



KANSAS LEGISLATIVE REPORT

JANUARY 18, 2019

KANSAS SESSION BEGINS

The 2019 Legislative Session is officially underway. Governor Laura Kelly was sworn into office on the capitol steps Monday morning, followed by the Inaugural Ball later that night and the State of the State address on Wednesday. Most House and Senate committees met to introduce legislation, while a handful of committees began to handle substantive business. Session intensity will pick up in the coming weeks, though there is already an effort to start moving certain legislative proposals at a fast pace.

GOVERNOR KELLY OUTLINES PRIORITIES IN ADDRESS AND BUDGET

Governor Kelly gave her first State of the State address highlighting her vision that focuses on K-12 education funding, Medicaid expansion and protecting children. Her comments in the address coincided with her inaugural speech seeking compromise on issues. With the Republicans holding super majorities in both chambers, time will tell to what degree this can be accomplished.

BUDGET OVERVIEW

Governor Kelly's budget was presented to the two budget committees that appropriates for many of her initiatives with a 9% positive ending balance for the next fiscal year. The budget is for one year, except for K-12 education, which is two years. The proposed two-year budget appropriates funds to satisfy the Kansas Supreme Court ruling on school finance. The budget proposal also pays for some Medicaid Expansion, a 2.5% raise for state employees and several million toward child welfare and the Department of Corrections. The governor's budget returns \$100million to the State Highway Plan but continues the transfer of around \$200 million to the state general fund. Governor Kelly's plan has the transfers stopping by Fiscal Year 2023.

Governor Kelly's budget includes amortization of KPERs and payment of the PMIB loan five years early that was made to the state general fund. The amortization of KPERs drew the most concern from Republicans. Senate President Susan Wagle prefers to use funds to pay additional money to KPERs.

Higher education is budgeted to receive a modest increase of \$9.3 million dollars to cover the 2017 allotment of \$8.9 million and 100% tuition reimbursement for National Guard members.

In the State of the State address, Governor Kelly stated her budget does not require a tax increase. The House Appropriations Committee and Senate Ways & Means Committee will digest the proposal as they craft their own versions in February.

Click [here](#) for the budget presentation.

THE KC CHAMBER PRESENTS WORKFORCE DEVELOPMENT ISSUES

The Greater Kansas City Chamber of Commerce has been asked to present to the House Commerce, Labor and Economic Development on their Workforce Development Initiative. The Committee will be briefed on how the Chamber is working with businesses and education leaders across the metro to support member and community efforts to ensure the greater KC region has the quality and quantity of human capital to meet employer needs and sustain the region's ability to compete in a global economy.



TAX BILL RETURNS FROM 2018

A few committees hit the ground running. The Senate Assessment & Taxation Committee introduced legislation similar to a portion of the mega tax package that died in conference committee at the end of last session. The bill addresses the individual provisions of the federal tax code changes from late 2017. It allows individuals to itemize on their state return, even if they chose the standard deduction on the federal level.

The corporate decoupling issues were not in SB13. There has been concern expressed by some members of the business community including the Kansas Chamber of Commerce — to have Kansas decouple from some provisions in the federal tax code to avoid big tax increases. Among other things, decoupling from the federal tax code so the state doesn't tax income on domestically untaxed earnings and profits from foreign corporations after 1986 but before 2018. Senate President Wagle will appoint a special committee to look at both the individual itemizations and the components sought by the corporations. So, the fate of SB13 is yet to be seen.

EDUCATION COMMITTEES REVIEW

Education committees received the typical briefing on the history of school finance litigation and the recent Supreme Court ruling. To date, no major school finance remedies have been introduced. The committees may work to find a remedy to hopefully cease litigation for the foreseeable future.

TRANSPORTATION TASK FORCE REPORT

The final report from the 2018 Joint Legislative Transportation Vision Task Force is expected to be presented this week to legislative committees. The Task Force recommendations are expected to provide guidance to develop a new ten-year transportation plan.

QUESTIONS?

If you have questions or need additional information, please contact me at:

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Important Dates (RSVP [John Jenks](#) for all events):

Johnson County Legislative Breakfast Series: Saturday, January 26, 7:30-9:00 a.m. DoubleTree-Overland Park (10100 College Blvd.)

Kansas State Affairs Committee Meeting: Friday, February 15, 12:00-1:15 p.m. KU Clinical Research Center (4350 Shawnee Mission Pkwy)

Johnson County Legislative Breakfast Series: Saturday, February 16, 7:30-9:00 a.m. DoubleTree-Overland Park (10100 College Blvd.)

*****Special Joint Kansas & Missouri State Affairs Committee Meeting:** Friday, March 8, 12:00-1:15 p.m. KC Chamber Boardroom***