

HIGHLIGHTS FROM

2015 LEAGUE OF WOMEN VOTERS OF KANSAS E- REPORT # 11

March 20, 2015

End of Session Games

Watch for bills to be bundled and for “gut and go” for passage

Bills debated with amendments decided by a vote or bills approved as is, by concurrence

Watch Block Education Grant; judiciary budget

Revenue decisions

First decision: appropriation (every item subject to review and potential cut including sales tax exemptions); wait for estimated revenue numbers and then consider new sources of revenue.

Final decision: creation of balanced budget in May

Children’s Initiative Fund

Tobacco Settlement funds are kept in Kansas Endowment for Youth (KEY). Sweeping the KEY funds into State General Fund has happened in the past and will continue. While the amount may appear smaller it is because the Tobacco money amount coming to Kansas is declining.

Elections

House Sub for SB 171: moving Spring Municipal and school board election to the fall is to be debated next week.

HB 2104: Removal of a name from the ballot: by death, serious illness or a move out of state

Environment

HB 2061 Protecting mitigation sites below dams

HB 2192 Bureau of Environmental Remediation wants to collect fee on petroleum products year round (collect fee for an additional 4 months yielding between 2 and 5 million dollars) to be placed into an Environmental Stewardship Fund.

Water

House Vision 2020 Committee held hearing on water quality issues which differ in western and in eastern Kansas

This highlight feature written by Dolores Furtado, President, League of Women Voters of Kansas.

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Paul Johnson – March 20, 2015

LEGISLATIVE GAMESMANSHIP

The legislative maneuvering is in high gear. There are only two weeks left in the regular session. Bills covering specific topics are now being bundled together in committee before being voted to the floor for debate. Good ideas are being packaged with more questionable ideas to add leverage to pass the package. Committees are taking bills from the other chamber, removing the contents and inserting a different bill that had not yet passed one chamber. When this newly created bill goes back to the other chamber, one can only vote to concur or non-concur but no amendments are allowed. While committee membership is carefully stacked for certain political purposes, occasionally a democratic debate can break out on the floor of the House or the Senate. To control these open debates and opportunities for amendment, bills are packaged in legislation from the other chamber. No floor amendments are allowed on a concurrence vote in the originating chamber. If the bill is non-concurred, it is put in a joint conference committee and any conference committee report cannot be amended by the full House or Senate.

The premier example of this gamesmanship was the passage of the school funding block grant bill. The House Appropriations committee inserted their block grant bill into House Substitute for Senate Bill 7. (The original Senate Bill 7 was on information technology audits.) There was a vigorous debate on the House floor with a few amendments passed to garner the 64 votes needed for passage. The Senate was working on their own version of a block grant bill but procedurally decided to let their bill die and vote to concur or not concur on the House's block grant. Half of the state's budget is spent on K-12 funding in House Sub. for SB 7 but with this political maneuver - the full Senate had no opportunity to amend this block grant bill. Even though the Governor had discussed changing the school funding formula since first being elected and highlighted the need for fundamental school funding change in his January State of the State address, the actual bill was not available until March 9. The House Substitute for SB 7 was concocted and voted out of House Appropriations committee on March 11. The full House debated the bill on March 12 and took a final vote (64 to 57) on Friday March 13. The Senate had their two hour concurrence floor debate on Monday March 16 - without any floor amendments permitted - and voted 25 to 14 to send this fundamental school funding formula change to the Governor for his signature.

Now the same tactics are being applied to the rest of the State's budget. The Senate Ways and Means committee has gutted two House bills and inserted the Judicial Budget into House Bill 2005. In addition to the budget for the Judicial branch, there are procedural changes on collecting fees and fines included in this bill. Last year there were substantive administration changes made to the judicial budget that are continued in this bill. There is also a 'non-severability' clause stating that if the policy changes are negated by court action, that would also negate the Judicial budget itself. The rest of the State budget including capital improvements

has now been placed in House Bill 2135. One amendment swept \$2 million from the Kansas Corporation Commission conservation fund (oil and gas fees) and used \$1 million for staffing needs at Osawatomie State Hospital and \$200,000 to the Kansas Geologic Society for earth quake seismic testing. A motion was made to freeze 2016 and 2017 state spending at the 2015 level but that was defeated. The full Senate will debate these budget bills next week as will the full House debate its own budget bill. The plan is to put the respective budget bills into a House-Senate conference committee and have the final State budget for 2016 and 2017 passed to the Governor by April 3. One important political consideration is that this two year budget spans a 2016 election for all House and Senate members. The Kansas electorate will have its say on these budgetary decisions and most importantly on the future of public education.

REVENUE DECISIONS

Both the House Taxation and the Senate Assessment & Taxation committees have announced that no final decisions on raising revenues will be made till the Kansas Legislature reconvenes for the veto session late April. By that time, the consensus revenue estimates for the next 30 months will have been completed factoring in the Kansas' budget for 2016 and 2017. With the budget known and the revenue estimates finalized, the Kansas Legislature will have to balance the budget as constitutionally mandated and provide for some ending balance to handle cash flow. The Governor's income tax changes along with the tobacco & liquor taxes are necessary to balance this budget or other revenues found or more budget reductions made. Nothing is set in stone and no certainty that the new school funding block grant is safe from cuts.

There have been many bills to explore eliminating or lessening state sales tax exemptions. The state sales tax now generates \$2.18 Billion dollars. Local sales tax revenues raise approximately 20% more than this state amount. Kansas has 90 state sales tax exemptions accounting for \$5.716 billion in exempt sales. 15 of these 90 exemptions account for 97% of all exempt sales. The sales tax is intended to tax retail sales so purchases of ingredients or component parts are wholesale purchases and not subject to sales tax. This exemption is by far the largest sales tax exemption at \$3.083 Billion. The policy here is that these ingredients and components will result in a retail product that will be subject to sales tax. The second largest sales tax exemption at \$454 million is for purchases by state and local governments. The third largest state sales tax exemption is purchases consumed in production such as fuel or crop inputs. This totals \$404 million. There is not a sales tax on motor fuels but rather a gas and diesel per gallon tax. Animals for agriculture are also exempt at a cost savings of \$228 million. The exemption of state sales tax on residential and agricultural utility purchases totals \$170 million. Farm machinery and equipment are exempt totaling \$68 million. Since the Governor favors consumption taxes over the income tax, various sales tax exemptions may come under greater consideration to find necessary revenues.

CHILDREN'S INITIATIVES FUND (CIF)

As a result of nationwide tobacco litigation and payments to the states in the late 1990's, Kansas established the Kansas Endowment for Youth (KEY) fund to serve as an endowment for the long-term benefit of children's programs (Kansas Preschool Program, Parents as Teachers, Early Childhood Block Grant, Tiny-K, etc.) as receipt of tobacco settlement funds decline. Over the years, more than \$179 million has been swept from KEY and now the Governor proposes to sweep the final \$17.3 million. The CIF is at \$49 million for 2016 and 2017. For 2017, the tobacco settlement payment is scheduled to be reduced 24% so future funding challenges can be assumed.

ELECTION LEGISLATION

Substitute for SB 171 moves local spring elections to the fall. After hearings by the House Elections committee, several amendments were made to the bill in committee. This bill will be debated on the House floor next week. The first major amendment was to move municipal and school board elections from the fall in odd-numbered years to the fall in even numbered years. These elections do remain non-partisan. A second amendment mandated that these municipal and school board candidates be listed first on the ballot. In the Senate bill, school bond elections had to be held on August and November election dates exclusively. This provision was taken out of the House version.

House Bill 2104 deals with filling vacancies on the ballot. As introduced, the only way to remove the name of the primary winner was death of the candidate. If such a circumstance happened before September 1, the party of the deceased candidate would have to name a replacement. The Senate Ethics and Elections committee kept the provision that parties must fill vacancies but added two other circumstances for a primary winner's name to be taken off the ballot - a doctor certified statement of severe medical condition or the candidate moves out of state.

ENVIRONMENTAL LEGISLATION

House Bill 2061 permits the Division of Conservation of the Kansas Department of Agriculture to hold conservation easements under Section 404 of the Federal Clean Water Act for the purpose of protecting mitigation sites below water retention structures (dams). The U. S. Army Corps of Engineers requires these conservation easements be legally protected by a third party. The Division of Conservation (DOC) would qualify as a third party. The DOC would establish fees to cover administrative costs and all fee revenue deposited to the Conservation Fund would be used for mitigation projects. Watershed districts would have the choice of working with private parties or the DOC. This bill passed the Senate Agriculture committee.

House Bill 2192 establishes a dedicated fee fund for the Bureau of Environmental Remediation (BER) in the Kansas Department of Health and Environment. BER is responsible for protecting

human health and the environment from releases of hazardous substances, petroleum and other pollutants. As the funding from the state general fund and the state water plan declines, BER is requesting the establishment of the Environmental Stewardship Fund (ESF) with the existing environmental assurance fee. This fee is a 1 cent per gallon fee assessed on petroleum products other than aviation fuel. This fee generates approximately \$1.7 million a month and is now used just for underground and aboveground petroleum tanks. This 1 cent fee is now collected eight months of the year. By expanding to 12 months, the ESF would have between \$2 and \$5 million to fund superfund site clean-ups. Also included is an incentive program for owners of single-wall underground petroleum tanks to replace them with a new secondary containment tank system. There may be as many as 2,000 single wall tanks in need of replacement. This bill passed the Senate Natural Resources committee.

The House Vision 2020 committee has issued recommendations concerning water funding and prioritization in a White Paper that identifies policy priorities and State Water Plan funding opportunities. This committee held four weeks of hearings and deliberations. 'Issues in Eastern and Western Kansas require different policies: The Vision 2020 Committee members recognize that the water supply, water quality, and costs of water vary between the Eastern and Western parts of our state. The economies of both parts of Kansas depend on the quality and quantity of water available, and the willingness of our citizens to contribute financially and through conservation practices to extend the lives of our water supplies.'

WEEK of MARCH 23 – 25, 2015

Senate Assessment and Taxation on Tuesday March 24 at 1:00 pm in Rm 548-S: Hearing on SB 233 – Increasing rates of taxation on cigarettes, tobacco products and alcoholic beverages. On Wednesday March 25 at 1:00 pm in Rm 548-S: Hearing on SB 234 – State finances; relating to state general fund tax receipts and expenditures; providing a tax amnesty; creating a budget stabilization fund, tax reduction fund; ending balances; income tax rates, itemized deductions; reports to the legislature.

(Note: There will be very few committee hearings next week. There will be much floor action to move bills to the other chamber by Wednesday. There will be no sessions on Thursday or Friday. The following week will have many conference committees working out differences between the two chambers. The end of the regular session will come on April 3. The veto session will begin on April 29.)