



KDHA

Kansas Legislative Report

June 12, 2017

The 2017 Legislative Session has officially concluded. After working ten straight days through a weekend, the House and Senate were able to craft proposals to gain consensus to finish the session. The 2017 session yielded significant heavy lifting over the five months and ultimately was just one day short of the longest in state history.

Last week, the Senate's passage of a new school finance formula sent the bill to conference committee. The Senate's eight-hour debate produced the approval of several small amendments but largely rejected an attempt to add hundreds of millions of additional funding to the bill. Leaders of the House and Senate School Finance Committee met to negotiate differences between their positions and ultimately agreed to the House's version with a slightly larger funding level. The final version of the bill increases school finance funding by \$460M over the next two school years. The bill was approved by the House 67-55 and the Senate 23-17. At this point, it is pure speculation whether the new plan will pass constitutional muster with the Kansas Supreme Court. News from the Chief Justice, either way, is expected in the coming weeks.

The major obstacle of the final week was tax policy. Several different variations of income tax brackets were attempted by the House with no success, while the Senate made an early statement when they passed a three-bracket income tax plan 26-14 on the day after Memorial Day. The House even tried combining a tax plan with an education funding plan, which also did not work. Eventually, the House mustered the votes to pass a three-bracket income tax plan. A plan was approved by the House and Senate changing the current two-bracket system of 4.6 and 2.7 to a three-bracket system of 3.1, 5.25 and 5.7%. The small business income tax exemption was also repealed. All in all, the tax package is expected to raise enough money to fund the new school finance formula and close the budget shortfall. As expected, Governor Brownback vetoed the tax plan but the House and Senate voted to override the veto several hours later.

The last four days were spent finalizing the biennial budget for the next two fiscal years. Legislators will return for a final ceremonial day later this month, known as Sine Die on June 26.

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

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