

## **2015 LEAGUE OF WOMEN VOTERS OF KANSAS E-REPORT #20**

Paul Johnson – June 5, 2015

### **LEGISLATIVE UNCERTAINTY**

It is hard to report on a moving legislative process especially if no one has a clear, simple answer on how this fiscal mess gets fixed. Today is the 105<sup>th</sup> day of a session that should have lasted 90 days. Without a budget passed by Sunday – June 7 – furloughs without pay could begin for 'non-essential' state and university employees next week. State agencies and higher education have been developing the lists of the 'non-essential'. The legislative divisions are deep over how much revenue must be raised. Will the tax hikes include any change to income taxes reductions and business income? At some point 'exhaustion' may finally force legislators to compromise but it is unclear when that point will be reached.

The political games are never ending. On the 103<sup>rd</sup> day of the session, the full House finally voted on a State budget that requires new revenues of over \$400 million. This State budget had been hidden in a Senate bill so this floor debate was over an unamendable conference committee report. Adding insult to injury, the Democrats were not recognized to provide commentary on this State budget. This budget went totally undiscussed and passed 66 to 48. Since there were 66 votes does it mean these 66 lawmakers will vote for a revenue package to fund this budget? The tax package is being written by a conference committee similar to the State budget. The legislative procedure is to appoint a second or third conference committee so only the four Republicans need agree to a final product. The first tax bill proposed by this Republican conference committee was defeated last night in the House 108 to 3. This bill tracked the Governor's latest recommendation of higher sales tax but no change in taxing business income. The conference committee meets this morning to start developing a second proposal that first goes back to the House floor for debate and a vote.

The clock keeps ticking and the Senate does little. While the House did pass a State budget, Senate leadership has decided they will not vote on that House budget until a revenue plan is included that will fund whatever budget does pass. The Senate Ways and Means committee chairman has developed a plan to cut the State budget by 5.7%. This cut nets \$400 million in savings and negates the need for any tax increase. This plan would cut the signed K-12 public school block grant by \$181 million or roughly 5.2% per school district. The Senate had several days of floor tax debates but could not come to any consensus. The Senate passed a small tax bill to be used as the vehicle for the conference committee to draft the first tax proposal that was soundly defeated on the House floor. The Governor has now threatened to veto any legislation that taxes the

non-wage business income of the 333,000 exempt business entities. (For the record, 5% of these businesses had incomes of \$100,000 or up and they accounted for \$168 million of the \$205 million of untaxed business income in 2013.) Now the game of political chicken may begin. Who is willing to take the political heat for furloughing thousands of state/university workers over protecting the income taxes for the wealthiest Kansans? The national experiment of shutting down the federal government did not go well for the Republicans. The sad fact is that an austere tax package passed this year will not fix the revenue crisis as long as the goal is to eliminate 25% of the State's revenue – the income tax. The courts have yet to rule on the 'adequacy and equity' of school funding. The electorate will get their say in 2016.

### **JUDICIAL BRANCH BUDGET**

The Governor has now signed **House Bill 2005** – the 2016 & 2017 Judicial Branch budget. The promise is that this bill will shield the Judicial Branch from furloughs unless the 5.7% budget reduction plan would be passed. This bill creates or amends law related to docket fees, dispositive motion filing fees, and the Electronic Filing and Management Fund. The Senate prevailed in putting in a 'non-severable' clause stating that if laws passed regarding the administration of the courts are negated by the courts, the entire judicial branch budget is negated as well.

For 2016, the bill appropriates \$131.2 million including \$101.9 million from the State General Fund (SGF). This SGF amount is \$18 million or 12.3% below the Judicial Branch request for 2016. For 2017, the bill appropriates \$138.5 million with \$105.7 million coming from the SGF. This SGF amount is \$20.9 or 13.1% below the court's request. The bill creates a 'dispositive motion' filing fee of \$195 and defines dispositive motion to include a motion to dismiss, a motion for judgment on the pleadings, a motion for summary judgment or partial summary judgment, or a motion for judgment as a matter of law. The bill extends for two years the Judicial Branch surcharge authorized in 2010 to fund non-judicial personnel. It is questionable whether these fees or surcharges will bring in the projected revenues.

### **ETHICS AND ELECTIONS LAW**

**House Bill 2183** bundled a number of ethic and election bills. It passed the Senate 27 to 11 and the House 66 to 48. The bill allows a general public solicitation for campaign contributions by lawmakers from January 2 through *sine die* adjournment if not targeted toward a specific individual and sent *via* social media. The bill amends the Campaign Finance Act to explicitly authorize campaign funds to be used for donations to any 501(c) (3) tax exempt or any religious organization. Under the bill, if a candidate intends to spend less than \$1,000 and receive less than \$1,000 for either the primary or

general election, the candidate would be required to file an affidavit of such intent with the county election officer. This bill prohibits any city or county from regulating or prohibiting the placement of or the number of political signs on private property or on unpaved right-of-way for city streets or county roads on the private property during the 45 days prior to, and the two days following, any election. The bill increases certain candidate, political action committee, and lobbyist fees credited to the Kansas Governmental Ethics Commission Fee Fund. (This replaces some of the lost SGF funding.) This bill was presented to the Governor on June 2. He has vetoed some ethics and lobbyist bills in the past.

### **EDUCATION LEGISLATION**

**Senate Substitute for House Bill 2353** makes several changes to the Classroom Learning Assuring Student Success Act (public schools block grant bill), revises the Professional Negotiations Act (PNA) and allows the Board of Regents to adopt policies to authorize the universities to provide leave time to university support staff. Any student who is not a resident of a school district and is attending the district in the 2014-15 school years would be allowed to attend the next two years. The bill prohibits all out-of-state virtual students from being eligible for state aid. The bill clarifies the school finance computation of assessed valuation for any school district experiencing a significant drop in total assessed valuation. The bill revises the PNA to provide upon entering negotiations, the parties must negotiate compensation of professional employees and hours and amounts of work. Compensation would be defined as salary and wages, supplemental contract salaries, and overtime pay. Each party could select up to three additional items and conditions of professional service. The deadline for filing notice to negotiate on new items or to amend an existing contract would be changed from February 1 to March 31 and the 'statutory declaration of impasse date' moves from June 1 to July 31. This bill passed the Senate 38 to 0 and the House 110 to 0. This bill is now headed to the Governor's desk.