



2016 KANSAS LEGISLATIVE E-REPORT #4

Paul Johnson – January 29, 2016

CHANGING PUBLIC EDUCATION

Conservative Republicans are taking control to change the structure of public education in Kansas. Three bills will be heard next week before the House Education committee at 1:30 pm to start the changes. The first bill creates a school district bond project review board giving the State more control over the issuance of local school district bonds. A second bill amends and expands the tax credit for low income student scholarships that can be used at any private school. The third bill starts the debate on forcing most school districts to consolidate and realign. To this point there has not been any legislation introduced to establish a new school funding formula so the frozen school funding block grant will be in place for 2017.

House Bill 2486 creates the school district bond project review board. HB 2486 establishes a new formula for state aid in regards to local school bond issuances after January 1, 2016 by requiring approval by this new oversight review board. The new formula provides 75% state aid for districts with the lowest valuation per pupil and drops 1% for each \$1,000 in increased property valuation per student. This school district bond project review board is made up of chairs and ranking minority party members of House Appropriations & Senate Ways & Means committees along with two members of the State Board of Education. Determination will be made on the percentage of the bond that is utilized by the school district for direct instruction of students. So the construction of sport facilities would not be subsidized by the State. HB 2486 will be heard on Monday (Feb. 1) before House Education.

House Bill 2457 amends the tax credit for the low income student scholarship program that was part of the school funding block grant act passed in 2015. Eligibility is changed from at-risk students (133% of federal poverty level) attending a public school to a child whose family income does not exceed 250% of the federal poverty level. With

HB 2457, individuals as well as corporations could claim the income tax credit. The amount of the tax credit increases from 70% to 100% of the contribution. HB 2457 increases the limit of the total amount of credits from \$10 million to \$12.5 million. HB 2457 will be heard on Tuesday (Feb. 2) before House Education.

House Bill 2504 mandates the realignment of most school districts. HB 2504 requires the Kansas State Board of Education to oversee the redesign of districts by July 1, 2017 to take effect one year later. Every county with 10,000 or fewer students will have one school district. Counties with over 10,000 students must be realigned so that each school district has at least 1,500 students. School bond debt will remain with territory that originally approved so new patrons in the new consolidated county school district may be taxed for previous bond issues. There is no provision in HB 2504 for determining a process to create a new school board. Initial speculation is that this new realignment will decrease the number of school districts from 286 to roughly 130. HB 2504 will be heard on Wednesday (Feb. 3) before House Education.

MEDICAID EXPANSION LEGISLATION

The Kansas Hospital Association (KHA) has coordinated the introduction of a Medicaid expansion bill (Senate Bill 371) modeled mostly after a plan implemented last year in Indiana. SB 371 would provide coverage to approximately 150,000 low-income adults by making them eligible for KanCare, the state's privatized Medicaid program. This Kansas plan - that KHA has titled "The Bridge to a Healthy Kansas" - requires people earning above the federal poverty level to make monthly payments into personal health care accounts and terminates coverage for those who fall behind in their payments.

The cost of this expansion of KanCare is estimated to be \$55 million annually. KHA projects that the savings and revenue-raising measures in SB 371 would generate an estimated \$183 million in 2017, \$217.7 million in 2018 and increase to \$240 million in 2020. Revenues would come from the premiums from beneficiaries, drug rebates, and KanCare managed care organizations privilege taxes. Savings would come from reduced state funding for mental health programs (\$69 million), prisoner inpatient health care, elimination of state funding for MediKan and enhanced federal dollars for the disabled, medically needy spend down populations and some pregnant women.

It is uncertain whether a debate on Medicaid expansion will be permitted by the leaders in the Senate or the House. The Governor was blunt in his State of the State address that Obamacare has caused problems to the health care system and it should not be expanded in Kansas. Advocates say that hundreds of millions of additional federal dollars brought to Kansas could help offset reductions in Medicare reimbursements triggered by Obamacare and federal budget reductions. House and Senate leaders will

work to keep any expansion bill from being voted out of a committee and will work hard to eliminate any option to run an amendment on the House or Senate floor.

WATER REPORT FINES

Senate Bill 337 increases civil penalties for a delinquent water use report and provides the chief engineer in the Kansas Department of Agriculture (KDA) the authority to suspend a water right if the owner fails to submit a report by June 1. Kansas has the most comprehensive water use reporting data in all of the western states. KDA sends out 11,000 water use reports that represent about 32,000 water rights. Current state law requires the data to be reported to KDA by March 1. 94% comply with the law. Except for 60 water users, the rest report by June 1 and pay up to \$250 in fines. The 60 non-filers just pay the maximum fine of \$250 every year. SB 337 increases the fine to \$1,000 and provides the authority to suspend the water right until the water report is filed. Opponents to this bill requested that the chief engineer be given the discretion to waive the civil penalty if he found evidence of good cause for the tardy filing of the water use report. SB 337 was heard in the Senate Natural Resources committee.

COURT FUNDING

House Bill 2449 has been expedited through the House and now the Senate to clarify that funding for the courts for 2016 and 2017 is fully protected. HB 2449 now goes to the Governor for his timely signature. Court funding bills that passed in both 2014 and 2015 contained policy changes to the administration of the court system that were ruled unconstitutional by the Kansas Supreme Court. These funding bills were written such that if any of the policy changes – such as selecting the ‘chief judge’ in the district courts - were declared unconstitutional the entire judicial budget would be zeroed out. Kansas was the first state in the country to try this funding attack to threaten the sovereignty of the judicial branch. So with the passage of HB 2449, the defunding threat to the courts has been removed. There is still some debate over the court’s 2017 budget where the Governor has added an extra \$22 million to hire more staff for the courts and speed electronic filing of cases. There is also some dispute over docket fees and how they should be divided for various judicial programs. On Wednesday (Feb. 3) before the House Judiciary committee at 3:30 pm in Room 112-N, **HCR 5013** – a constitutional amendment placing the court of appeals in the constitution and changing the membership of the supreme court nominating commission – will have a hearing.

THE NOXIOUS WEED LAW POLICY TRAIN

The noxious weed law policy train is on the track and moving. This fundamental change to noxious weed law will permit more toxic chemical spraying on private and public

lands across the state. HB 2479 moves the listing of noxious weeds and the eradication of these weeds from statute to rule and regulation where unelected bureaucrats will have expanded authority to list any plant as a 'potential' noxious weed and let the poisons fly. There is no definition in this bill for a 'risk assessment' to list a plant, no description of 'best practices' to limit environmental damage, no definition of 'drift' as 2-4D use is expanded, no right for a landowner to legally post their land a 'no spray' zone and no intent by lawmakers to protect wildlife habitat or wild flowers for pollinators.

The political process to pass this bill is not surprising. The Kansas Department of Agriculture selects their favorite stakeholders – the chemical salesmen, the county weed directors and industrial agriculture – to meet behind closed doors to write the legislation. Senate Bill 134 (same as HB 2479) was introduced last session. The Senate Agriculture committee held hearings and voted to table the bill and request an interim hearing. When interim committee assignments were first announced, SB 134 was not listed but added later. A one day hearing was scheduled with the morning for a water bill and the afternoon for noxious weeds – SB 134. Only proponents were allowed to speak at this interim hearing on noxious weeds. At the one day hearing before the House Agriculture and Natural Resources committee last Tuesday, the proponents were given one hour and forty minutes to make their case before any opposition testimony was allowed. The Chairwomen felt bad that the committee had gone beyond the normal ending time of 5 pm so a tired committee lingered on listening to concerns over the 'chemical trespass' expanded under HB 2479. Of all 50 states, Kansas has 26 resistant super weeds now - second in the country. HB 2479 will expand the chemical warfare.

POLITICAL POTPOURRI

It is somewhat quiet under the dome this year. The budget bills are moving to make the adjustments for the 2016 budget that ends June 30 and the refinements necessary to balance a budget for 2017. Everyone is waiting for the January revenue report from the Department of Revenue that will come early next week... Senate Bill 338 concerns rehabilitation of abandoned property by cities. Cities and counties struggle with cleaning up abandoned property and assessing absentee owners. A version of this bill almost passed last year... The Governor wants a bill on his desk to fix a hard cap on property taxes by counties and cities. Senate Bill 316 would force a vote by residents if local governments collect and spend property taxes that have risen beyond the rate of inflation. Counties have lost so much promised revenue from the State that a hard cap could be devastating to provide basic services. I will report on this debate as it unfolds.