

2016 KANSAS LEGISLATIVE E-REPORT #15

Paul Johnson – April 29, 2016

LEGISLATIVE UNCERTAINTY

There is uncertainty when this 2016 veto session will end. There is more certainty that Kansas Legislators will not fix the 'self-inflicted' revenue crisis before the lights are turned off for the 2016 Kansas Legislative session. The plan seems to be to let the Governor make budget reductions to finish off this 2016 fiscal year that ends June 30 and wait till January 2017 for the newly elected Kansas Legislature to sort out this systemic revenue and budget crisis. Over 30 House members and several Senators are leaving office without a solution for future balanced budgets. Until the lights are finally turned off sometime next week, conference committees will have time to contort and bundle similar bills into conference committee reports that cannot be amended and are passed in haste to get out of town.

The Governor seems to have adequate authority to make budget reductions, transfer funds from the Highway fund and delay the state's payment to the Kansas Public Employee Retirement System (KPERs) to end this 2016 budget year with a small ending balance. Budgetary gimmicks can be used to move medical or school payments from June into July - the start of the 2017 budget year. Homestead property tax relief payments can be delayed 20 to 24 weeks to help balance the 2016 budget. Without specific legislative authority, it seems very unlikely that the Governor could sign a deal to securitize any portion of the tobacco settlement that funds early childhood development programs. As thousands of our poorest families have been forced off Temporary Assistance for Needy Families (TANF), there is now a \$60 million ending balance that may replace some state funding in educational or foster care programs.

Kansas government borrows from certain state idle funds to assist with cash flow needs. This borrowing is called a 'certificate of indebtedness' that must be repaid within the fiscal year. For 2016 this certificate was \$834 million. For 2017 this certificate might be \$1.2 billion on State General Fund expenditures of \$6.325 billion. As the revenue situation continues to darken, national credit rating agencies have put Kansas on notice that a third credit rating reduction is very probable without structural changes to the tax system. The April revenue receipts will be announced on May 2nd and there are May and June receipts to go to finish off this fiscal year. Having missed the projections for 12 of the last 13 months and with new, lowered April 20 revenue projections, will the hemorrhaging of revenues end? It is doubtful given the experimental and uncertain impact of the Governor's income tax plan and very little predicted economic expansion.

While legislative leadership struggle to settle on final 'must pass' bills and a final omnibus budget bill before the legislature adjourns, conference committees chortle on crafting special interest legislation they can slip by uninformed and impatient legislators ready to leave town. If a bill has passed one of the chambers, it is a candidate to be bundled with bills on the same topic to be offered as a package deal to the full House and Senate. No floor amendments are allowed on these conference committee reports. The game is to take popular non-controversial legislation and add more questionable legislation with the hope that this 'take it or leave it' leverage is sufficient for passage. This maneuver limits a full and fair debate on the questionable legislation in the waning hours of a dying legislative session. Special interests have ready access by fattening the conference committee members with free meals (while taxpayers are funding these legislators with a per diem of \$140 for room and board). Conference committee meetings are called on the spur of the moment and the special interests are always on call while the public is left in the dark.

Several controversial bills are being strategically placed in conference committee reports. A property tax lid bill on counties - struggling with lost revenue and mandates from the State - is being concocted in a conference committee. A 'step therapy' bill that forces the use of generic drugs first is being paired with a bill that furthers punishes public assistance families and hungry adults. A Senate bill - to reduce protection of endangered species - is quietly inserted in a passed House bill and cannot be amended on the House floor. The House's noxious weed bill - that ensures greater chemical trespass on private lands - was never debated on the Senate floor but will probably be put in a conference committee report with no opportunity for the Senate to amend it. The American Legislative Exchange Council bill to control local food policy - that passed the House but never given a hearing in the Senate - will be quietly bundled with several bills in a commerce committee conference report that will be rushed through in the waning days of this session. There are many more examples of this manipulation of the legislative process. No wonder the public holds our governing process in such low regard! With over \$300 million spent on remodeling the Capitol, is it too much to expect that committee rooms would be wired and on line for the public to follow without having to drive to Topeka? Lawmakers talk a good game about open government but the darkness is better for the deals and the promised campaign contributions.