

# *This Week* **in Topeka**

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**Overland Park Chamber**

*Business, Economic Development & Local Government News  
from the Legislative Session Week of March 4-8, 2019*

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Week eight may have only begun on Wednesday but there was no shortage of hot topics making headlines. K-12 education, Medicaid expansion and decoupling from federal tax changes all had their moment in the sun during a work week shortened by last week's turnaround deadline. With just a couple of weeks remaining for committees to finish their work look for a flurry of activity on bills as lawmakers and lobbyists jockey to get their bills moving through the final stages of the legislative process.

**Transportation** – Seven bills were introduced to enact recommendations of the Transportation Task Force. The first of them, SB 192, had a hearing on Thursday where proponents and opponents stated their case for expanded tolling opportunities. The bill would allow the state to partly fund road projects with tolls. Current law requires that tolled projects cover all construction and maintenance costs. The bill also requires potential tolling projects be done in consultation with local officials.

Proponents argued the bill allows new tolling concepts, such as hot lanes, to be considered when building new roads or expanding existing roads. Further, proponents made it clear local officials, impacted citizens and stakeholders would all be engaged in a feasibility process prior to taking any formal action on tolling. The House companion bill is HB 2372, but it has not yet been scheduled for a hearing. SB 186 and SB 189 (see below) are the only other bills in this package of bills that have been scheduled for a hearing thus far.

The other bills in the package of task force recommendation bills are:

- SB 186/HB 2373 – related to the new, long-term transportation program
- SB 187/HB 2371 – related to oversize load permit fees
- SB 189/HB 2372 – related to registration fees on electric and hybrid vehicles

- SB 191/HB 2368 – related to a property tax lid exemption for transportation construction projects
- SB 188/HB 2370 – related to a 3-year, one cent per year increase in the motor fuels tax
- SB 190/HB 2367 – related to an Ad Valorem Tax Reduction Fund and a City/County Revenue Sharing Fund for local governments after transportation plans are submitted and approved by KDOT

**KanCare** – Advocates for KanCare (Medicaid) expansion have continued to press for action this session. This week saw a large gathering of more than 100 business leaders from across the state to make the economic case for KanCare expansion. The event was co-sponsored with several groups including the Overland Park Chamber. While at the Capitol, the group heard from Sara Collins, Ph.D., who is The Commonwealth Fund’s Vice President for Health Care Coverage and Access. Dr. Collins walked the group through economic data from various states showing the positive economic impact of expansion in those states. You can view the slides from Dr. Collins’ presentation [here](#).

This week also saw three days of roundtable discussion in the House Human Services Committee. Committee Chair Brenda Landwehr created the roundtable to provide a forum for discussion on the topic of expansion rather than a formal hearing which she said doesn’t lend itself to the detailed conversation she’d like to have on the topic. Roundtable participants included representatives from local and national think tanks, healthcare groups and other stakeholders who discussed and debated key issues including the economic and health impacts of expansion.

**K-12 Education** – The Kansas Senate Select Committee on Education Finance passed out SB 142. The bill seeks to address the ruling from the Kansas Supreme Court who ruled last year’s funding formula fell short by not addressing inflation. Most stakeholders on the issue have generally believed an appropriation of about \$90 million would satisfy the court. With that in mind the bill builds approximately \$90 million into the Base Aid for Student Excellence (BASE) in each of the next four years. This is in line with Governor Kelly’s proposal in her budget released earlier this year and mirrors what proponents earlier this session said would be acceptable.

Unfortunately, attorneys for the schools leading the lawsuit announced they discovered what they believe to be miscalculations in the formula and no longer could support the proposed solution. The discrepancy lies with how the money builds from year-to-year. The bill calls for the addition of approximately \$90 million each year to the BASE. Attorneys for the plaintiffs now believe the court wanted the increase to be cumulative with \$90 million being added on top of the previous year’s increase rather than a flat \$90 million each year.

With a court-imposed deadline of April 15 looming, look for the Senate to act on this bill soon.

**Taxation (SB 22)** One area that has been in the spotlight all session has been SB 22 – the bill commonly referred to as the “tax windfall.” Previous editions of this report have elaborated on this bill. Before turnaround the House Taxation Committee amended the bill to add in a food sales tax reduction – from 6.5% to 5.5% - while also adding sales taxes to internet purchases. The combined impact of the amendments is projected to bring the fiscal note to approximately \$207 million.

The bill was approved on final action by the Kansas House just this morning where it passed 76-43. Even when accounting for absent lawmakers, it is expected the House will likely be two or more votes short of a veto-proof majority should Governor Kelly ultimately veto the bill – a move most statehouse watchers expect. The bill now returns to the Senate where they can agree with a minor change the House made and send it to the Governor or they can call for a conference committee.

**Property Tax (HB 2345)** The House Taxation Committee heard HB 2345, a bill providing an additional exemption to what is commonly known as the state’s property tax lid law. In short, the bill would allow a municipality to lower its tax levy in any given year while allowing it to subsequently increase the levy back to that same previous level if this is done within a seven-year period.

The League of Municipalities argued that current law requiring a public vote on levy increases is a disincentive to municipalities lowering their rates when they can. They believe this bill gives cities and counties the flexibility to lower rates while giving them the ability to restore the cut - no higher than the previously authorized level – when circumstances warrant the increase in future years. Under current law, municipalities can make the cut, but any future increase would require a vote of the public.

**KPERS (SB 9)** – Today Governor Kelly signed into law SB 9 – the bill that transfers \$115 million from the State General Fund (SGF) to the state employee’s retirement fund. In previous years lawmakers skipped payments to the retirement fund to help shore up the annual budget. This restores the last missed payment, with interest, and clears that liability from the state’s books.

## **Upcoming Events**

**Legislative Breakfast Series.** Breakfast #3 in our series held in conjunction with the Johnson County Public Policy Council begins at 7:30 a.m. on Saturday, **March 23**. Panelists will be: Senator Dinah Sykes; Representative David Benson; Representative Tom Cox; Representative

Jerry Stogsdill; Representative Sean Tarwater and Representative Brandon Woodard. To register, [click here](#).

**Public Policy Committee Meeting.** The next meeting of the **Public Policy and Advocacy Committee** will be noon-1:30 p.m. on **Friday, April 12** at the Chamber. Featured guests will be a media panel including KCUR's Jim McLean and Sunflower State Journal's Brad Cooper who will provide their insights on the session and what to expect when lawmakers return for veto session. To register, [click here](#).