



Legislative Affairs News

LEGISLATIVE AFFAIRS NEWS

Week ending March 26, 2010 | Week #11 |

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

The Legislature has now completed the eleventh week of its Legislative Session. Most members went home, but on Thursday and Friday many worked on conference committees. They plan to work only two or three days next week and adjourn until the veto session. In fact, they will have only logged about 70 paid days out of their usual 90 day regular session. They have cut their pay by 5% and their staff will be paid for about 75-78 days.

ECONOMIC DEVELOPMENT

One of the week's highlights was the passage in the full Senate (40-0) of Senate Substitute for HB2538, a revised PEAK bill now with almost no net fiscal note. It allows possible tax incentives to any business that creates jobs in Kansas no matter how small. Apparently it will go to conference committee but should be voted upon in the House next week. Since the Revenue Secretary is now on board, everyone assumes the Governor will sign the bill. The bill takes away business and job income tax credits in the six urban counties to balance the fiscal note. It also contains a total annual cap of no more than \$4.8 million worth of payroll tax incentives which can be approved by the Department of Commerce in any one year. I don't think leaving it to their discretion is a great idea but it is better than nothing I suppose. It cannot be combined with either HPIP or IMPACT, but both programs for larger businesses are left in place.

TRANSPORTATION

The Senate Transportation Committee is expected to vote out a bill when it meets next Tuesday. The full Senate is not expected to take up the measure until the veto session. Quite a struggle has emerged among both House and Senate Committee members. Those representing rural districts are fighting for minimum amounts to be sent to all highway districts without regard to population, capping our region with no more than 45%, even though it has larger percentages of population, miles travelled, and tax revenues raised. This fight may make passage problematic in the House by itself.

Governor Mark Parkinson signed two bills concerning Kansas passenger rail service this week. One creates the Midwest Interstate Passenger Rail Compact to allow Kansas to work with other states desiring to develop high speed rail. The other helps to encourage other Amtrak routes in Kansas.

HEALTH CARE

The House Appropriations Committee, in putting together its 2011 budget bill, (H.Sub. for SB73), assumed passage of a provider tax on nursing home beds. This so-called "provider assessment" also was suddenly amended into a bill in Senate Ways and Means and sent to the Senate floor on Tuesday in the form of Senate Substitute for HB2320. The money raises \$30 million and would be used for accessing additional 70% match dollars from the Federal Government through a waiver program. The appeal to some legislators is that it lessens the amount of money needed to help close the budget gap.

There is a split among the nursing home industry, with the larger for-profit nursing home groups still favoring the provider tax to pull down more Federal match dollars, while most of the not-for-profit nursing homes oppose it.

TAX POLICY

Senate Bill 430, which restores the Kansas Historic Preservation Tax Credit, has now passed both houses and is in a conference committee to iron out differences between the House and Senate versions. The House version is more generous, returning the credit to its original form. There otherwise has been nothing moving on tax bills.

BUDGET

House Substitute for SB73, the House 2011 budget bill, cuts over \$330 million from 2010 spending levels with half of it being cut from K-12 education. Leadership has obviously been unable to line up the votes for the budget, although we are told it will run next Monday. The Senate has also not been able to pass its budget or any tax increases supported by Senate leadership, and they are at the same time looking at more cuts, different taxes and more fees and assessments to close the gaps.

No one really knows, but I would not be surprised if there is no budget even considered before veto session. I can only recall one other time this has happened. Usually, at least one of the houses has passed a budget so there was something to work from during the veto session. More often, both houses pass their version, a conference committee report is agreed to and a bill advances to the Governor before first adjournment. This is an important step since they then have some idea what the Governor will and will not accept. Further, the Governor has an opportunity to support a middle ground as he vetoes the bill. If both go home March 31st with NO budget, and don't come back until April 28th, it is almost certain that it will take a minimum of two weeks in May to work through all of the possible spending cuts and/or revenue measures even if a majority is then willing to work together.

The Governor has vowed to veto any cuts in K-12 or higher education funding. There is no reason to believe he has changed his stand. There is also no reason to believe that new revenue estimates to be released on April 16th will do anything but add to the projected deficits this year.

SCR1614, an amendment to the State Constitution setting up a state "rainy day" fund has been adopted by the Kansas House on a 102 to 20 vote. If House changes are approved by the Senate, the measure goes to voters in November. It requires the state to set aside money for a budget stabilization fund so we can avoid or reduce future budget crisis during economic downturns.

K-12 EDUCATION

HB2739 and House Substitute for SB73 together make significant changes which hurt the majority of Kansas' 295 school districts, some having less than 200 students K-12. It is possible that leadership will nevertheless attempt to pass it as early this week.

The cuts in the House budget have been directly linked to HB2739. As far as the Speaker is concerned, this is Johnson County's one chance to get local budget authority. Rep. Kevin Yoder as well as Rep. Ray Merrick and Rep. Owen Donohoe believe that could be true and that without the votes of moderate Republicans and some Johnson County Democrats, HB2739 will fail and the budget will also fail. Rep. Cindy Neighbor and Rep. Jill Quigley believe there will be better opportunities to fund schools.

The large Johnson County districts have been asking for local control of their budgets for years. This is why they are trying to get Johnson County legislators to vote for cuts in K-12 funding with the enticement of a special 7% additional equity fund budget as well as a new 5% local activity budget.

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.

Shawnee Chamber of Commerce