

This Week **in Topeka**

Overland Park Chamber

*Business, Economic Development & Local Government News
from the Legislative Session Week of March 19-23, 2018*

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This past Friday was generally the last day for committee action, but the exempt committees will continue to work on bills that remain in process, especially those pertaining to taxes and school finance. Monday saw the beginning of conference committee meetings to resolve differences in bills that have been passed by both chambers. This coming Thursday is the “drop dead date,” when all except budget bills are supposed to have been acted upon by both House and Senate.

There remains a great deal of work to be done in advance of First Adjournment set for April 6. And, at the risk of sounding like a broken record, there is still the April 30 deadline set by the Supreme Court for “fixing” school finance.

STAR Bonds. This past week saw the Chamber working with many city, county and business organizations, to preserve the important STAR bond economic development incentive program. At its meeting on Tuesday, the **Senate Commerce Committee** received a draft of what was labeled **Sub for SB432** and described by the Revisor’s representative as a combination of the contents of **SB432** and **SB434** (the two bills recently discussed and dealing with STAR bonds) along with several requested additions. This draft was to be the starting point for the Committee to use in its discussion and action on the bill scheduled for Wednesday and Thursday. According to Sen. Gene Suellentrop (R-Wichita), this version was developed by members of the Committee and other interested parties. However, when further questioned in Committee about the bill’s origin, it looked as though too many members of the Committee had worked together on it (enough to constitute a quorum) without there having been notice of the meeting(s), seemingly violating the open meetings laws of the state.

Upon a quick review of this **Sub for SB432**, it appeared to most of us representing organizations interested in economic development that the new bill for the most part took the

objectionable provisions from **SB432** and **SB434** (of which there were many since those bills were created with very little or no input from the business or economic development communities) and added several new, and generally even more onerous, restrictions on STAR bonds. It was clear to us, an opinion supported by the Department of Commerce, that notwithstanding statements from the proponents of the new bill to the contrary, passage of **Sub for SB432** effectively would eliminate the STAR bonds program as an important economic development tool for the state of Kansas.

Interestingly, as the meeting of the Committee opened on Wednesday, another version of **Sub for SB432** was handed out to the members. This version of the bill was described as a true melding of **SB432** and **SB434** with only one relatively minor addition. It appears the concerns over a possible open meetings violation led to taking a step back in order to find a permissible starting place from which to work the bill. The new and mostly objectionable provisions contained in Tuesday's version had been removed from the draft (e.g., prohibiting establishment of a STAR bonds district within one mile of a hospital or other facility providing emergency medical care or a police station or a fire station; reasonable limits on the length of this newsletter prevent a complete listing of troublesome and/or unacceptable provisions). Chairwoman Julia Lynn (R-Olathe) announced the Committee would begin working **Sub for SB432** on Thursday morning. This gave opponents of the bill, including the Chamber, less than 24 hours to voice and explain our objections; we did just that loudly and clearly.

Several amendments were offered by Committee members as work began on the bill on Thursday. Time ran out, and the Chair announced that the Committee would reconvene upon adjournment of the Senate later in the afternoon to continue its work. However, as the Senate was conducting business on the floor, the decision was made to shelve the bill, at least for the time being, due to the strong objections being raised and the resulting turmoil. That does not mean this bill, or another bill dealing with STAR bonds, could not resurface this session, but, at least for the moment, the STAR bond incentive program is still alive. And to be clear, the Chamber, as well as its allies in this endeavor to protect an important economic development program, has offered on several occasions to sit down and work with members of the legislature, including members of the Senate Commerce Committee, to address concerns expressed by the legislature and identify mutually acceptable changes in the current STAR bonds statutes, with the goal of clarifying and improving current law without emasculating the program. So far, however, our offers have not been accepted.

Finally, we need to recognize three Johnson County senators on the Committee who were strong supporters of STAR bonds and opposed this effort to effectively kill the program –

Sens. Rob Olson (R-Olathe), Barbara Bollier (R-Mission Hills) and Dinah Sykes (R-Overland Park).

High Performance Incentive Program (HPIP). This past week, the **Senate Commerce Committee** sent **SB430** to the full Senate with a favorable recommendation. You may remember **SB334** came out of this Committee and would have extended the time by nine years during which companies that had unused HPIP tax credits could claim up to 75% of those credits; however, that bill did not survive Turnaround. **SB430** was introduced in its place and tweaked the proposed extension. It would extend 50% of unused HPIP tax credits beyond the current carryforward limit from 16 to 25 years, but only for those taxpayers who initially claimed such credits before January 1, 2018. Further, in any tax year after the 16th year, the amount of tax credits used by a taxpayer would be limited to 10% of the reduced amount (i.e., the 50% that was extended). **SB430** is on General Orders in the Senate and will likely be debated and voted on in the upcoming week.

Taxation. The **Senate Assessment and Taxation Committee** began work to address some of the changes found in the most recent federal tax cut plan, using **HB2228** as a vehicle for several proposals. Among those proposals are:

- Increasing the Kansas standard deduction for individual and joint filers by 25%.
- Restoring the deductions for mortgage interest, property taxes, charitable contributions and medical expenses to 100%.
- Allowing taxpayers to itemize deductions on their Kansas tax returns even if they did not itemize on their federal return.

This bill carries an estimated fiscal note of between \$140 and \$150 million per year.

Healthcare. **HB2674** which establishes the Kansas Telemedicine Act and requires insurers to pay for health care services delivered via the Internet or telephone. This is an important change, particularly insofar as it facilitates the delivery of services to rural and remote areas of the state. The bill was recommended favorably for passage by the **Senate Public Health and Welfare Committee** and is currently on General Orders in the Senate.

School Finance. On Monday, Dr. Lori Taylor presented her K-12 cost study report to a second joint meeting of the **Senate Select Committee on Education Finance** and the **House K-12 Education Budget Committee**. This presentation of the corrected report that was first released on the previous Friday (it appeared the location of some numbers contained in one or more of the tables attached to the main body of the report had not translated accurately from the Excel spreadsheet in which they were first organized). Scheduled for this coming Thursday is presentation to the legislature of the peer review of Dr. Taylor's report by Dr.

Jesse Levin of the American Institute for Research. All of this as legislators begin the real work to try to develop their response to the Supreme Court's decision in *Gannon* mandating additional funding for K-12 education.

Upcoming Events. The next meeting of the **Public Policy and Advocacy Committee** will be noon-1:30 p.m. on **Friday, April 13** at the Chamber. **Registration information** for the meeting can be found at www.opchamber.org.

The fourth and final breakfast in the **Johnson County Public Policy Council's legislative breakfast series** is 7:30-9:00 a.m. **May 19** at the DoubleTree by Hilton. Guest legislators scheduled are **Senators Molly Baumgardner and Barbara Bollier** and **Representatives Stephanie Clayton, Tom Cox, Nancy Lusk and Melissa Rooker**. To register, [click here](#).