



KDHA

Kansas Legislative Report

March 31, 2017

The 2017 Legislature has one more week until the First Adjournment deadline of April 7th. The final week of March offered progress on several major policy issues, including school finance, Medicaid Expansion, tax and the state budget. Next week will see several conference committees meet while the House and Senate can still debate bills on the floor.

The biggest headline of the week is the Senate's passage of Medicaid Expansion. The fiscal impact of the bill varies by source with some contending the bill will cost the state millions while others claim the state will profit. After a long debate on the Senate floor and a handful of failed attempts to amend the bill, HB 2044 passed 25-14. Later in the week, Governor Brownback, vetoed the bill. The House started the debate to override the veto but tabled discussion until next week. A veto override requires 2/3 majority of both chambers.

House and Senate budget leaders reached agreement on the Rescission Budget Bill. The bill cuts enough expenditures to put the state's ending balance back in the black for the current fiscal year that ends June 30. The House and Senate can vote to approve the compromise next week, which would send the bill to the Governor.

Budget plans for the next two fiscal years (FY 2018 and FY 2019) made progress this week. The Senate was first to strike with SB 189 debated and passed on the floor Wednesday. The bill trims expenditures in several ways but still leaves an underwater balance of \$404M for FY 2018 and \$470M in FY 2019. If this bill, or something similar, makes it to the Governor's desk, a major tax package must be passed to pay for the budget. In this case, at least a \$500-600M tax package. SB 189 has now been sent to the House. The House also worked on its version in the Appropriations Committee, contained in HB 2364. After a handful of committee meetings and numerous amendments, the bill passed out of committee and awaits debate on the House floor. This will most likely take place next week.

Tax policy remains a question. The House Tax Committee approved a 5% flat tax bill that would also eliminate the income tax exemption for small businesses. The rates would become effective in 2018 with the sales tax on food scheduled to drop from 6.5% to 5% in 2019. The bill is estimated to raise \$373M in FY 2018 and \$472M in FY 2019. It is unclear on the amount of support the bill will have on the House floor. The Senate Tax Committee is trying its own approach of a 5% tax plan with a higher number of deductions. The Senate Tax Committee is scheduled to meet every day next week.

School finance momentum continued over the week. The House K-12 Budget Committee finished hearings on a comprehensive school finance plan (HB 2410). The committee spent several hours working the bill while offering over 25 amendments in the process. The committee will take a fresh look at their product on Monday and then pass the bill out of committee. Hall talk gossip suggests the Senate is letting the House lead the school finance dance, thus adding pressure on the House version to also be acceptable to the Senate. The Senate held no school finance meetings at all this week.

Thank you and please let me know if you have any questions. Please see below for bill matrix.

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Bill Number and Sponsor	Bill Subject	Current Status	Last Action
SB 228 Senate Ways and Means Committee	Enacting the Kansas Medicaid Reform Act	In Senate Public Health and Welfare	03/15/2017 - Senate Referred to Public Health and Welfare
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HB 2023 House Taxation Committee	Determination of Kansas adjusted gross income; sunseting certain modifications	In House Taxation	01/20/2017 - House Scheduled Hearing (cont.) in Taxation: Monday, 1/23, 3:30 PM, Rm 346-S
HB 2044 House Health and Human Services Committee	Establishing the KanCare bridge to a healthy Kansas program and providing medicaid reimbursement for clubhouse rehabilitation services	Vetoed by Governor	03/30/2017 - House Motion to override veto tabled
HB 2064 House Health and Human Services Committee	Establishing the KanCare bridge to a healthy Kansas program	In House Health and Human Services	02/22/2017 - House Motion to withdraw from Committee withdrawn
HB 2119 House Health and Human Services Committee	Establishing non-covered services for dental benefits under health insurance	In House Health and Human Services	01/25/2017 - House Scheduled Hearing in Health and Human Services: Wednesday, 2/1, 1:30 PM, Rm 546-S
HB 2139 House Health and Human Services Committee	Licensure of dental therapists	In House Health and Human Services	02/08/2017 - House Scheduled Hearing in Health and Human Services: Tuesday, 2/14, 1:30 PM, Rm 546-S

