



KDHA

Kansas Legislative Report

January 13, 2017

The 2017 Kansas Legislature is off to a running start. Session officially began Monday, January 9th, as legislators took the oath of office. Committees met to start business, which included forecasting policy issues and bill introductions. There is a sense of urgency under the dome given the growing to-do list of policy initiatives.

Governor Brownback delivered his annual State of the State address on Tuesday evening. His address highlighted his positive view of the state and plans for the upcoming session. Governor Brownback asked the Legislature to address the shortfall for the current fiscal year (FY 2017) with a bill on his desk by the end of January. The Governor told the Legislature his proposed budget for the next two fiscal years (FY 2018 and FY 2019) is built off finding efficiencies and will be a one-time fix.

The Governor's budget director presented the proposed budget to the House Appropriations Committee and the Senate Ways & Means Committee the next day. The Governor's budget would balance with a series of proposed tax increases. These include taxing passive income including rents/royalties, freezing the bottom income tax bracket at 2.7%, increasing the annual report filing fee from \$40 to \$200 for for-profit entities, increasing the tobacco tax by \$1.00 per pack and increasing the tobacco products tax and the liquor enforcement tax. This would generate \$180 million in each of the next two fiscal years. The small business income tax exemption would remain intact. There is no proposed change made to sales tax rates.

The proposed budget also relies on implementing many efficiencies described in last year's state efficiency audit. These audit recommendations will receive hearings in various committees in the coming weeks.

Throughout the week, the tax committees met to start discussing objectives for the 2017 session. The House Tax Committee chairman asked each member for their ideas for possible solutions. A bill has been introduced in the House that would eliminate the income tax exemption for certain small businesses.

This session will be very active for health policy. Senator Vicki Schmidt, who is now the chair of the Senate Public Health & Welfare Committee, said she is aware of at least thirty health bills planned to be introduced this year.

However, no dental legislation has been introduced at this time.

By the end of the week, the 62 house bills have been introduced with 27 in the senate. The second week of session will offer much more action as committees will be on their regular schedules with hearings already planned to take place.

Thank you and please let me know if you have any questions.

Travis Lowe
Gaches, Braden & Associates