



**KDHA**

**Kansas Legislative Report**

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The 2017 Legislative Session has almost finished the third week of veto session. Continued gridlock over school finance and tax policy has eroded any remaining optimism for a final adjournment by Memorial Day weekend. There is no set schedule for the end of session; it will simply continue until they reach an agreement. This could be by the end of May or carry into June.

On Monday, the House K-12 Budget Committee passed their comprehensive school finance proposal to be debated by the 125-member House of Representatives. This plan, known as HB 2410, is the product of five weeks' worth of deliberations. Before the plan was advanced by the committee, the scheduled appropriation of \$2.25B of new K-12 funding over the next five school years was reduced to \$460M for the first two school years with inflationary increases every year thereafter. The House has not scheduled a debate on this bill but it could come next week.

The Senate School Finance Committee jumped to a running start as it introduced SB 251, which has about 90% of the same content as HB 2410. The Senate committee started hearings to receive stakeholder feedback on the merits of the bill. The committee plans to take action on the bill early next week with the hopes of a Senate floor debate soon after. The Senate's version appropriates less new funding than HB 2410, which critics cite as potentially unsatisfactory to the Kansas Supreme Court. To be fair to the Senate, critics contend the House's version is not satisfactory either.

The school finance plan is tied closely to tax packages in the fact one bill (school finance) will cost the state millions (or billions) in new funding for education while the tax bill is intended to raise revenue to fund school finance and fill the looming budget shortfall for the next two fiscal years. Therefore, the House and Senate are each torn on which bill should come first. Almost everyone agrees adding new funding to the school finance plan is essential to satisfy the courts but no one really knows how much. Time required for the process to finalize everything to be in place before July 1 is running short, adding pressure to legislators.

Tax discussions continue to take place with no real movement. Too many factions want different things, leaving no concept able to obtain a simple majority, let alone produce a plan that could possibly muster a 2/3 majority to override a veto. In a new turn of events, the repeal of dozens of sales tax exemptions is being discussed. This week the House approved a bill with a handful of repeals that raises \$40M. It is unclear what the Senate will do on this. The Senate Majority Leader is leading the charge to add a pay-for tax in the Senate's school finance plan by adding a utilities tax. This has caused utility companies to now weigh in on the school finance bill. Time will tell.

No budget discussions have taken place at all this week. This will most likely be on hold until significant progress is made on tax and school finance bills.

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

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