

Legislative Update No. 6, February 17, 2017

The big dance has begun. Both the House and the Senate put forth bills for debate on changes to the tax code, borrowing more money, and the rescission bill. The tax plans have some similarities in that they remove the LLC pass through income provision in the tax code. They additionally raise income taxes on all Kansas taxpayers. The House version creates a third tier where there are currently only two. House Sub HB 2178 raises the rates from 4.6% to 5.25% for the middle-income bracket starting at \$30,000, and raises the rate from 4.6% to 5.45% on income greater than \$100,000. The bill also makes the taxes retroactive to January 1 of 2017. The House bill passed and was sent to the Senate on Thursday. They debated the bill and passed it with a narrow margin on Friday. The bill now goes to the Governor who can veto, sign, or allow it to become law after ten days. All eyes are on the Governor's office.

We are receiving suggestions of how to deal with the current budget situation. For example, the recent KNEA EDTALK proposed to "enact a temporary, three-year sweep from the Kansas Highway Fund in order to avoid a sales tax increase, while simultaneously paring the sweep with an \$0.11 increase in the Kansas gas tax" and proposed to "reinstate the third income tax bracket of 6.45% for Kansans earning \$40,000 per year or more." This was not included in the bill.

The House passed HB 2161, what I call the borrowing bill. It borrows money from a fund, the Pooled Investment Board (PMIB), managed by the KPERs board totaling \$317 million, with the "promise" that it be paid back over the next several years. But, there is the pesky situation where one legislature cannot obligate a future legislature. So, the intentions are good to pay back the total amount, and we all hope that, if passed and signed by the Governor, future legislatures will honor the repayment plan.

HB 2052 is the rescission bill that passed the House and was sent to the Senate. They will most likely vote on HB 2052 and HB 2161 early next week. Comments made to the House membership include: "It is the best of a bad situation." and "We have to do this to get through to June 30, 2017."

I voted no on all of these tax bills because not enough effort was made to reduce spending by state government. There needs to be reduced spending by putting in place at least some of the recommendations made by the A & M study. The study found that, with a little effort to apply the recommendations, 2 billion could be saved by the state! None of these measures were considered. Adding more taxes to a depressed farm economy, just to name a few of those hurting to make a living, seems very harmful to Kansans. Legislating to put efficiencies in place takes real leadership; whereas, increasing taxes is a quick vote. There may be more to this story if the Governor vetoes the bills. At that point, we would start over and other ideas will be advanced from those who voted no. That would then result in all of us working to develop a compromise.

Turnaround is next Thursday. On that day, all committee action ceases and the bills passed out of committees are either ready for floor debate or destined to be overlooked below the line. Tuesday through Thursday we will be on the floor debating those bills selected for consideration. The bills that receive a majority vote will be passed over to the Senate and they will do the same.

The legislature breaks until March 6th at that point, and the only bills that have any possibility to move forward are those remaining in “blessed committees.” This gives the Revisors and Research time to prepare the bills that will be transferred from one chamber to the other. Then the process begins anew. House committees will be assigned Senate bills for hearings.

The bills passed out of committees this week were:

Federal & State Affairs:

HB 2140 – Authorizing the Governor to enter into a great plains interstate fire compact

Transportation:

HB 2148 – (Contents of HB 2281 inserted into this bill as an addition) Providing for Autism awareness and for Kansas 4-H foundation distinctive license plates

HB 2203 – Designating a segment of US Hwy 75 as the Eldon K. Miller memorial highway

HB 2095 – Providing a special vehicle permit for certain vehicle combinations (third axle and increased weight allowance for trucks)

HB 2076 – Creating the seat belt safety fund and increasing the fine for adult seat belt violations

Agriculture:

HB 2100 – Relating to water conservation areas

HB 2207 – Hunting on private land by written permission only

HB 2136 – Updating provisions relating to weights and measures

I was honored to have members of the Mission Valley High School FFA Chapter stop by for a visit this week. Mr. John Bergin, their teacher, brought Wyatt Butler, Gage Atwood, Rebekah Cain, and Bailey Hittle to the Capitol. We visited about FFA and what benefits they have received from belonging to the organization. They are a very impressive group of young adults because their communication skills and overall confidence was obvious. I also benefited from participating in FFA.

Representatives from the Area Agency on Aging also stopped by for a visit. They included Memory Maginley, Paxico; Nellie Lambly, Paxico; Karen Maupe, Manhattan; Barbara Smith, Marion; Dinah Ruhmond, Peabody; Joyce Medley, Durham; and John Long, Belvue. They related the difficulties our aging population is having dealing with health care and living expenses. I agree with them that changes need to be done to keep people in their homes, which also saves the state nursing home costs. The issues they face led to a discussion of the budget.

Jill Cook and Laurie Pieper of Emporia came by to discuss the Small Business Development Center (SBDC) activities in our region. Laurie now oversees the activities in Manhattan as well.

I was invited to a reception by the Christian Home School group. It was a pleasant event with music being performed by students from the area. The families and children in attendance were a very fine example of parents taking responsibility in a positive manner.

I have received hundreds of emails and many phone calls from all over the U.S. concerning conceal carry, horse racing, and the proposed tax increases. All three of these issues are

emotional for the person writing or calling. I read every email and every phone message and take these messages into account before casting my vote on the many topics I deal with during the session.

Monday of next week will be of importance to me. A few of us have worked for well over a year on a funding mechanism for K-12. Former Senators Steve Abrams and Tom Arpke, members of the research and revisor's staff, and I worked on school funding. Steve Abrams and I will be giving an informational hearing before the K-12 Education Budget Committee during their regular meeting time at 1:30 pm. We are pleased to finally give the results of our extensive work and research at a public hearing.

At my website, www.ronhighland.com, you can find a syllabus that explains in detail how to get the legislative information you need. My contact information is: Rm 561 W, State Capitol, Topeka, Kansas, 66612; and ron.highland@house.ks.gov. My office assistant Lisa can take a message or arrange an appointment by calling [785-296-7310](tel:785-296-7310). It is an honor and a privilege to serve you.