

This Week **in Topeka**

Overland Park Chamber

*Business, Economic Development & Local Government News
from the Legislative Session Week of March 13-17, 2017*

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Week nine of the session saw the legislature continuing to move toward First Adjournment and its April break that is set to begin on Friday, April 7 (unless, that is, what some talk around the Capitol last week is true, and the break will begin a week earlier, saving the extra days for later). A lot of work remains to be done, particularly on the big issues of taxes, budget and school finance.

The Chamber teamed up with the City of Overland Park and the Johnson County Community College to host lunch at the Capitol for our legislative delegation last Wednesday. We had a good turnout from the delegation, giving all three of us the opportunity to talk with them about some of our important issues and respond to their questions. After lunch, we also were able to stop by Speaker Ron Ryckman's office to meet with him and Speaker Pro Tem Scott Schwab in a smaller, quieter setting. We want to thank all of them, both for meeting with us and for the hard work they are doing in Topeka.

And still nothing solid to report on the possible move by Governor Brownback, although as some are saying, the longer it takes for something concrete to happen, the more possible it seems there will be no job in the Trump administration. Even if it would happen that he is nominated to be the U.S. ambassador to the U.N. Food and Agriculture Organization, that position does require confirmation by the U.S. Senate, so it's very possible nothing will be final until late spring, early summer, depending on how quickly the Senate would move, meaning that the legislature will be dealing still with the Brownback administration for most, if not all, of the remainder of this session. That's taking the optimistic viewpoint that the session will end by late May or early June.

Rescission Bill and the Budget. On Thursday, the full Senate took up S Sub for Sub for HB2052, the so-called rescission bill that balances the budget for this fiscal year, FY2017,

ending on June 30. The Senate Ways and Means Committee had made changes to the bill passed by the House by a vote of 87-36, most significantly it:

- Delayed the \$75 million payment for K-12 funding from its due date of June 30, 2017 to July 1, 2017, moving the payment into FY2018;
- Delayed approximately \$165 million in the state's employer contributions to KPERS, while including provisions for repaying that amount over 15 years without damaging the actuarial assessment of the pension system; and
- Authorized the State Budget Director to use as much of the \$314 million in the Pooled Money Investment Fund as needed to leave an ending balance for FY2017 of \$50 million and to use what then remains in the Fund in FY2018 (remember, the House version would have used the entire Fund balance in the current fiscal year).

Most of the debate on the Senate floor centered around proposed amendments that would have imposed across the board cuts to the budgets of state agencies and public schools, starting with a cut of 2% offered by President Susan Wagle. That amendment would have seen an overall cut of \$104 million, with K-12 schools having to absorb \$65 million in their non-instructional budget items; it failed 7-33. Senator Dennis Pyle then offered successive amendments for cuts of 1% and 0.5%, those also failing by votes of 10-30 and 6-34, respectively.

After all of the debate ended, the bill passed the Senate, 27-13. It now goes back to the House where the option will be to concur with the Senate version, sending it on to the Governor, or to nonconcur and send it to a House-Senate conference committee to iron out the relatively small differences.

In addition to working to end up with a balanced budget for the current fiscal year, the House Appropriations and Senate Ways and Means committees continued their work on crafting budgets for FY2018 and FY2019. The "mega budget bill" will surface during the veto session in early May.

Taxes. Still no comprehensive tax bill, as the House will, for the most part, wait for the Senate to pass its version and send it to them for consideration. However, with that being the general plan, the House Taxation Committee is set to have hearings next week on two flat tax bills, one that would tax all income at the flat rate of 3.9% and the other would impose a flat 5% rate on all income over \$10,000 (for single filers) and \$20,000 (for joint filers). Don't look for a flat tax to emerge; it represents too radical of a change and hits the low income earners disproportionately hard.

Economic Development. Two more bills dealing with economic development programs were introduced in the Senate. SB230 would impose a three-year moratorium on the High Performance Incentive Program (HPIP), while SB231 would do the same with respect to the Promoting Employment Across Kansas (PEAK) program. As with the bills mentioned last week that would restrict and/or eliminate PEAK, the Chamber will oppose both of these bills that essentially kill two very important and successful economic development programs that have been demonstrated to provide an excellent return on investment for the state of Kansas.

Property Tax Lid. As mentioned last week, two bills dealing with the existing property tax lid had hearings. SB167, which would fully repeal the lid, was heard by the Senate Assessment and Taxation Committee, and HB2376 which replaces the mandatory election with a protest petition had its hearing in the House Taxation Committee. Along with a strong coalition consisting of the League of Kansas Municipalities and the Kansas Association of Counties, together with various city and county governments and chambers of commerce, the Chamber supported both bills with written testimony submitted to the respective committees. We will continue to follow the bills and report on any further committee activity.

K-12 School Finance. The plan for the House K-12 Budget Committee is to have a “chairman’s bill” prepared for discussion and consideration by the Committee most of next week, intending to work it and send it to the full House for debate and a vote, sending it on to the Senate before First Adjournment, assuming the bill receives a majority in the House.

The newly appointed a Senate Select Committee on Education Finance held its first meeting last week, beginning with briefings on the most recent school finance formula as well as other components of K-12 funding; those meetings are scheduled to continue next Tuesday, Wednesday and Thursday, as the Committee tries to catch up with its counterpart in the House and be prepared to consider a new school finance bill when passed by the House.

Upcoming events:

Legislative Breakfast Series. The third and final breakfast in the **Johnson County Public Policy Council’s series** will be Saturday, **March 25**, at the DoubleTree Hotel. Members of the Johnson County Delegation scheduled to participate on the panel are Sens. Barbara Bollier and Julia Lynn and Reps. Stephanie Clayton, Erin Davis, Nancy Lusk and Brett Parker.

Public Policy and Advocacy Committee Meeting. The next meeting of this committee will be noon-1:30 p.m. on Friday, **April 14**, at the Overland Park Chamber office.

Registration information for both events can be found at www.opchamber.org.