



## Legislative Affairs News

### LEGISLATIVE AFFAIRS NEWS

Week ending February 19, 2010 | Week #6 |

*As reported by Robert J. Vancrum, Kansas Government Affairs Specialist for the Shawnee Chamber of Commerce*

This week the Legislature reached the first deadline imposed upon themselves. This is the turnaround date (the date by which all nonexempt bills need to have passed the House of Origin or the bill with that number is technically dead for the year). As a practical matter, this leaves leadership with much control over what bills live or die but generally exempt committee chairs can be prevailed upon to reintroduce a bill unless House leadership has taken a strong stand against it. Furthermore, many bills are exempt from having touched Ways and Means or Federal and State Affairs on the Senate side, or Appropriations, Federal and State Affairs or Taxation on the House side. This is true of most of our priorities.

#### TAX POLICY

Tuesday of this week business and chamber organizations testified in House Tax in opposition to the repeal the exemption on services provided in repairing, servicing, altering or maintaining tangible personal property. Since many of these services are provided by one business to another business, this hurts not only small businesses but also has a compounding effect running through the economy. We also are concerned that this is a major step down the slippery slope that ends up in taxing all business and professional services, something none of our surrounding states do. The bill has not advanced out of committee.

HB2621, which included a repeal of the angel investor tax credit, did move out of committee but with the angel investor tax credits and community service tax credits intact. Five other credits that have been rarely used are repealed in that bill.

On the Senate side, three tax bills had a more difficult time. SB477, which granted exemptions to builders from taxation on their unsold homes, was not passed out of Senate Tax Committee and some special steps will have to be taken to reintroduce the bill or it is dead for the year. SB431 and SB432 brought by Unified Government (KCK) were passed out of Senate Tax but SB432 was killed on final action in the Senate by a 20/20 vote. This would have allowed innovative private financing of delinquent taxes. SB431 was passed only by being amended into Sedgwick County Bill 427. It allows the addition of collection costs to efforts to collect delinquent taxes. It is currently in House Taxation.

## **ECONOMIC DEVELOPMENT**

HB2538, the 2010 amendments to the PEAK Act broadening the amount of tax incentives available to employers, was not acted upon in the House and is quite a ways down on general orders. Even though it is an exempt bill, I believe the \$6 million negative fiscal note will create a problem this year even if it is inaccurate because it has once again not considered the revenue that could occur if the bill generated growth.

## **SMALL BUSINESS**

A stalemate is developing on the very important issue of unemployment taxes. The House passed HB2676 on a unanimous vote Friday, which caps the contribution rate for most employers. The Secretary says he expects to begin borrowing from the U.S. Treasury this week to keep Kansas trust fund from going broke. The Senate Business and Labor Committee is considering a flat assessment on top of the regular tax.

## **HEALTHCARE**

In a very unusual development, one of the lobbyists for the tobacco-free Kansas group, John Peterson, reached an agreement with the Speaker that a motion would be made on Thursday to concur with Senate changes to HB2221 which is the same as SB25 from last year. The plan to move to concur started out as a quiet effort on the part of those of us that advocate for HB2221, and frankly we were surprised and troubled by the fact the Speaker found out about it and so quickly agreed to allow such a vote, which would of course be final action on the bill and send it directly to the Governor if it passed. Since we know that the Speaker and both Republicans on the conference committee are opposed to the bill. I believe the vote will be very close. Of course if anyone has not contacted Representatives to let them know how they feel about the bill, they should do so on Tuesday or Wednesday since the bill will be first up on Thursday.

## **HIGHER EDUCATION**

House Education Budget Committee held hearings Tuesday afternoon and plans to make decisions on the entire higher education budgets this coming Wednesday afternoon at 3:30 p.m. Thursday they move on to K-12 budget. I am not sure what to read into such a short set of hearings. The comparable Ways and Means subcommittee on the Senate side held fairly extensive hearings on higher education.

## **K-12 EDUCATION**

The Speaker and Majority Leader have continued to send most bills dealing with education funding of any kind to the Education Budget Committee. I was quite surprised to see that SB354 was sent there. It simply allows those few districts that are authorized to get COLA local budget authority and new facilities weightings granted by the Court of Tax Appeals, to actually receive the taxes raised from those levies on automobiles and utilities on to that committee. I would think that if anything should be a noncontroversial change, this would be it since otherwise the money simply flows into the state general fund in an unbudgeted fashion.

We need to get that bill acted upon separately and quickly so that it won't be held hostage in trying to get legislators to vote for other legislation they otherwise would not vote for.

The full Ways and Means Committee will take up consideration of SCR 1627, a constitutional amendment that would create a budget stabilization fund within state government, on Tuesday. This has broad support in the Senate and by the Governor. This should sail through the Senate, but I feel certain the House will want to try and improve upon the idea.

## **TRANSPORTATION**

The Senate last week passed and sent to the House SB483 which would make failure to use motor vehicle safety belts a primary offense in the State of Kansas. This bill is not only the only one supported by the Healthcare Committee but is a significant part of the ability to pass a transportation funding bill this year since it does bring federal dollars to Kansas. As of weeks end, the bill had not been scheduled by House Transportation Committee.

As always, if you have any questions about the report or other issues to come before the legislature, please send me an email, [rvancrum@vancrumlaw.com](mailto:rvancrum@vancrumlaw.com).

Shawnee Chamber of Commerce