tax increase in Kansas history

Posted: **June 12, 2015 - 12:42pm**

By **Tim Carpenter**

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The Senate joined the House by approving a session-ending bill Friday making adjustments to legislation imposing a state tax increase of \$432 million next year that constitutes the largest in Kansas history.

Public begging and private bullying that defined the session's votes on tax policy prompted adoption by the bare minimum — 21 votes in the Senate, 63 in the House — of legislation endorsed by Gov. Sam Brownback and designed to resolve a projected \$400 million deficit in the fiscal year starting July 1.

"I greatly appreciate the hard work of the Legislature in passing the budget and a tax bill that meets our constitutional obligation to provide sufficient revenue to fund budget appropriations," Brownback said. "I congratulate them on coming together in a spirit of cooperation and compromise to do what is right for Kansas."

He said expansion of sales and cigarette taxes on consumption — about \$200 million annually — served the long-term goal of relying less on income taxes to finance state government.

The House came up with a slightly different mix of tax additions than was passed Sunday by the Senate, which required the upper chamber to vote on a bill matching the House action. That bill was in peril on Friday afternoon until Sen. Rob Olson, R-Olathe, changed his vote to “yes” and provided the ending margin.

In recent days, heavy political muscle was applied to GOP lawmakers to vote for a tax increase or face a primary election opponent in August 2016. The Brownback administration also triggered a public backlash by declaring failure to raise taxes could result in sweeping budget reductions in Kansas higher education.

The battle to frame the tax increase in a politically palatable way erupted on the Senate and House floors.

“I view this as tax reform, not a tax hike,” said Sen. Julia Lynn, an Olathe Republican who voted for the measure.

Sen. Les Donovan, R-Wichita, said the significant tax increase embraced by the Legislature and Brownback should be viewed in context of about \$1 billion in income tax reductions implemented since 2012. Individual income tax rate reductions represented half of that cut, he said.

“We probably overdid this a little bit,” Donovan said. “The economy has not come back.”

Emporia Sen. Jeff Longbine said the tax package in Brownback’s hands was deficient in many ways, but he chose to vote for the legislation because it might not improve if the session was prolonged. The Republican denounced tactics used to persuade legislators to vote for revenue enhancements.

“We’ve had blackmail from the executive branch to the legislative branch,” he said. “We’ve had blackmail within this body.”

Brownback, in a meeting Thursday with Republicans in the House and Senate, said he was desperate to make a deal.

“I’m pleading with you, really,” he said.

That GOP gathering helped inspire passage by the House of two bills revising tax law, but likely requiring Brownback to take a knife to state spending in the next fiscal year. The chamber slipped over the hurdle about 4 a.m. Friday after hard-core conservatives who had stiff-armed leadership and the governor for weeks folded.

“Colleagues, we’ve had a long session, but our diligence has paid off and we’re making an additional \$50 million in cuts to the budget,” said Rep. Steve Brunk, R-Wichita. “Our goal is to enact a long-term, stable and predictable revenue source to provide necessary services while protecting taxpayers’ pocketbooks. This bill accomplishes that.”

Though dozens of Republicans ended up voting to raise taxes — some in violation of anti-tax pledges — they had difficulty concealing their disappointment.

Rep. John Whitmer, a Wichita Republican, spoke through tears as he explained his “yes” vote.

“I voted for something I am not proud of,” Whitmer said, “but I feel it’s what the folks need.”

The legislation retained a business tax exemption Brownback delivered to 330,000 businesses three years ago, but it raised the statewide sales tax to 6.5 percent from 6.15 percent. A provision dropping the sales tax on food to 5.95 percent was withdrawn by Republicans who suggested the idea could be considered in advance of elections for House and Senate in 2016.

“It gives us the highest sales tax rate on food in the nation. Low-income people will be paying the highest rate in the nation,” said Senate Minority Leader Anthony Hensley, D-Topeka. “Brownback’s tax policy is Robin Hood in reverse. He steals from the poor to benefit the rich.”

House Minority Leader Tom Burroughs, D-Kansas City, said Republicans were dedicated to adding \$164 million to the sales tax, wiping out \$97 million in itemized deductions and boosting the cigarette tax by \$40 million.

“We are literally increasing the cost of living in Kansas on those who can afford it least,” Burroughs said.

The plan would freeze state income tax rates at 2.7 percent and 4.6 percent through 2017, which saves the state \$26 million. The deal removed language requiring expiration of all Kansas sales tax exemptions in four years and dismissed plans to form a special committee to review the exemptions.

The session consumed 113 days — longest in state history and well beyond the standard 90-day session.

The break in gridlock on taxes followed warnings by the Brownback administration that savage cuts would be made in the state university system and the state’s bond ratings could collapse absent a compromise among Republicans.

Brownback and the GOP-controlled House and Senate struggled to respond to a budget deficit that trailed approval of the elimination of state income tax on limited liability companies and other business entities as well as the reduction of individual income tax rates. The bill contains a \$24 million hit on businesses, but the presumption is savvy accountants could help most owners avoid the hit.

Under the package sent to the governor, city and county governments would, in some circumstances, have to obtain voter approval for budget increases fueled by increases in local property taxes.

The higher sales tax would be implemented July 1, but businesses wouldn’t be obligated to assess that rate for 30 days. That could reduce the state’s revenue increase from the sales tax by \$13 million.

The legislation also depends on the Kansas Department of Revenue pulling in \$30 million this fall with a tax amnesty program for people who have dodged taxes.

Tax reforms approved by the Legislature would raise an estimated \$384.6 million annually for the state, but a separate piece of legislation sent to Brownback would deliver \$47.8 million with a new tax on managed care organizations in Kansas.

Within a minute of adjourning the annual session, the Kansas Democratic Party issued a fund-raising letter noting Brownback’s “attack on the working-class families” and the GOP’s deficit solution anchored by a higher sales tax.

“Today is a somber day in Kansas,” said Kerry Gooch, executive director of the state Democratic Party. “The Kansas GOP sided with special interests instead of Kansas families.”

<http://cjonline.com/news/2015-06-12/senate-house-send-432m-tax-hike-deal-governor>

How the House voted: House Bill 2109

House passes budget bills early Friday

Posted: **June 12, 2015 - 9:04am**

By **The Capital-Journal**

The House passed two budget bills around 4 a.m. Friday. Following is how members voted on House Bill 2109.

View our Legislature directory at <http://cjonline.com/data/kansas-legislature-2015-directory>

On roll call the vote was:

Yea - (63):

Alford, Anthimides, Barker, Barton, Billinger, Boldra, Bradford, Brunk, B. Carpenter, W. Carpenter, Concannon, Corbet, Davis, Dove, Esau, Estes, Ewy, Garber, Goico, Gonzalez, Hawkins, Hedke, Hemsley, Highland, Hoffman, Houser, Huebert, Hutchins, Hutton, Johnson, K. Jones, Kelley, Kelly, Kleeb, Lunn, Macheers, Mason, Mast, McPherson, Merrick, O'Brien, Osterman, Peck, Powell, Proehl, Read, Rhoades, Rubin, Ryckman, Ryckman, Sr., Scapa, Schwab, Schwartz, Seiwert, Smith, Suellentrop, Sutton, Thimesch, Todd, Vickrey, Waymaster, Whitmer, Williams,

Nay - (45):

Alcala, Ballard, Becker, Bollier, Bruchman, Burroughs, Carmichael, Clayton, Couture-Lovelady, Curtis, DeGraaf, Dierks, Doll, Edmonds, Finch, Finney, Francis, Frownfelter, Gallagher, Henry, Hibbard, Highberger, Hill, Hineman, Jennings, D. Jones, Kahrs, Kuether, Lewis, Lusk, Lusker, Ousley, Patton, Pauls, Rooker, Ruiz, Sawyer, Schroeder, Swanson, Thompson, Victors, Ward, Wilson, Winn, Wolfe Moore,

Present but Not Voting - (0):

Absent and Not Voting - (17):

Bridges, Campbell, Carlin, Claeys, Clark, Grosserode, Henderson, Hildabrand, Houston, Kiegerl, Lane, Moxley, Phillips, Sloan, Tietze, Trimmer, Whipple,

Not Voting - (0):

<http://cjonline.com/news/2015-06-12/how-house-voted-house-bill-2109>

House breaks gridlock, narrowly approves tax increases in early Friday morning vote

Almost exactly 12 hours later, Senate approves package, sending it to governor

Posted: **June 12, 2015 - 1:09am**

BO RADER/WICHITA EAGLE VIA THE ASSOCIATED PRESS

By **Jonathan Shorman**

jonathan.shorman@cjonline.com

The House passed the largest tax increase in Kansas history in the dark hours of Friday morning — clawing past tears and fatigue to endorse a measure to fill the state's budget hole after the governor warned of imminent fiscal calamity.

The Republican-dominated chamber approved two bills that in combination would hike sales taxes and cigarette taxes, while limiting the power of cities and counties to raise property taxes.

Almost exactly 12 hours later, the Senate also voted to approve the package, sending the legislation to the governor.

Lawmakers had been struggling for weeks to find a path forward that raises the approximately \$400 million in revenue the state needs to balance its budget. The House finally crossed the finish line just after 4 a.m. after a debate that began at about 1 a.m., and after the vote was left open two hours.

In a 63-45 vote, lawmakers approved House Bill 2109 — the core bill and the more controversial of the two measures. The legislation passed with exactly the number of votes necessary. The other, Senate Bill 270, was approved 63-44.

Republican leadership only gained the razor-thin majority needed for passage after intensely working the phones during the 3 a.m. hour and implementing a call of the House to keep members in their seats while state troopers searched for absentees.

The success of the bills was a wholesale reversal of the outcome of a vote less than 24 hours earlier, when the House rejected a tax plan with several similar provisions by a wide margin. In the intervening day, Republicans were pressed by Gov. Sam Brownback, who promised massive cuts by Monday unless a revenue package was sent to his desk.

According to the Brownback administration, even though the new fiscal year begins July 1, officials needed to move forward very soon on preparing to implement the budget — hence the need for either a revenue package or large cuts in the next few days.

Administration officials had raised the possibility that without legislative action 6 percent across-the-board spending cuts could be made to balance the budget, or line-item vetoes of higher education spending could be issued. The latter possibility would amount to a machete to state universities, gutting more than \$100 million from The University of Kansas, for example.

House tax committee chairman Rep. Marvin Kleeb, R-Overland Park, suggested a fiscal crisis would come if the bill doesn't pass while briefing Republicans about the measure.

"This needs to pass here in the next few hours. Hopefully everyone will be on board to help that happen. If that does not happen, schools may not receive payments, state employees are not going to be paid, (pension) payments are not going to be made. A lot of things are not going to happen," Kleeb said.

"We could be looking at furloughs and all sorts of things."

The plan passed early Friday leaves the state with an estimated \$86 million ending balance, but estimates assume the governor will make \$50 million in cuts — an assumption not made in previous plans. Brownback told Republicans on Thursday he was willing to accept his "share of the blame," but didn't provide specifics.

The plan sets the state sales tax rate at 6.5 percent, up from the current 6.15 percent. But unlike some earlier proposals, taxes on food won't be lowered.

Earlier proposals had delayed a drop on food sales taxes for a year, to July 2016. Kleeb said lawmakers want to be able to lower the rate on food when the Legislature reconvenes next year.

"We would like to be able to vote for that lower food sales tax, have it starting in July 2016 and we'd like to be able to vote on that next January or February and have a nice, positive thing to vote on," Kleeb said.

Taxes on cigarettes would increase by 50 cents to \$1.29, along with a new tax on e-cigarettes, under the legislation. The plan also assumes \$47 million is produced through new fees on managed care organizations, which is contained in different legislation.

Individual income tax rates will stay at 2.7 and 4.6 percent until tax year 2018, when the rates would drop by 0.1 percent.

The plan also includes the governor's proposal to exclude up to 380,000 poor individuals from paying income taxes. Previous proposals had included a provision that would have eventually removed all sales tax exemptions. That idea was tossed from the latest legislation.

Cities and counties will also be prohibited from raising property taxes in excess of inflation without a public vote under the legislation, though some exceptions, such as increases for construction or bond payments, were included.

House Minority Leader Rep. Tom Burroughs, D-Kansas City, said the legislation had been crafted and pushed forward without proper vetting or committee hearings.

“We are here tonight because of failure to communicate. To do that, one party has to listen. But it is one thing to listen and another to truly hear. Many in this body were warned about this looming crisis but failed to listen. And now, again, history is about to repeat itself,” Burroughs said.

Republicans had been divided in recent days into several factions. One of the major points of contention among the unofficial caucuses were over whether to make changes to tax breaks for business owners. The exemptions, which shield owners from having the pay income tax on nonwage income, have been fiercely defended by Brownback.

Through his subordinates, Brownback had issued a public veto threat that he will veto legislation that raises business taxes.

In the end, those pushing for changes lost. Rep. Mark Hutton, R-Wichita, led a faction of Republicans who had pushed for changes. On Wednesday, he conceded his efforts had faltered this year and he voted in favor of tax bills during debates on Thursday and Friday.

Though dozens of Republicans in the end voted to raise taxes, they wrung their hands at the same time, often making a point of voicing their displeasure with the legislation. Rep. John Whitmer, R-Wichita, spoke through tears as he explained his yes vote.

“I voted for something I am not proud of,” Whitmer said, “but I feel it’s what the folks need.”

<http://cjonline.com/news/2015-06-12/house-breaks-gridlock-narrowly-approves-tax-increases-early-friday-morning-vote>

The Wichita Eagle

JUNE 5, 2015

Kansas Senate halts tax debate to fix bill; House passes plan to avert furloughs

BY DION LEFLER

The Wichita Eagle

TOPEKA – 10.a.m. update - The Kansas House passed a bill to declare aimed at preventing state employee furloughs at 9:45 a.m. The bill which would temporarily define all state workers as “essential” passed the House 106-0.

The Senate will now consider the bill.

The Senate started and then halted debate on a tax bill in the early morning hours Saturday, while the House launched a last-ditch plan to head off furloughs for more than 24,000 state workers.

Both houses worked late, faced with a deadline of midnight Saturday to fill a \$400 million budget hole, or risk automatic furloughs of employees and a partial government shutdown.

The Senate worked on its tax bill until nearly 1:30 a.m.

But citing issues with the bill documents, Majority Leader Terry Bruce, R-Hutchinson, called off the debate.

The halt came moments after a chippy exchange between Minority Leader Anthony Hensley, D-Topeka, and Appropriations Chair Ty Masterson, R-Andover.

Hensley spoke scathingly of Gov. Sam Brownback and the Republicans who dominate the Legislature for failing to pass a budget.

"The hostages that are being held in all of this are the employees of the state of Kansas," Hensley said.

He noted that June 6 is the anniversary of the bloody D-Day invasion of Europe during World War II.

"June 6 is state employees' D-Day," he said. "We have to come to grips with this crisis that has been caused and not leave state employees out in the cold ... I guess my question to the leadership here is, what's the plan?"

Hensley's remarks drew a heated response from Masterson, who defended the job the Senate has done on the budget.

Although the House has passed a final budget conference report and the Senate hasn't, Masterson noted that the budget the House approved originated in the Senate and initially passed more than a month ago.

"To sit there and say this is somehow a Senate issue is just disingenuous," he said.

And he criticized the House for going home before the Senate debated the tax bill.

"Tough decisions have to be made," he said. "I contend tough decisions have to be made tonight, but the other side of the hall took a break, again."

Moments later, Bruce shut down the debate and announced the Senate would return at 10 a.m.

Just before the Senate began its post-midnight debate on taxes, the House introduced an emergency bill to try to avert the furloughs by temporarily defining all state workers as "essential." Only employees deemed "nonessential" can be furloughed.

That would keep them on the job and entitled to their pay, but they couldn't actually be paid until the Legislature actually appropriates money, Masterson said.

The tax bill currently being debated largely protects a zero income tax rate for owners of limited liability companies and other businesses where profits "pass through" to owners untaxed.

The bill would tax only guaranteed payments to those owners, which critics say they could easily avoid by changing the way they pay themselves.

The bill would also:

- raise the sales tax from the current 6.15 percent to 6.55 percent on July 1. The rate for food purchases only would dial down to 5.95 percent on Jan. 1.
- repeal a food sales tax credit for elderly, disabled and poor Kansans.
- raise the tax on cigarettes by 50 cents a pack.

It also includes a policy – popular in the Senate – to require cities and counties to hold elections to raise property taxes by more than the rate of inflation.

Cities, including Wichita and Kansas City, say it's based on incorrect math assumptions and would be chaotic to try to implement.

Lawmakers also added a provision expanding access to tax-credit-supported corporate scholarships for students who want to leave public schools and go to private school.

The proposal provides for direct payments to religious schools for children whose parents tithe to the affiliated church as payment for their tuition.

The tax conference committee crafted its latest plan about three hours after the full House voted down a bill that would have put a 2.7 percent income tax on businesses that currently pay zero taxes.

That bill failed 82-27.

But it was 24 more "yes" votes than Thursday's tax plan, which protected the business break and was more heavily weighted toward sales tax increases.

About 330,000 business owners pay no state income tax under a 2012 tax plan that was championed by Brownback

The governor has threatened a veto if the Legislature passes a tax bill tampering with that.

Read more here: <http://www.kansas.com/news/politics-government/article23180340.html#storylink=cpy>

JUNE 5, 2015

Gov. Brownback to sign bills for secretary of state prosecutorial power, election changes

Eagle staff

Gov. Sam Brownback plans to sign two bills Monday regarding voting in Kansas.

One will give Secretary of State Kris Kobach and his successors power to prosecute alleged voter fraud in criminal court.

The other will move local elections to the fall.

Senate Bill 34 grants Kobach power to bring cases against alleged illegal voters when local prosecutors don't. It also will allow the attorney general to overrule a local prosecutor's decision not to file criminal charges in election cases.

House Bill 2104 will make several changes to election law. It moves city and school board elections to the fall of odd-numbered years, but keeps them non-partisan.

The intent is to increase voter turnout in such elections. The change has been largely opposed by local elected officials and school boards across the state.

The bill will also eliminate the presidential primary.

And it addresses a controversy from the 2014 U.S. Senate election by changing the requirements for a candidate to withdraw from a race after winning the primary.

Candidates will be able to withdraw only if they die, move out of the state or if they or a member of their immediate family suffers from a medical hardship.

Read more here: <http://www.kansas.com/news/politics-government/article23210259.html#storylink=cpy>

JUNE 6, 2015

Gov. Sam Brownback signs bill averting furloughs

BY DION LEFLER

The Wichita Eagle

TOPEKA – The Kansas Legislature rapidly pushed through a bill Saturday to avert a midnight government shutdown, with Gov. Sam Brownback signing it despite concerns about its legality.

The bill heads off furloughs for more than 24,000 state employees by defining them all as essential. Emergency furloughs triggered by the end of a budget year apply only to workers deemed nonessential to state operations.

Employees were notified Friday that they would be furloughed if the Legislature did not approve a budget and a tax plan to pay for it before Sunday.

Both houses have been unable to fill a \$400 million budget shortfall, with factions deeply divided over sales and business tax increases. The Senate rejected another tax plan Saturday afternoon.

Both chambers had planned to take up tax bills late Saturday but had not done so by 11 p.m.

The furlough fix gives them an additional two weeks to continue the debate.

The House passed the furlough fix bill, SB 11, on Saturday morning, followed by the Senate on Saturday afternoon – both unanimously. Brownback signed it Saturday evening.

“Every state employee is essential to our success and provides needed services to the citizens of our state,” he said in a statement. “All state employees should report to work as normal beginning Sunday, June 7, even though the Legislature has not yet passed a bill authorizing expenditures.”

He was critical of the lawmakers for the length of the legislative session, which at 107 days on Saturday tied a record for longest session.

“The solution is for the Legislature to continue its work, and bring to my desk a balanced budget with sufficient revenues to pay state obligations and do so now,” Brownback said. “If the Legislature does not pass a budget and tax policy, it leaves the state with no authority to disburse funds, including salaries.

“SB 11 means that employees will work without the guarantee of being paid for that work. That is potentially in violation of the Fair Labor Standards Act.”

Senators initially were reluctant to embrace the House furlough plan, saying they didn’t think it would fix the situation. But they changed course, saying they had gotten a legal opinion that the House plan would work.

Sen. Ty Masterson, R-Andover, said the bill isn’t the best solution because it doesn’t allocate money for employee pay but gives employees a claim against the state when a budget finally passes.

He called it the “prettiest baby in the ugly baby contest.”

It was a rare point of agreement between Masterson and Senate Minority Leader Anthony Hensley of Topeka, who has pressed the Republicans to pass a budget bill.

“I am very appreciative we are taking this step and we are taking it this early in the day as we are, not running up against the 12 midnight issue,” Hensley said.

The lawmakers had to take action because the pay period starting Sunday ends after July 1 in the next fiscal year and after the state’s current spending authority expires.

House Speaker pro-tem Peggy Mast, R-Emporia, said the Republican caucus questioned budget director Shawn Sullivan on Friday, and he assured them that there was money to pay any employees deemed essential and that this option would keep the employees on the job and being paid.

Read more here: <http://www.kansas.com/news/politics-government/article23266023.html#storylink=cpy>

JUNE 7, 2015

Kansas Senate approves tax bill, sends it to House

BY DION LEFLER

The Wichita Eagle

TOPEKA – On a record-setting 108th day in the Kansas legislative session, Senate Republicans passed a tax bill, the first crack in the gridlock that has gripped the Capitol as lawmakers struggle to close a budget hole.

The bill protects the zero income tax rate for pass-through business owners while raising the general sales tax from 6.15 percent to 6.55 percent on July 1. A year later, the tax on food would drop to 4.95 percent.

It also would increase the cigarette tax by 50 cents a pack and end most tax deductions. It sets a 2019 expiration date for most sales and property tax exemptions.

The passage capped 14 straight days of work for the Senate. It followed the rejection of several tax plans by both chambers and a scramble on Saturday to pass a bill averting furloughs for state employees.

The Senate then quickly voted out a budget bill that had already been approved by the House.

House members still must consider the tax plan. They are due back at 2 p.m. Monday after taking Sunday off.

If the House concurs with the Senate tax plan, the session could end Monday.

But Sen. Les Donovan, the Senate tax committee chairman, said he doesn't think it will be that easy. House members haven't passed a tax bill, but there's been significant support for raising a tax on businesses that now pay nothing.

"I wish I knew this was over, but I don't think it is," said Donovan, R-Wichita.

The Senate passed the tax plan by the tightest margin possible.

The initial vote was stuck at 20, one vote short of the number needed for passage. Then Sen. Julia Lynn, R-Olathe, returned to the chamber and cast the decisive vote to give it 21.

A moment later, Sen. Michael O'Donnell, R-Wichita, changed his vote from "yes" to "pass" then back to "yes" after Sen. Jeff King, R-Independence, who chaired the meeting, told him he had to either vote or request permission to pass.

Donovan asked the Senate to pass the bill "with a strong vote, strong enough to send a message to the House that says 'This is the answer. Finish our work here.' "

Sen. Tom Holland, D-Baldwin City, later responded: "I would be more concerned about the message we're sending to the Kansas people."

Ending exemptions

The new wrinkle in Sunday's bill is automatic elimination at the end of 2019 of numerous sales and property tax exemptions.

The full list was not available Sunday. Republican lawmakers said it would include nearly all exemptions except those for religious organizations, agriculture, business-to-business commerce and some health organizations.

A Republican-dominated commission would be appointed to decide which, if any, other exemptions should be added back.

Democrats expressed concerns that that provision would levy sales taxes on utilities and gasoline.

Minority Leader Anthony Hensley, D-Topeka, asked four times why the provision would protect agriculture utilities but not residential utilities.

Later, Majority Leader Terry Bruce, R-Hutchinson, said he had reviewed tax laws and that utilities and gas would not be at risk for additional sales taxes beyond the taxes Kansans already pay on those items.

The bill also protects the zero income tax rate now enjoyed by owners of limited-liability companies, sole proprietorships, farms and corporations organized under Subchapter S of the federal tax code.

Those are called “pass-through” businesses because the companies aren’t taxed and owners theoretically pay taxes on their personal returns.

Sunday’s bill would tax only guaranteed payments to pass-through business owners. Critics say they can easily circumvent that by changing the way they pay themselves.

Gov. Sam Brownback proposed taxing guaranteed payments. He said again Sunday that he would veto a tax plan that went beyond that to raise the zero tax rate on pass-through businesses, the centerpiece of his 2012 tax plan.

Income tax rates for wage-earning workers would be frozen at the current level through 2017 and would decline slightly for low-income workers in 2018.

The general sales tax rate would rise by four-tenths of a cent; the tax on food would drop by 1.6 cents a year later.

“It’s the lowest rate (on food) we’ve looked at all session,” Donovan said.

The food sales tax rebate for poor families, the elderly and people with disabilities would be eliminated.

In addition to the 5--cent-a-pack cigarette tax, the state would tax the liquids used in electronic “e-cigarettes” at 20 cents per milliliter starting in July 2016.

School choice

The proposal also contains a change in a \$10 million school-choice program that gives 70 percent tax credits on corporate donations to private-school scholarships. The change would allow payments to private schools for students who are already attending them and whose parents pay their way through tithes to their church.

Another provision would require local governments to hold an election to raise property taxes by more than the rate of inflation.

Cities, including Wichita and the unified government of Kansas City and Wyandotte County, have said that proposal is based on faulty math.

Those cities said most property tax growth is from new construction, which has no relationship to the inflation rate. They also said it would be chaotic for local governments

to try to hold elections with existing mandatory deadlines on budgeting and tax notifications.

Budget passed

Minutes after passing the tax plan, the Senate voted 23-11 to approve the budget after a 20-minute, largely perfunctory debate in which Democrats raised a few objections related to funding of universities.

Sen. Laura Kelly, D-Topeka, complained about the split of state scholarship money, traditionally 50-50 between public and private colleges.

This year's budget changes the split to 60 percent to private schools and 40 percent to public ones, although private colleges have only 20 percent of the state's students.

She also pointed out that the budget balances because of several one-time maneuvers and said the state will face a deficit again next year.

The state originally faced an \$800 million deficit this year, in large part because of 2012 income tax cuts. Half of that was closed with fund transfers and other budget moves. Sunday's tax bill would fill the rest of the gap.

The budget outlines \$6.37 billion in spending in state general funds and \$15.4 billion when all funds, including designated fees and federal grants, are taken into account.

Monday session

Senators plan to go back into session at 4 p.m. Monday, two hours after the House, to either shut the session down or send the tax bill back to a House-Senate tax conference committee for another try.

"I know the governor's definitely behind this, so maybe we'll see if that helps," Donovan said.

Donovan said he met briefly with Brownback before the governor left for the birth of his first grandchild.

Hensley said a bill that passed by a larger margin in the Senate would have a better chance in the House.

"This sends a message to the House that we barely passed on that plan," he said.

Reach Dion Lefler at 316-268-6527 or dlefler@wichitaeagle.com.

WHAT'S IN THE TAX BILL

Here are the major provisions of the tax plan the Senate passed Sunday. It generates about \$471 million, leaving the state with an ending balance of about \$75 million.

Financial provisions

- Tax guaranteed payments to owners of pass-through businesses who currently pay no state income tax; \$23.7 million
- Raise sales tax from 6.15 percent to 6.55 percent; \$187.7 million. Sales tax on food to drop to 4.95 percent in July 2016.
- Eliminate food sales tax credit for poor families, seniors and people with disabilities; \$15 million
- Increase cigarette tax by 50 cents a pack to \$1.29; \$40.4 million
- Eliminate most itemized deductions, reduce taxpayers' deductions for mortgage interest and property taxes paid; \$97 million
- Postpone scheduled decrease in income tax rates on wage earnings; hold rates at 2.7 percent in low bracket and 4.6 in upper bracket; \$26.4 million.
- Provide amnesty on penalties to people who agree to pay back taxes owed; \$30 million
- Require Social Security number for tax credits; \$15 million
- A separate bill increased the "privilege fee" tax on managed-care health plans; \$47.8 million

Policy provisions

- Sets Dec. 31, 2019, as an automatic expiration date for virtually all sales and property tax exemptions, except those for churches, agriculture, business-to-business transactions and select health-care-related purchases.

- Establishes a tax study commission to determine whether any exemptions eliminated by the automatic expiration should be retained.
- Requires cities and counties to hold a public election to raise property tax income by more than the rate of inflation.
- Allows private schools to directly receive money from a tax-credit funded scholarship program, to accommodate students whose parents pay for schooling by tithing to their church.
- Starting in 2019, requires automatic tax cuts if state income grows more than 3 percent in a year, adjusted for required spending on pensions and Medicaid.

Read more here: <http://www.kansas.com/news/politics-government/article23436144.html#storylink=cpy>

JUNE 5, 2015

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BY DION LEFLER

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The Senate worked on its tax bill until nearly 1:30 a.m.

But citing issues with the bill documents, Majority Leader Terry Bruce, R-Hutchinson, called off the debate.

The halt came moments after a chippy exchange between Minority Leader Anthony Hensley, D-Topeka, and Appropriations Chair Ty Masterson, R-Andover.

Hensley spoke scathingly of Gov. Sam Brownback and the Republicans who dominate the Legislature for failing to pass a budget.

"The hostages that are being held in all of this are the employees of the state of Kansas," Hensley said.

He noted that June 6 is the anniversary of the bloody D-Day invasion of Europe during World War II.

"June 6 is state employees' D-Day," he said. "We have to come to grips with this crisis that has been caused and not leave state employees out in the cold ... I guess my question to the leadership here is, what's the plan?"

Hensley's remarks drew a heated response from Masterson, who defended the job the Senate has done on the budget.

Although the House has passed a final budget conference report and the Senate hasn't, Masterson noted that the budget the House approved originated in the Senate and initially passed more than a month ago.

"To sit there and say this is somehow a Senate issue is just disingenuous," he said.

And he criticized the House for going home before the Senate debated the tax bill.

"Tough decisions have to be made," he said. "I contend tough decisions have to be made tonight, but the other side of the hall took a break, again."

Moments later, Bruce shut down the debate and announced the Senate would return at 10 a.m.

Just before the Senate began its post-midnight debate on taxes, the House introduced an emergency bill to try to avert the furloughs by temporarily defining all state workers as "essential." Only employees deemed "nonessential" can be furloughed.

That would keep them on the job and entitled to their pay, but they couldn't actually be paid until the Legislature actually appropriates money, Masterson said.

The tax bill currently being debated largely protects a zero income tax rate for owners of limited liability companies and other businesses where profits "pass through" to owners untaxed.

The bill would tax only guaranteed payments to those owners, which critics say they could easily avoid by changing the way they pay themselves.

The bill would also:

- raise the sales tax from the current 6.15 percent to 6.55 percent on July 1. The rate for food purchases only would dial down to 5.95 percent on Jan. 1.
- repeal a food sales tax credit for elderly, disabled and poor Kansans.
- raise the tax on cigarettes by 50 cents a pack.

It also includes a policy – popular in the Senate – to require cities and counties to hold elections to raise property taxes by more than the rate of inflation.

Cities, including Wichita and Kansas City, say it's based on incorrect math assumptions and would be chaotic to try to implement.

Lawmakers also added a provision expanding access to tax-credit-supported corporate scholarships for students who want to leave public schools and go to private school.

The proposal provides for direct payments to religious schools for children whose parents tithe to the affiliated church as payment for their tuition.

The tax conference committee crafted its latest plan about three hours after the full House voted down a bill that would have put a 2.7 percent income tax on businesses that currently pay zero taxes.

That bill failed 82-27.

But it was 24 more "yes" votes than Thursday's tax plan, which protected the business break and was more heavily weighted toward sales tax increases.

About 330,000 business owners pay no state income tax under a 2012 tax plan that was championed by Brownback

The governor has threatened a veto if the Legislature passes a tax bill tampering with that.

Read more here: <http://www.kansas.com/news/politics-government/article23180340.html#storylink=cpy>

JUNE 8, 2015

Kansas budget director: No tax increases likely means layoffs, cut in school aid

From Eagle staff and wire reports

Kansas would likely be forced to lay off prison guards, cut aid to public schools and reduce payments to health care providers and nursing homes if legislators don't increase taxes, Gov. Sam Brownback's budget director told GOP lawmakers Monday.

Without tax increases, the most likely option to avoid a deficit is for Brownback to cut \$400 million from a budget approved by legislators for the fiscal year beginning July 1, budget director Shawn Sullivan said.

The cuts would most likely be a 6.2 percent across-the-board reduction in state funds, taking effect in late July or early August, he said.

Sullivan talked about possible cuts during a meeting of 27 House Republicans after the chamber postponed a debate on a bill approved by the Senate that raises sales and income taxes. The meeting was private, but an Associated Press reporter who wandered in was allowed to stay after declining to leave.

The Legislature has struggled to fill a \$400 million deficit caused in large part by income tax cuts. Lawmakers will head into their 110th day in the session on Tuesday.

HB 2109, the bill passed by the Senate, would increase sales taxes from 6.15 percent to 6.55 percent beginning July 1 and drop the sales tax on food to 4.95 percent in July 2016. It would eliminate most itemized deductions and raise the cigarette tax by 50 cents a pack to \$1.29.

Overall, the bill is projected to generate more than \$420 million in revenue.

Brownback said Monday morning that he would sign the bill if the House passed it. But House members said they did not want to rush to approve a massive tax bill without studying it, and representatives from across the political spectrum have expressed objections.

Rep. Dan Hawkins, R-Wichita, called it a “piece of garbage.”

“It’s not worth the paper it’s written on,” he added.

Asked whether there’s a plan B if House members vote down the bill, Senate President Susan Wagle, R-Wichita, said the governor might have to make automatic budget cuts called allotments. She said the House needs to pass the Senate’s plan or offer an alternative.

Under the budget-cutting scenario that Sullivan presented to House GOP members, schools would lose \$197 million of the more than \$4 billion in state aid they were set to receive during the next fiscal year, he said. Such a reduction would wipe out increased funds lawmakers allocated last year to meet a Kansas Supreme Court directive to provide extra aid to poor districts.

He also said health care providers who serve poor and needy Kansas residents covered by the Medicaid program would see payments from the state drop from 7.5 percent to 8.5 percent.

Sullivan also said the prison system’s operations would be affected because it has already reduced administrative expenses.

“You’d have to cut back on your corrections officers and your front-line staffing,” he said.

Governor: It’s time

Earlier in the day, Brownback urged passage of the bill.

“People have looked at 40, 50 iterations of a tax bill. ... It’s time to get this done. It’s past time,” he said. “This is a good plan, and it’s been thoroughly discussed. And it’s time to move it forward, because I will sign it.”

Brownback continued to push back against the notion that the state’s budget problems have been caused by tax cuts he ushered into law in 2012. He blamed spending instead.

“I don’t think it’s fair to discount the cost side,” he said, pointing to the costs of shoring up the state’s pension system.

The bill largely protects an income tax exemption for business owners established in 2012. That’s a sticking point for some House members, said Rep. Marvin Kleeb, R-Overland Park.

Other major policy changes – ones that would require local governments to seek voter approval to increase property taxes and put public dollars toward scholarships for children attending private schools – have also drawn scrutiny.

Senators voted on the bill Sunday evening before it was available to read, relying instead on an explainer prepared by legislative staff members. The House took Sunday off. When they returned Monday, House leaders indicated they wanted time to vet some of the policies before bringing the bill to the floor.

“There’s some policy here that needs to be discussed,” Kleeb said. “Our leadership is not interested in this work-all-night, let’s-wear-people-down sort of approach to getting policy passed.”

Tough votes

The bill passed with 21 votes in the Senate – the minimum. The minimum needed for passage in the 125-member House is 63 votes, which could be tough to get.

Democrats, who hold 28 seats, are universally opposed to the bill, while Republican factions remain split.

“I don’t know if we have 63,” said House Majority Leader Jene Vickrey, R-Louisburg. “I do know that we need to make sure that we understand a bill that has this many different components, some of which are new and we have not discussed.”

Rep. Kristey Williams, R-Augusta, who previously served as mayor, said she doesn't like how the bill affects local governments. She plans to oppose it.

Some GOP lawmakers oppose any tax increase. "Any day I can vote against a tax increase is a good day for me," said Rep. Pete DeGraaf, R-Mulvane.

Senate Majority Leader Terry Bruce, R-Hutchinson, said the bill was the best plan the House was going to get.

House passage uncertain

Some Republican senators were not confident the bill would succeed in the House.

Sen. Les Donovan, R-Wichita, who as tax committee chairman carried the bill on the Senate floor, said he expects it to fail.

"I tell people it's like herding chickens, except now it's like herding free-range chickens," he said. "These chickens are running."

Sen. Michael O'Donnell, R-Wichita, voted for the bill. But he has met with House members and encouraged them to vote against it.

"I reluctantly supported the bill to get something out of our chamber over to the House chamber. Because I don't support the majority of things in that bill, but I also don't want to just tell people that we're not going to try and find a solution and just rely on allotments," O'Donnell said.

"So I think this starts the discussion," he said. "I don't want the House to pass that bill, because I don't want my fingerprints being on raising the sales tax."

He contended that passing it on the Senate side helps move the process forward.

"We assume it's going to, you know, go down. But they can cobble together a plan ... to negotiate something in the middle," O'Donnell said. "I would not have supported that had I believed it would pass over here."

House and Senate negotiators are set to discuss tax policy Tuesday morning.

[Here's how to contact area lawmakers and state officials.](#)

Contributing: Associated Press and Bryan Lowry of The Eagle

KEY POINTS IN THE TAX BILL

Here are the major provisions of the tax plan the Senate passed. It generates about \$471 million, leaving the state with an ending balance of about \$75 million.

Financial provisions

- Raise sales tax from 6.15 percent to 6.55 percent; \$187.7 million. Sales tax on food to drop to 4.95 percent in July 2016.
- Eliminate most itemized deductions, reduce taxpayers' deductions for mortgage interest and property taxes paid; \$97 million.
- Eliminate food sales tax credit for poor families, seniors and people with disabilities; \$15 million.
- Increase cigarette tax by 50 cents a pack to \$1.29; \$40.4 million.
- Provide amnesty on penalties to people who agree to pay back taxes owed; \$30 million.
- Postpone scheduled decrease in income tax rates on wage earnings; hold rates at 2.7 percent in low bracket and 4.6 in upper bracket; \$26.4 million.
- Tax guaranteed payments to owners of pass-through businesses who currently pay no state income tax; \$23.7 million.
- Require Social Security number for tax credits; \$15 million.
- A separate bill increased the "privilege fee" tax on managed-care health plans; \$47.8 million.

Policy provisions

- Sets Dec. 31, 2019, as an automatic expiration date for virtually all sales and property tax exemptions, except those for churches, agriculture, business-to-business transactions and select health-care-related purchases.
- Establishes a tax study commission to determine whether any exemptions eliminated by the automatic expiration should be retained.

- Requires cities and counties to hold a public election to raise property tax income by more than the rate of inflation.
- Allows private schools to directly receive money from a tax-credit funded scholarship program, to accommodate students whose parents pay for schooling by tithing to their church.
- Starting in 2019, requires automatic tax cuts if state income grows more than 3 percent in a year, adjusted for required spending on pensions and Medicaid.

Read more here: <http://www.kansas.com/news/politics-government/article23493523.html#storylink=cpy>

JUNE 9, 2015

Kansas House shaping its own tax plan, GOP leaders say

Republican leaders say that the Kansas House will craft its own tax plan after postponing debate on a bill already passed by the Senate.

The Senate's tax plan fills the state's \$400 million budget hole, but also includes several controversial provisions that have turned off some House members.

Rep. Gene Sullentrop, R-Wichita, the vice chair of the House Tax Committee, and House Majority Leader Jene Vickrey, R-Louisburg, said that Republican House members will unveil an alternative plan Wednesday in an effort to establish a clear House position.

Suellentrop said that the House plan would have some commonalities with the Senate plan, such as a hike to sales tax and the elimination of most itemized income tax deductions.

The House had been expected to vote on HB 2109, the plan passed by the Senate, on Monday, but canceled the vote. Negotiators from the House and Senate were supposed to meet Tuesday morning. The meeting was postponed multiple times and eventually called off.

But Suellentrop said that it had been a productive day as House members worked on their own plan in private. He said that House members would continue meeting late into the night on Tuesday before Republicans gathered as a whole to discuss the plan Wednesday morning.

Vickrey said that House leaders are working on building consensus.

“We can’t push this too fast. ... We need everyone to be pulling this wagon together,” he said.

The Senate plan contains policies unrelated to filling the state’s budget hole, which have drawn scrutiny. It would expand a program that puts public dollars towards private school scholarships and would also restrict local governments from taking in more property tax revenue without a public vote.

These provisions, which helped attract votes in the Senate, have faced resistance in the House.

Read more here: <http://www.kansas.com/news/politics-government/article23621863.html#storylink=cpy>

JUNE 9, 2015

\$197 million at risk for Kansas schools as Legislature faces 111th day of session

BY BRYAN LOWRY

Eagle Topeka bureau

TOPEKA — The Wichita school district would lose \$22 million if the Kansas Legislature does not pass a tax plan and the state cuts spending instead.

Lawmakers are struggling to fill a \$400 million budget deficit. The Senate approved a tax plan Sunday that includes policy provisions that have drawn criticism. House leaders said Tuesday that the chamber would be unveiling an alternative plan this week.

If the Legislature fails to pass a package of tax increases, a 6.2 percent across-the-board spending cut would be needed, budget director Shawn Sullivan told 27 House members at a private meeting Monday.

That would mean a \$197 million cut to public schools, which take up about half of the state's budget. The Kansas Department of Education released estimates Tuesday about how that would affect each district in the next budget year.

"It's a big number," said Diane Gjerstad, who handles government relations for the Wichita school district, the state's largest. "That would be extremely serious. ... We would have to look at the entire operations of the school district."

She noted that the Legislature already passed a bill cutting funding from previously announced levels for the current school year and largely keeping it flat for the next two years.

In Wichita's suburbs, Goddard, Maize, Derby, Haysville and Andover schools would each lose more than \$2 million.

The Senate plan contains provisions unrelated to the state's tax policy, including putting public dollars toward private school scholarships and placing restrictions on property tax increases by county and city governments.

The plan largely protects a business tax exemption. Gov. Sam Brownback has said he will veto any plan that rolls back one of his signature policies, a 2012 law that eliminated income tax for certain business owners.

House crafting its own plan

House members had scheduled a debate on the bill Monday, but canceled that.

Asked Tuesday morning if he thought the House could find 63 votes, the minimum needed to pass the Senate plan, Republican House Speaker Ray Merrick smiled and replied, "We're working on it."

But Tuesday evening, House Majority Leader Jene Vickrey, R-Louisburg, said the House would instead craft its own plan. Both plans would include a sales tax increase and the elimination of most income tax deductions. Vickrey said House leaders were trying to build consensus before moving forward with a vote.

"We can't push this too fast. ... We need everyone to be pulling this wagon together," he said.

Rep. Mark Hutton, R-Wichita, one of the GOP holdouts, said House members were being pressured by the Brownback administration to support the Senate plan despite their concerns about some of its policies.

“Does it cause me to pause? Of course it does. This is gutting Kansas for political gain,” said Hutton, who has repeatedly called for business owners to be put back on income tax rolls. “Am I going to let somebody float by in the river drowning?”

“They’re expecting us to cave because we care. ... We care more about our citizens. And we don’t want to see them hurt in the short term,” he said.

The governor’s office would not respond to Hutton’s comments.

Eileen Hawley, the governor’s spokeswoman, offered some details on the timeline if the state does proceed with the automatic budget cuts, known as allotments.

“If we get to a point where we have a budget that is not fully funded by a tax package and projections are below zero, the Governor would have to send out allotment notifications,” she said. “There is a 30-day period between announcement of an allotment and when any allotment would become effective.”

Hutton noted later Tuesday that across-the-board cuts to state spending could also trigger cuts to federal aid. The federal government matches the state contribution for many government programs, so a lower state contribution would mean less federal aid, he said.

No consensus

Rep. Kent Thompsom, R-Iola, called some of the policy provisions deal-breakers, such as the one that says city and county governments can’t take in more property taxes without a vote. He said this would cause budget problems for local governments.

“I was a county commissioner for 12 years and I operated part of that time under a tax lid imposed by the state and it’s very problematic,” Thompsom said. “Local officials, they’re responsible for their people just like we are here.”

The policy was added to the Senate’s bill, HB 2109, without receiving a hearing during the legislative session,

Sen. Ty Masterson, R-Andover, the Senate's budget chairman, compared the situation in the House to a scene in an action movie when multiple characters have guns drawn on each other.

"I've never seen anything like it," he said, explaining that the Republican Party is split into at least four factions on tax policy.

Rep. Marc Rhoades, R-Newton, said he can support the Senate's bill and has encouraged his colleagues to do the same.

"I've told the group that I meet with that if the Senate conservatives come up with 21 votes for something, we should probably support that," Rhoades said. "Do I like everything in that? No."

However, some House members appear emboldened as the standoff continues. Asked if he would support the Senate plan, Rep. Mark Kahrs, R-Wichita, offered a two-word reply: "No way."

Wednesday will be the 111th day of the session, the longest in the state's history.

Read more here: <http://www.kansas.com/news/politics-government/article23582734.html#storylink=cpy>

JUNE 10, 2015

Kansas budget director: State budget cuts could trigger federal aid cuts

BY BRYAN LOWRY

Eagle Topeka bureau

TOPEKA — If Kansas lawmakers fail to pass a tax plan and the governor instead cuts the budget by 6.2 percent, that could trigger cuts to federal aid, the state's budget director said Wednesday.

That's because some federal funds are allocated based on the amount of state funds.

The agencies most affected by a loss of federal aid would be the Kansas Department of Health and Environment and the Kansas Department for Aging and Disability Services, which administer the state's Medicaid program.

"The agencies with the most federal funds at risk would be KDHE and KDADS. The majority of their budget is tied to Medicaid funds, which is funded through a 57/43 split with the federal government," budget director Shawn Sullivan explained in an e-mail. "So, for every \$1 million of SGF (state general fund) that would be reduced in the Medicaid program, there would be an additional \$1.3 million of federal funds that would be reduced for a total of \$2.3 million."

Angela De Rocha, spokeswoman for KDADS, said in an e-mail that the agency could lose up to \$58.5 million in federal funds "depending on how a cut would be applied across KDADS programs."

Sara Belfry, spokeswoman for KDHE, said in e-mail that the agency stands to lose up to \$56 million in federal aid, meaning that the combined hit for the two agencies would be nearly \$115 million.

Sullivan told a group of Republican House members Monday evening that if the Legislature failed to pass a tax plan, the administration would be forced to make a 6.2 percent across-the-board cut to the state's budget.

Read more here: <http://www.kansas.com/news/politics-government/article23668096.html#storylink=cpy>

JUNE 10, 2015

Kansas House ends night short of votes to pass tax plan

BY BRYAN LOWRY

Eagle Topeka bureau

TOPEKA — When the clock struck midnight Wednesday, Kansas House members left without locking in votes on a tax plan meant to prevent massive budget cuts to education and other state services.

“This is the last train out of here,” House Speaker Ray Merrick, R-Stilwell, had told House Republicans earlier, before debate on a tax plan designed to fix the state’s \$400 million budget deficit. “There’s not another bill coming. This is it.”

But not all of his party was ready to board that train.

On the 111th day of the session, the longest session ever in Kansas, the House had appeared to be gaining momentum Wednesday afternoon with a plan to increase taxes. The Senate had passed a somewhat similar bill Sunday.

By the end of Wednesday, that momentum had disappeared.

The main tax increase bill, HB 2109, failed to gain enough support when lawmakers first cast their votes. The initial count was 44-71, with 10 lawmakers absent. House leaders ordered “a call of the House,” a procedure that requires the Kansas Highway Patrol to attempt to find missing lawmakers.

House members settled in to wait, with bill supporters hoping additional votes would either arrive or lawmakers would change their votes.

House Majority Leader Jene Vickrey, R-Louisburg, pleaded with members to cast their votes in favor of the bill, saying that “none of us can comprehend what is going to happen to our citizens” if lawmakers do not pass a tax plan to stave off budget cuts.

It didn’t work. The House kept shedding votes and by midnight the tally was 29-86.

The House passed a rule earlier in the session that restricts it from conducting business after midnight, a move meant to ensure transparency. Rep. John Barker, R-Abilene, the rules chairman, said if House members left at midnight and returned at 8 a.m., it would not count as an adjournment and the House would still be on the same item when it reconvened.

Democrats accused Republicans of abusing the midnight rule to prevent a final vote, allowing House leaders time to find more votes before Thursday morning.

“Time for the gamesmanship just stopped,” chastised House Minority Leader Tom Burroughs, D-Kansas City. “Close the roll. Don’t hide behind this midnight rule.”

Asked if the House would have better luck in the morning, Merrick replied, "We'll see."

The House had spread its plan over two bills. The less controversial SB 270 passed 66-49, three votes above the minimum for passage.

The Senate was set to act on SB 270 shortly after the House took up HB 2109. After the House left, the Senate chose to adjourn until Thursday morning.

Sen. Greg Smith, R-Overland Park, joked that the House had turned into a pumpkin.

Increasing sales tax

The compromise plan would raise the sales tax to 6.55 percent from 6.15 percent on July 1 and cut the sales tax rate on food to 4.95 percent on July 1, 2016. Kansas is one of few states that tax food at the same rate as other purchases.

House negotiators protected a food sales tax credit that benefits low-income families, which would have been eliminated under the Senate's plan.

Removing this tax credit – to save \$15 million – would be an unfair burden to the most vulnerable Kansans, said Rep. Marvin Kleebe, R-Overland Park, the tax committee chairman.

The Senate's plan would have ended most sales tax exemptions, including ones for schools and hospitals, in four years unless lawmakers acted to keep them. The House protected exemptions for schools, hospitals and local governments.

The Senate also had sought to require local governments to ask voters in order to increase property taxes beyond the inflation rate. The compromise plan adds language to ensure that local governments could raise taxes as needed to comply with federal and state mandates and to pay for infrastructure.

In a complicated process, lawmakers planned to spread the legislation over two bills.

Kleebe told the GOP caucus that Gov. Sam Brownback had promised to sign both bills.

Kansas schools stand to lose nearly \$200 million if the Legislature fails to balance the budget and the governor cuts it by 6.2 percent across the board. Wichita schools would lose \$22 million.

Kleeb emphasized the impact to schools when selling the plan to the GOP caucus Wednesday evening. "This isn't about tax increases. This is about funding education," he said.

'Hold my nose ... and vote'

Rep. Mark Hutton, R-Wichita, has led a group of about 25 Republican lawmakers who wanted to see 330,000 business owners who pay no income tax return to income tax rolls. That is not included in the House plan, Kleeb said, because Brownback has threatened to veto it.

"The governor's indicated his desire not to have it in there. It's a setback to sit here and have a veto," Kleeb said. "It's not what the state needs. The House is very interested in making sure all the schools are funded."

Despite his desire to see business owners pay some tax, Hutton said earlier Wednesday that he could vote for the House plan and would encourage his colleagues to do the same.

"I can hold my nose and a couple of other things and vote for this bill," he said. "We're working hard to bring everybody on board. We're telling them this is the right thing for Kansas right now. It's hard to take a loss. It always is. But right now this is more about taking care of the people of Kansas than it is about this issue."

Rep. Les Osterman, R-Wichita, a member of Hutton's group, said – on the verge of tears – that he planned to vote for the plan to protect people receiving disability services through the state's Medicaid program. He said he couldn't bear the thought of seeing those services cut.

State budget director Shawn Sullivan said earlier in the day that cuts in state funding could trigger cuts to federal aid, especially for Medicaid, where every \$1 million in state funding is matched with \$1.3 million in federal funding.

The agencies that administer the state's Medicaid program, the Kansas Department of Health and Environment and the Kansas Department for Aging

and Disability Services, estimated they would lose nearly \$115 million in federal aid.

‘Move forward’

Brownback emphasized the urgency of the situation when he spoke to reporters Wednesday afternoon.

“They need to move it on forward and they need to do it now,” he said. “Now’s the time. It needs to happen. There’s been a lot of discussion, a lot of negotiation. The Senate passed the bill. We need to get it moving on forward. ... Both houses have passed a budget. They need to adequately fund it.”

He would not directly say whether he would accept a bill that taxes business at 1 percent, an idea that had been floated by House members.

“In my estimation, they need to just take up the Senate bill ... that’s the route forward. It’s there. It’s doable, and I would just urge all of them, everybody, both parties, all factions, to do that and move forward,” Brownback said.

Senate Minority Leader Anthony Hensley, D-Topeka, criticized the governor for refusing to compromise on the business income tax.

“The recurring theme that I hear from my constituents is, why should business pay nothing when I have to continue to pay taxes on my wages?” Hensley said. “It’s the inherent unfairness of it that I think has people really upset. ... We are raising taxes on working class, low-income people to protect the governor’s political supporters, the business community.”

The compromise tax plan would impose a tax on guaranteed payment to partners in limited liability companies, but several lawmakers have said it would be easy for LLCs to dodge the tax by restructuring their payment systems.

Other Democrats contended that the main bill was too flawed to fix. Rep. Brandon Whipple, D-Wichita, whose wife recently had a baby, pointed out that a provision the Senate added to require that people have a Social Security number for at least one year before they could qualify for tax credits – which many saw as motivated by anti-immigrant sentiment – would mean that many families with infants would be unable to claim them on their taxes.

Read more here: <http://www.kansas.com/news/politics-government/article23685964.html#storylink=cpy>

JUNE 10, 2015

Who are the budget factions in the Kansas House?

Insider dispatches from our writers on politics in Wichita, Topeka and Washington.

BY BRYAN LOWRY

Eagle Topeka bureau

There's getting to be a lot of flavors of Republican in Topeka, quipped Rep. John Edmonds, R-Great Bend, on Tuesday.

He's right.

Republicans hold 97 of the 125 seats in the Kansas House, but have struggled to find consensus on tax policy. They've broken into factions that are having their own meetings.

The Senate has passed a tax plan, but the House has yet to take a vote on it as leaders are still working on building consensus.

Moderates and conservatives have battled for supremacy within the Republican party for years, but the division in the House this year is more complex, with four main groups.

There are the self-identified moderates, about 20 House members who are generally opposed to Gov. Sam Brownback's agenda, and there are the conservatives who follow the lead of House Speaker Ray Merrick, R-Stilwell, who are seeking a resolution to the budget shortfall as soon as possible.

Other conservatives have split off into two groups:

The Rhoades/Kelley caucus

One group of about 35 conservatives has coalesced around Reps. Marc Rhoades, R-Newton, and Kasha Kelley, R-Arkansas City. They want more budget cuts and they want to keep an income tax break for business owners that was established in 2012.

This group has been called the Rhoades caucus or Rhoades/Kelley caucus because of its leaders. It has also been called the “Rebel Alliance,” because some members wear pins for the Rebel Alliance in Star Wars, and the “Red Pen Brigade,” because some members have taken to wearing red pens in their front pockets to signify their desire to cut the budget.

A member of the group jokingly called it “the Confederacy of Crazies.” These lawmakers say they are the Legislature’s true conservatives.

Rhoades said some members within his group won’t vote for any tax increase, but he has recommended they support the plan passed by Senate conservatives.

Another group of about 25 Republicans follows the lead of Reps. Mark Hutton, R-Wichita, and Steve Johnson, R-Assaria. They have called for business owners to go back on income tax rolls as part of a tax plan along with other tax increases. They also have resisted the Senate’s push to couple the budget fix with policies such as public dollars for private school scholarships and requiring local governments to seek a public vote if property tax revenue rises more than the rate of inflation.

This group has resisted the push to cut the budget further.

The Hutton/Johnson group

This group has been called the Hutton group or Hutton/Johnson group. Hutton is personally uncomfortable with that name, but he sits in the chairman’s seat when the group meets and appears to run the meetings. Some members of the group have also referred to it as the “reasonable group” and “the rational conservatives.”

Both groups have been holding their own meetings in Topeka recently, separate from the House GOP caucus meetings. Moderate lawmakers have been doing the same thing since the beginning of the session.

Reporters walked into the end of a meeting of Hutton’s group Tuesday night. He said representatives from the two groups have been meeting with each other and House leaders in hopes of finding a compromise plan.

“Are we there yet? I wish,” Hutton said. “But I think, you know, we’re chipping away at it and it’s better than before when nobody was talking...We’ve been

grinding away on what we agree on and working our way on what we don't and seeing what common ground we can find.”

Hutton praised the speaker, majority leader and the budget and tax chairs for facilitating talks between the two factions.

A compromise?

House leaders said they hoped to have a compromise plan ready sometime Wednesday.

“We're getting closer, pulling together their differences as we can,” said House Majority Leader Jene Vickrey, R-Louisburg.

The sticking points have been whether to include business income tax as part of a solution and some of the policy pieces in the Senate bill.

Vickrey said the House may vote on a “trailer bill” that addresses some of the concerns with the Senate bill before acting on the Senate bill. “That is the first thing you learn in politics. You want to make sure you have the ability to hold your position before you give the keys of the car to somebody else,” Vickrey said. “We're going to make sure we get what our members want and then negotiate from there.”

Rhoades compared the process to legal mediation and said he's optimistic that they'll find a consensus.

“I've said to my group, never close the door,” Rhoades said. “Right? You can't close the door. You might not agree. You might leave the room upset, but always come back because that's the only way we're going to get out of here.”

Hutton said he had tried to engage moderates earlier in the process to support his plan to put business owners back on the income tax rolls, but was rebuffed. “They've chosen not to participate,” he said.

Reps. Melissa Rooker, R-Fairway, and Stephanie Clayton, R-Overland Park, disputed Hutton's assessment. They said they contend that all of the tax plans being pushed by the other Republican groups are designed to protect “the march to zero” and continue income tax cuts in the future.

Rooker said lawmakers need to go back to the 2012 tax cuts to fully address the problem. Clayton agreed.

“We want to do the surgery. They want to put on a band-aid,” Clayton said.

Rep. Don Hineman, R-Dighton, a moderate, pointed out that there's another group of lawmakers and they're growing in size, "the absentee caucus," the lawmakers who have stopped showing up every day in Topeka.

Read more here: <http://www.kansas.com/news/politics-government/prairie-politics/article23666308.html#storylink=cpy>

The Kansas City Star

JUNE 4, 2015

Kansas House overwhelmingly rejects tax plan as deficit remains and furloughs await

BY DION LEFLER

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TOPEKA

The Kansas House overwhelmingly voted down a bill that would have raised sales and cigarette taxes while protecting the bulk of 2012 tax cuts for “pass-through” businesses.

It was the chamber’s first run at a House-Senate proposal aimed at generating revenue needed to close a roughly \$400 million budget gap that has gridlocked the Republican-dominated Legislature.

If lawmakers don’t pass a tax plan and budget by the weekend, that could trigger widespread furloughs of state workers and a partial government shutdown.

Most opposition in the 108-3 vote crystallized around a provision to raise sales taxes to get about half the revenue needed to close the budget gap for 2016 — \$214 million.

Under the proposal, the sales tax would have risen from the current 6.15 percent to 6.65 percent on July 1. On Jan. 1, the sales tax on food would have dropped to 5.9 percent.

Rep. Steven Johnson, a Republican from east-central Kansas, said it would push some combined state and local sales tax rates to 10.2 percent.

“By the way,” he said, “that’s higher than New York City.”

Opposition also surfaced over part of the proposal that largely left intact 2012 tax cuts for pass-through businesses.

The 2012 plan created a zero tax rate for owners of limited liability companies, farms, sole proprietorships and corporations organized under Subchapter S of the federal tax code.

Those are called pass-through businesses because the companies themselves are not taxed and owners theoretically pay income taxes on their individual returns.

The House proposal followed Republican Gov. Sam Brownback's request that only guaranteed payments to those business owners be subject to income tax.

Critics contended that accountants could easily circumvent the requirement for their business-owning clients.

Rep. John Carmichael, a Wichita Democrat, said the 2012 Brownback tax plan was the biggest gift he ever got from anyone because as a lawyer in an LLC, he pays no income tax.

"It's a gift I didn't ask for and a gift I didn't need," he said, criticizing the unfairness of lawyers in the firm paying no income tax while the office assistants and janitors do.

Rep. Steve Huebert, a Republican from the Wichita area, argued the bill was an imperfect, but necessary, move. He called on lawmakers to compromise and pass the bill, which was close to Brownback's suggested tax plan for this year.

He said that would avoid a veto, which the Brownback administration has threatened if the bill cuts too deeply into the business tax exemption.

Following the vote, the bill was sent back for a rework by the House-Senate tax conference committee that had sent it to the floor earlier in the day.

Committee members said they plan to work on a new tax plan Friday morning

Read more here: <http://www.kansascity.com/news/government-politics/article23152401.html#storylink=cpy>

JUNE 5, 2015

At least 24,200 Kansas state workers get furlough notices

The Associated Press

TOPEKA, KAN.

At least 24,200 workers at Kansas state government agencies and state universities have received notices that they'll be furloughed if lawmakers don't approve a budget by Sunday.

Figures provided Friday to The Associated Press showed that almost 71 percent of those employees work at a state university.

Department of Administration spokesman John Milburn said about 7,100 employees in agencies under Gov. Sam Brownback's direct control received notices.

The University of Kansas reported sending furlough notices to almost 5,300 workers. Notices went to another 2,600 workers at the University of Kansas Medical Center.

Kansas State University announced it sent notices to more than 8,700 employees. The number at Pittsburg State University was 530.

Lawmakers have yet to approve a complete state budget for the fiscal year beginning July 1.

Read more here: <http://www.kansascity.com/news/article23239977.html#storylink=cpy>

JUNE 5, 2015

It's not easy for the anti-tax Kansas Legislature to raise taxes, even when the budget is written in red

BY DAVE HELLING

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TOPEKA

It's past the dinner hour on a Tuesday, the end of another grinding, fruitless day at the state Capitol. Senators lean back in their chairs in weary frustration, listening to colleagues squabble over the state's finances.

A senator takes the floor, his voice rising. "This whole situation," he says, "is ridiculous."

The Kansas Legislature is nearing a modern-era record for futility. Lawmakers have argued over tax increases and spending reductions for months without nearing an agreement to close a \$400 million budget deficit.

Costs are mounting. Furlough notices went out to thousands of state workers Friday.

Word that the Senate would take up the latest tax-hike proposal at midnight Friday might have offered some path to an endgame.

But few seem confident that a compromise would hold. Virtually nobody was surprised that negotiations had dragged on so long.

The endless overtime session now looks utterly predictable, some statehouse veterans said this week, a perfect storm of increasingly fractured intra-party politics, special interest money, inexperienced lawmakers and weak leadership.

The latest proposal, hatched in talks by a special House-Senate committee, mostly protects the zero tax rate established in 2012 for owners of limited liability companies, farms and corporations organized under Subchapter S of the federal tax code. Guaranteed payments to those business owners would be taxable, but critics say it's easy to dodge that liability by changing the way owners are paid.

That latest bill also would increase the sales tax from the current 6.15 percent to 6.55, with the rate on food purchases to drop to 5.95 percent Jan. 1. It would repeal a food sales tax credit for working poor families, seniors and persons with disabilities.

Lawmakers were set to begin debate early this morning, unclear whether they'd finally found a politically practical set of ideas.

The state's conservatives, led by Gov. Sam Brownback, have remained deeply committed to reducing the state's tax burden, particularly on small business owners. They think their tax cuts will eventually yield jobs and growth, that the short-term budget gap can be closed by cutting spending. Some have signed pledges to oppose any tax increase.

Their view has collided with moderate Republicans, who want a broader state tax structure and an end to cuts to education and other state functions. Democrats, meanwhile, resist any plan to raise the sales tax — the levy Brownback prefers.

For more than a month, all three factions have dug in. Fixing a \$400 million budget deficit is tough.

"People are stuck," said state Rep. Marvin KleeB, an Overland Park Republican at the center of the budget and tax negotiations.

The impasse caused real headaches Friday when furlough notices were issued to some state employees. The state's administration department said the Legislature's inability to produce a budget meant paychecks could not be issued for the next pay period, forcing workers to stay home, starting Sunday, until a budget is finalized.

It wasn't immediately clear how many workers would not be on the job when the furloughs begin. The state has more than 35,000 employees, but some are deemed "essential" and are required to show up for work. Others must stay home.

The state set up a [website](#) for questions about the furlough. One query: Will I be reimbursed for my time spent on furlough once a budget is passed?

"This will depend on what is passed by the Legislature," the Department of Administration said. "So this question cannot be answered at this time."

Stalemate

The Kansas Constitution limits regular legislative sessions to 90 days in even-numbered years, extendable by vote. Sessions in odd-numbered years have no limit.

Sessions that significantly extend beyond the 90-day cap are almost always the result of budget disagreements.

In 2002, for example, as the post-9/11 recession hit, Kansas lawmakers argued bitterly over a series of tax increases needed to cover a \$252 million shortfall. It took 107 days, a record, to settle on raising gas, tobacco and sales taxes, a plan that eerily reflects the options now on the table.

This year's session will tie that 107-day record this morning.

Conservatives say the current legislative gathering resembles 2002 because raising taxes is always hard. And cutting spending is often equally difficult, particularly when lawmakers have starkly different ideas about how to make the numbers work.

"We've got four identifiable coalitions of (Republican) representatives in the House," said state Rep. John Rubin, a Republican from Shawnee. "Each of the four groups is pretty intransigent," he said.

No one has yet found the precise combination of tax hikes and spending cuts that can pull enough votes — 63 in the House, 21 in the Senate — to get a bill to the governor's desk.

Those close to the political center say the unprecedented logjam is the unavoidable result of electing dozens of aggressively conservative legislators.

"It's ideological," said former state Sen. Stephen Morris, a Hugoton Republican who lost a bitter primary re-election battle in 2012. "You have a vast majority of the Legislature that is far right, and ideologically pure."

The Legislature has always had its share of ideological members. In the late 1980s, a group calling itself the "rebels" wreaked havoc with legislative leadership, challenging establishment figures in the Republican party such as Mike Hayden and Bill Graves.

The group lacked sufficient votes to challenge the state's center-left coalition, though, and its challenges usually fell short. But in the mid-1990s, Kansas conservatives found an electable champion — Brownback, a congressman who upset the state's GOP hierarchy in 1996 by winning a Senate primary over an establishment Republican.

By 2010, Brownback's leadership in the Kansas Republican Party was clear and unquestioned. He came back to run for governor. At that point, the conservative takeover of the state's governing apparatus picked up speed.

“Sam Brownback worked hard ... to create a legislature in his own image,” said former state Sen. Dick Bond, a Johnson County Republican who has battled the conservative wing of his party for years.

The governor had help from deeply conservative groups with money to spend, Democrats say.

“The Kansas Chamber, Americans for Prosperity, groups like that,” said former state Rep. Paul Davis, who lost to Brownback in the 2014 race for governor. “It helped get folks elected.”

The Kansas Chamber of Commerce PAC spent \$600,000 backing conservative candidates in the 2012 primaries, spending that often eclipsed that of more moderate incumbents. Seven GOP moderates in the 40-member Senate lost — many because they opposed the tax cuts at the center of this year’s budget dilemma.

Yet conservatives do not enjoy absolute majorities in either house of the Legislature. Attempts to find a center-left budget and tax coalition have failed, leaving all factions short of a working majority.

Democrats have played some part in this year’s impasse. They’ve consistently opposed most Republican budget plans, in part because some taxes in the plans are regressive. There’s also lingering anger over the GOP’s use of tax votes as campaign fodder in the past.

But Democrats are the minority party in the Legislature. Republicans hold veto-proof majorities in both houses, so solving the state’s fiscal problems remains largely a GOP chore, something officials in both parties acknowledge. That means finding a center-right agreement among lawmakers who routinely argue over the role of government, spending, education and other issues.

Conservatives don’t dispute their ascendancy in the Legislature. “There’s more conservative clout than there was before,” state Rep. Rubin said.

“It is different,” said Alan Cobb, a veteran of Kansas conservative politics and the founder of the state’s chapter of Americans for Prosperity. “It is better.”

Cobb said moderates are just as ideological as conservatives, pointing out they were in charge in the lengthy 2002 session.

“The notion that the current crop of legislators is somehow less able,” he said, “is horse hockey.”

He and others firmly reject the claim that conservative lawmakers are primarily responsible for this year’s stalemate. They point out voters not only sent conservatives to Topeka in 2012, but re-elected Brownback last year, a clear endorsement of his approach.

“We are a citizens’ legislature,” said state Rep. Jene Vickrey, a Republican from Louisburg and House majority leader. “Those dynamics haven’t changed.”

Complex lawmaking

In 2012, the Legislature failed to draw new districts for House and Senate seats, leaving the task to a federal court. The eventual map arrived so late that dozens of potential candidates either withdrew or found themselves in unfamiliar surroundings, complicating their campaigns.

That turmoil amplified the impact of conservative spending in House and Senate primaries that August. Moderates were swept from seats, replaced by more conservative Republicans.

The process left the Legislature with dozens of new members. Roughly two-thirds of House members in Kansas began serving in 2011 or later. Nearly half of the Senate has turned over since 2011.

“It’s herding cats,” said state Rep. Keith Esau, a Republican from Olathe. “There are a lot of newer members in the last five years. Some of those coalitions are still developing. ... The trust hasn’t been built up between people yet.”

Some Republican legislators blame Brownback. They say he declined to provide a road map for avoiding red ink until late May, and then offered a package unacceptable to many lawmakers.

State Sen. Jeff Melcher, a Republican from Leawood, has accused Brownback of an “absence of leadership” during the discussions on spending and taxes.

Brownback has defended his role. “I stand ready to work day and night until the budget is balanced,” he said in a statement May 30.

Bond, a Brownback nemesis, scoffed.

“Sam has been absent without leave,” he said.

Politics at all levels has changed, of course, and Kansas isn’t immune. Congress is working through a similar stalemate and for similar reasons — a polarized political climate, a lack of party discipline, a changing media environment.

“With the advent of the Internet, and the number of people watching, it’s harder for a group to get together and work something out,” Esau said. “There’s always somebody there watching it or tweeting it out. It takes a little longer.”

Kansas may also struggle because the Legislature has no set adjournment date. In Missouri, lawmakers must finish their work by mid-May, a deadline that helps factions focus on solutions.

The long session itself may make compromise difficult. Members already angry at having their lives and jobs disrupted may be unenthusiastic about surrendering their views at session’s end, some lawmakers said.

There have been cracks in the logjam in recent days. House and Senate members eventually agreed to set up a tax conference to settle on a single package, a move that simplifies negotiations but leaves some angry at perceived exclusion from the debate.

The work will go on, with no end in sight. By some estimates the extended legislative session costs taxpayers \$43,000 each day.

“They aren’t telling us exactly how long we’ll be in here,” Esau said.

Read more here: <http://www.kansascity.com/news/government-politics/article23256042.html#storylink=cpy>

JUNE 8, 2015

Brownback on tax bill: ‘It’s time to get this done’

THE WICHITA EAGLE

TOPEKA — Kansas House leaders may wait until Tuesday to hold a high-stakes debate on increasing sales and other taxes, according to the House taxation chairman.

The Senate passed the bill Sunday in an effort to fund the budget and end the longest legislative session in the state's history.

Gov. Sam Brownback indicated Monday morning that he would sign it if the House sends it to his desk.

"People have looked at 40, 50 iterations of a tax bill. ... It's time to get this done. It's past time," Brownback said. "This is a good plan, and it's been thoroughly discussed. And it's time to move it forward, because I will sign it."

Brownback said that he was calling lawmakers from the hospital Sunday – when his first grandchild was born – to urge them to support the bill. "My wife was complaining about that," he said.

The state originally faced an \$800 million deficit this year, in large part because of 2012 income tax cuts. Half of that was closed with fund transfers and other budget moves. Sunday's tax bill would fill the rest of the gap.

Brownback continued to push back against the notion that the state's budget problems have been caused by tax cuts he ushered into law in 2012 instead blaming the issue on spending.

"I don't think it's fair to discount the cost side," he said, pointing to the costs of shoring up the state's pension system.

The bill protects a tax exemption for business owners established in 2012. That's a sticking point for some House members, said Rep. Marvin Kleebe, an Overland Park Republican.

Other major policy changes – ones that would require local governments to seek voter approval to increase property taxes and put public dollars toward scholarships for children attending private schools – have also drawn scrutiny.

"There's some policy here that needs to be discussed," Kleebe said.

The House took off Sunday, while the Senate battled all weekend to pass a bill.

The House – originally expected to debate the bill Monday afternoon – will reconvene at 6 pm. However, Kleeb said lawmakers would more likely debate the bill on Tuesday.

“Our leadership is not interested in this work-all-night, let’s-wear-people-down sort of approach to getting policy passed,” Kleeb said.

Asked whether there’s a plan B if House members vote down the bill, Senate President Susan Wagle, a Wichita Republican, said that allotments – automatic budget cuts the governor has the power to enact – could be necessary. She said the House needs to pass the Senate’s plan or offer an alternative.

Here are the major provisions of the tax plan the Senate passed. It generates about \$471 million, leaving the state with an ending balance of about \$75 million.

Financial provisions

- Raise sales tax from 6.15 percent to 6.55 percent; \$187.7 million. Sales tax on food to drop to 4.95 percent in July 2016.
- Eliminate most itemized deductions, reduce taxpayers’ deductions for mortgage interest and property taxes paid; \$97 million.
- Eliminate food sales tax credit for poor families, seniors and people with disabilities; \$15 million.
- Increase cigarette tax by 50 cents a pack to \$1.29; \$40.4 million.
- Provide amnesty on penalties to people who agree to pay back taxes owed; \$30 million.
- Postpone scheduled decrease in income tax rates on wage earnings; hold rates at 2.7 percent in low bracket and 4.6 in upper bracket; \$26.4 million.
- Tax guaranteed payments to owners of pass-through businesses who currently pay no state income tax; \$23.7 million.
- Require Social Security number for tax credits; \$15 million.
- A separate bill increased the “privilege fee” tax on managed-care health plans; \$47.8 million.

Policy provisions

- Sets Dec. 31, 2019, as an automatic expiration date for virtually all sales and property tax exemptions, except those for churches, agriculture, business-to-business transactions and select health-care-related purchases.
- Establishes a tax study commission to determine whether any exemptions eliminated by the automatic expiration should be retained.
- Requires cities and counties to hold a public election to raise property tax income by more than the rate of inflation.
- Allows private schools to directly receive money from a tax-credit funded scholarship program, to accommodate students whose parents pay for schooling by tithing to their church.
- Starting in 2019, requires automatic tax cuts if state income grows more than 3 percent in a year, adjusted for required spending on pensions and Medicaid.

Read more here: <http://www.kansascity.com/news/government-politics/article23502469.html#storylink=cpy>

JUNE 8, 2015

Kansas tax debate will drag on another day as House calls off vote

BY BRYAN LOWRY

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TOPEKA

The Kansas Legislature's 2015 session will last at least 110 days — the longest in history — after the House on Monday canceled an expected debate on raising taxes.

Instead, negotiators from the House plan to meet with negotiators from the Senate on Tuesday morning.

The Senate on Sunday passed [a bill that would increase sales and other taxes](#), generating more than \$420 million in revenue. That bill, coupled with other

legislation already passed, would fill the budget hole and leave a projected \$75 million at the end of fiscal year 2016.

Gov. Sam Brownback said Monday morning that [he would sign the bill](#) if the House passed it. But House members said they did not want to rush to approve a massive tax bill without studying it.

The bill could have a difficult time in the House. Representatives from across the political spectrum have expressed objections.

Rep. Dan Hawkins, a Wichita Republican, called it a “piece of garbage.”

The bill would increase sales taxes from 6.15 percent to 6.55 percent beginning July 1. The sales tax on food would drop to 4.95 percent in July 2016.

It would eliminate most itemized deductions and a food sales tax credit for poor families this year. It would eliminate most sales tax exemptions in four years unless a state commission approves keeping them.

The bill also would increase the cigarette tax by 50 cents a pack to \$1.29.

The state originally faced an \$800 million deficit in the budget, in large part because of 2012 income tax cuts. Half of that was closed with fund transfers and other budget moves. Sunday’s tax bill would fill the rest of the gap.

“People have looked at 40, 50 iterations of a tax bill. ... It’s time to get this done. It’s past time,” Brownback, a Republican, said Monday. “This is a good plan and it’s been thoroughly discussed. And it’s time to move it forward, because I will sign it.”

Brownback said that he had called lawmakers Sunday from the hospital where his first grandchild was born to urge them to support the bill. “My wife was complaining about that,” he said.

Brownback continued to push back against the notion that Kansas’ budget problems have been caused by tax cuts he ushered into law in 2012. He blamed spending instead.

“I don’t think it’s fair to discount the cost side,” he said, pointing to the costs of shoring up the state’s pension system.

The bill largely protects an income tax exemption for business owners established in 2012. That is a sticking point for some House members, said Rep. Marvin Kleeb, an Overland Park Republican.

Other major policy changes — ones that would require local governments to seek voter approval to increase property taxes and put public dollars toward scholarships for children attending private schools — have also drawn scrutiny.

The House took Sunday off. When it returned Monday, House leaders indicated they wanted time to vet some of the policies before bringing the bill to the floor.

“There’s some policy here that needs to be discussed,” Kleeb said. “Our leadership is not interested in this work-all-night, let’s-wear-people down sort of approach to getting policy passed.”

Bare minimum

The bill passed with 21 votes in the Senate — the bare minimum. The minimum in the 125-member House is 63 votes, which could be tough to get.

Democrats, who hold 28 seats, are universally opposed to the bill, while Republican factions remain split.

“I don’t know if we have 63,” said House Majority Leader Jene Vickrey, a Louisburg Republican. “I do know that we need to make sure that we understand a bill that has this many different components, some of which are new and we have not discussed.”

Rep. Kristey Williams, an Augusta Republican who previously served as mayor, said she doesn’t like how the bill affects local governments. She plans to oppose it.

Some GOP lawmakers oppose any tax increase. “Any day I can vote against a tax increase is a good day for me,” said Rep. Pete DeGraaf, a Mulvane Republican.

Asked whether there is a plan B if House members vote down the bill, Senate President Susan Wagle, a Wichita Republican, said the governor might have to make automatic budget cuts called allotments. She said the House needs to pass the Senate’s plan or offer an alternative.

Senate Majority Leader Terry Bruce, a Hutchinson Republican, said the bill was the best plan the House was going to get and that the chamber should approve it.

But some Republican senators were not confident that the bill would succeed in the House.

Sen. Les Donovan, a Wichita Republican who, as chairman of the taxation committee, carried the bill on the Senate floor, said he expects it to fail.

“Disgust comes to mind,” Donovan said when asked for his feelings. “Sadness maybe. Because we worked really hard to come up with a bill that works. ... There’s something in it for just about everybody to like it. There’s something in it for a lot of people to dislike — I know that. That’s usually when you’ve got a balance.”

Sen. Michael O’Donnell, a Wichita Republican who voted for the bill, has met with House members and encouraged them to vote against it.

“I reluctantly supported the bill to get something out of our chamber over to the House chamber. Because I don’t support the majority of things in that bill, but I also don’t want to just tell people that we’re not going to try and find a solution and just rely on allotments,” O’Donnell said.

“So I think this starts the discussion,” he said.

Read more here: <http://www.kansascity.com/news/government-politics/article23545486.html#storylink=cpy>

JUNE 9, 2015

Absent tax hikes, Kansas would cut aid to schools and other spending

BY BRYAN LOWRY

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TOPEKA

Ten school districts in Johnson and Wyandotte counties would lose more than \$44.6 million in funding if the state is forced to slash its budget to cover a revenue shortfall, figures released Tuesday show.

Kansas lawmakers have failed so far to find a formula of tax increases and budget cuts needed to cover an estimated \$350 million to \$400 million budget shortfall.

House and Senate negotiators had planned to meet Tuesday morning in hopes of hashing out a deal. That meeting first was postponed, then just never happened. It's unclear whether the House will even debate a tax hike bill passed by the Senate last weekend. Meantime, Senate leaders warned on Tuesday that they couldn't picture passing an alternative.

If the search for more revenue continues to dead-end, state budget officials have said Gov. Sam Brownback might have to cut spending across the board to make up the difference.

Figures released Tuesday give a sense of what a no-new-taxes budget might mean for prisons, universities, road repair and social service agencies focused on the poor and the elderly.

And they gave clarity to what that would spell for various school districts.

The Kansas City, Kan., district would suffer the largest blow in the metro area, losing almost \$10.8 million. Olathe is next, facing a \$10.3 million cut.

"It's devastating," said David Smith, chief of staff for the Kansas City, Kan., district. "We can't even get our heads around what that would mean."

Olathe superintendent Marlin Berry said his district's budget year begins July 1.

"The thought of trying trim out another 10 million dollars is almost overwhelming," he said. "It's not a pretty story."

The Shawnee Mission district would lose \$8.3 million, and Blue Valley \$6.1 million.

“We would have to take a look at hiring freezes and using our reserves,” said Mike Slagle, assistant superintendent in the Blue Valley district. “That is a lot of money.”

Budget director Shawn Sullivan told 27 House members at a private meeting Monday evening that if the Legislature fails to pass a package of tax increases, a 6.2 percent across the board spending cut would be needed. That would mean a \$197 million cut to public schools, which take up about half of the state’s budget.

Wichita, the state’s largest district, takes a \$22 million hit.

“It’s a big number,” said Diane Gjerstad, who handles government relations for the district. “That would be extremely serious... We would have to look at the entire operations of the school district.”

“That is a substantial amount of money to try to reduce out of budgets in a couple of months,” Gjerstad said, noting that the Legislature already passed a bill that cut funding from previously announced levels for the current school year and largely kept it flat for the next two years.

A tax plan approved by the Senate on Sunday would fill the budget hole. But it also includes several policy provisions that have drawn criticism, including public dollars for private school scholarships and restrictions on property tax increases by county and city governments.

The bill also largely protects a business tax exemption. Brownback has said he will veto any plan that rolls back a 2012 law that eliminated income tax for certain business owners, one of his signature policies.

House members had scheduled a debate on the bill Monday, but canceled that.

Asked Tuesday morning if he thought that the House could find 63 votes — the minimum needed for passage — to support the Senate plan, House Speaker Ray Merrick, a Stilwell Republican, smiled and replied, “We’re working on it.”

But Tuesday evening House Majority Leader Jene Vickrey, a Louisburg Republican, said that the House would instead craft its own plan. Both plans would include an increase to the sales tax and the elimination of most income tax deductions. Vickrey said House leaders were trying to build consensus before moving forward with a vote.

“We can’t push this too fast ... We need everyone to be pulling this wagon together,” he said.

Rep. Mark Hutton, a Wichita Republican and one of the GOP holdouts who attended Monday evening’s meeting, said House members were being pressured to support the tax plan despite their concerns about some of its policies.

“Does it cause me to pause? Of course it does. This is gutting Kansas for political gain,” said Hutton, who has repeatedly called for business owners to be put back on income tax rolls. “Am I going to let somebody float by in the river drowning?”

“They’re expecting us to cave because we care. ... We care more about our citizens. And we don’t want to see them hurt in the short term.”

The governor’s office refused to respond to Hutton’s comments.

Eileen Hawley, the governor’s spokeswoman, offered some details on the timeline if the state does proceed with the automatic budget cuts, known as allotments.

“If we get to a point where we have a budget that is not fully funded by a tax package and projections are below zero, the Governor would have to send out allotment notifications,” she said. “There is a 30-day period between announcement of an allotment and when any allotment would become effective.”

The Kansas Board of Regents says the state’s higher education system would lose \$48 million from potential spending cuts if legislators do not increase taxes.

Regents spokeswoman Breeze Richardson said Tuesday that the board and universities face difficult conversations about priorities if the cuts occur.

University of Kansas spokesman Tim Caboni said its Lawrence campus would lose \$8.3 million and its Medical Center in Kansas City, Kan., would lose \$6.7 million, for a total of \$15 million.

Read more here: <http://www.kansascity.com/news/government-politics/article23602534.html#storylink=cpy>

