Bright and Carpenter Consulting, Inc.

LEGISLATIVE UPDATE



Volume 10, Issue 1

JANUARY 2017

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2017 LEGISLATIVE SESSION



The 2017 Legislative Session convenes on Monday, January 9th with swearing in for all legislators at 2 p.m. and committee work beginning as early as 3:30 p.m. The Governor's State of the State address is scheduled for Tuesday evening.

Expectations are that the 2017 Session will be longer than the usual 90-day session, with at least 100 days already approved. In addition, more than

one-third of the legislature is new, including several new committee chairs and new members. With so many new legislators facing some of the most complicated issues in years, there is uncertainty how the major issues of the session, such as budget cuts, tax reforms, school finance formula and Medicaid expansion, will be addressed. What is certain is Leadership's deliberative mix of both conservative and moderate republicans for committee leadership positions encouraging all factions to work together.

Following are a few highlights of the top issues we expect to be discussed during the 2017 Legislative Session:

Budget Issues

While December revenues were up by \$5.6 million, Legislators will still return to an estimated fiscal hole of \$340 million and will need to consider a rescission bill early in the session to address current fiscal year shortfalls. Some had hoped Governor Brownback would make allotments or cuts prior to the session starting, however, it appears lawmakers will instead be asked to play a role in approving politically-painful budget adjustments. In addition, lawmakers must also formulate a 2-year budget where projected revenue shortfalls are close to \$600 million. A combination of funding cuts and tax increases are expected to be discussed to fill the budget hole as well as possible agency fee fund sweeps and liquidating a fund tied to unclaimed property.

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2017 LEGISLATIVE SESSION (CONT.)

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Taxes

Repeal of the non-wage business income exemption is expected. Passed in 2012, the non-wage business income exemption has been a lightning rod issue for the legislature. With an increasingly moderate House and Senate, repeal of this exemption has been discussed as one way to fill the budget hole. However, it is not likely to bring in more than \$100 million per year. A group was formed that is advocating for a complete rollback of all 2012 tax cuts as well as a repeal on sales tax for food and an increase in motor fuel tax. Changes to sales tax exemptions have been discussed the last several years and likely will be discussed again, as well as increases in "sin" taxes.

Medicaid Expansion

With Federal Health Reform, Medicaid expansion was found optional by the U.S. Supreme Court. Kansas did not opt to expand Medicaid. There have been serious discussions on expansion and if it should happen in Kansas.



Education Funding

The 2017 Legislature must rewrite the current Kansas education funding formula. In 2015, a two-year block grant was passed and a new funding formula must be passed this session. In addition, a Kansas Supreme Court decision is expected in the spring that will rule on the adequacy of education funding in the state. We expect that this ruling will result in additional millions of dollars required for K-12 education to be allocated this session.

Transportation

A coalition group led by Economic Lifelines has been formed to advocate for an increase in an 11-cent fuel tax as a source to replenish the \$2.7 billion they feel has been taken unfairly from the current program.

STAR Bond Renewal

The popular economic development tool is set to expire in 2017 and if it will remain a tool for Kansas communities to use, it must be renewed this session. The program has been under scrutiny lately for being misused and lacking oversight. The Legislature adopted additional oversight provisions during the 2016 session and advocates are hopeful the 2017 renewal will be supported.

Work Comp

Last session there was interest by some defense council members to revisit the adoption of the 6th Edition of the AMA Guidelines and return to the 4th Edition, however, business groups were not supportive of the legislation. It is expected a bill to revisit this change, and others passed during the 2011 session, will be introduced in 2017. Exactly what changes will be sought have yet to be disclosed.

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2017 LEGISLATIVE SESSION (CONT.)

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Entertainment Districts

It is expected that last year's advocacy efforts to allow for the establishment of entertainment districts will continue. Similar to Colorado's common consumption area model, communities throughout Kansas are interested in amending the Kansas Liquor Control Act to allow a city or county to establish a district where alcoholic liquor may be consumed on public streets, alleys, roads, sidewalks, highways, parks and other open public lands located within the designated district. Proponents argue this would allow sale and consumption of alcohol in an open area from various vendors while opponents raise concern on how to patrol the activity and assure public safety.

Rainy Day Fund



Last session, lawmakers passed legislation that made Kansas the 47th state to authorize the creation of a Rainy Day Savings account fund. Despite Kansas budget statutes requiring a 7.5% ending balance, lawmakers have routinely overridden this requirement leaving nothing to tap into in down economic times. This

session lawmakers will be challenged with determining parameters of both funding the savings account as well as the triggers for when it can be used.

KanCare



The RFP for new KanCare managed care organizations (MCOs) has been delayed one year. The election of Donald Trump and potential changes at the federal level

have opened up new options for the programs at the state level. State officials want to examine all of these options before locking in another 5-year contract. The KanCare waiting list still continues and will be an issue the legislature examines during the 2017 Session.

2017 KS Senate Standing Legislative Committees & Chairs

Agriculture & Natural Resources Committee Sen. Dan Kerschen (R-Garden Plain)

Assessment and Taxation Committee

Sen. Caryn Tyson (R-Parker)

Commerce Committee

Sen. Julia Lynn (R-Olathe)

Education Committee

Sen. Molly Baumgardner (R-Louisburg)

Ethics, Elections & Local Govt. Committee

Sen. Elaine Bowers (R-Concordia)

Federal & State Affairs Committee

Sen. Jacob LaTurner (R-Pittsburg)

Financial Institutions & Insurance Committee

Sen. Jeff Longbine (R-Emporia)

Judiciary Committee

Sen. Rick Wilborn (R-McPherson)

Public Health and Welfare Committee

Sen. Vicki Schmidt (R-Topeka)

Transportation Committee

Sen. Mike Petersen (R-Wichita)

Utilities Committee

Sen. Rob Olson (R-Olathe)

Ways and Means Committee

Sen. Carolyn McGinn (R-Sedgwick)

For a full listing of all Kansas Senate committee members, go to www.kslegislature.com.

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WILLIAMS NAMED KANSAS REVENUE SECRETARY



From The Wichita Eagle

Wichita businessman Sam Williams will be the next secretary of the Kansas Department of Revenue, pending confirmation from the Senate. Williams will replace Nick Jordan, who will now lead the Governor's Economic Advisory Council.

Williams, 65, is a retired chief financial officer with Sullivan, Higdon and Sink, a Wichita advertising firm. He is a past chairman of the Wichita Area Metro Chamber of Commerce and the Wichita Downtown Development Corporation. After retiring in 2014, Williams ran unsuccessfully for Wichita mayor last year. Williams also chaired a state K-12 Student Performance and Efficiency Commission in 2014.

As revenue secretary, Williams will preside over a department responsible for the collection of taxes. The department also oversees Alcoholic Beverage Control and the Division of Motor Vehicles.

Williams was appointed by Brownback to chair a task force that recommended in October that the state no longer make monthly revenue estimates.

CONGRESSMAN MIKE POMPEO REPLACEMENT



With the Senate Select Committee on Intelligence's confirmation hearing for CIA director-designate Rep. Mike Pompeo (R-Kan.) on January 11, the timeline for appointing his replacement looms.

The process for Pompeo's replacement will take place through a special election, one which hasn't happened since 1996 when Sen. Bob Dole's seat needed to be filled, and only since 1950 prior to that.

Once Pompeo resigns, Gov. Brownback will have five days from the day of the vacancy to set the date for the special election, an election date which must be set within 45 to 60

days from the vacancy. This will be the only race on the ballot as there are currently no statewide elections planned in 2017.

Because Pompeo represents the 4th Congressional District, only the registered voters of the 4th district will be eligible to participate in the election. Each recognized state party may select one candidate for inclusion on the ballot in a manner of their choosing.

Each county in the 4th district will have two days to certify votes following the election, followed by state certification two days later. The winner assumes office immediately.

There is speculation that Kansas could lose additional political leaders to the Trump administration including Secretary of State Kris Kobach and Governor Brownback. With Trump's inauguration occurring on January 20th, additional resignations may be coming. If the Governor does leave, Lt. Governor Jeff Colyer would be in line to take his position. If Secretary Kobach leaves, the sitting Governor would name his replacement.

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KANSAS SENATE LEGISLATIVE LEADERSHIP



Susan Wagle
President of the Senate

Chief of Staff: Harrison Hems Communications Director: Morgan Said **Anthony Hensley** Senate Minority Leader

Chief of Staff: Will Lawrence



Jeff Longbine
Vice President of the Senate

Chief of Staff: Laine Raitinger

Laura Kelly Senate Assistant Minority Leader





Jim Denning Senate Majority Leader

Chief of Staff: Katrina Abraham Dir. Of Policy & Comm: Travis Grauerholz Legislative Aide: Jim Joice Oletha Faust-Goudeau Senate Minority Whip





Vicki Schmidt Senate Assistant Majority Leader

Marci Francisco Senate Minority Agenda Chair





Elaine Bowers Senate Majority Whip

Tom Hawk Senate Minority Caucus Chair



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KANSAS HOUSE LEGISLATIVE LEADERSHIP



Ron Ryckman
Speaker of the House





Chief of Staff: Page Resner Communications Director: Ryan Lefler Legislative Director: Melinda Gaul



Scott Schwab
Speaker Pro Tem

Stan Frownfelter House Assistant Minority Leader



Chief of Staff: Catherine Gunsalus



Don Hineman House Majority Leader

Ed Trimmer House Minority Whip



Tom PhillipsHouse Assistant Majority Leader

Brandon WhippleHouse Minority Agenda Chair



Kent ThompsonHouse Majority Whip

Barbara Ballard House Minority Caucus Chair



Susan Concannon
House Majority Caucus Chair

Adam Lusker House Minority Policy Chair



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KANSAS LEGISLATURE 101



The Kansas Legislature convenes on the second Monday of each year and typically remains in session until May. Legislators will be asked to consider a

number of bills impacting Kansas and their own communities. Because of this localized impact, legislators are most influenced by the opinions of their constituents back home.

The most effective legislative communications come from local residents whom the legislator knows personally and to whom legislators are locally accountable. While the final votes are cast in the capitol building, some of the most effective lobbying is done at or from back home.

Following are some tips to help you prepare your legislators on issues pertinent to you as they head back to Topeka for the 2017 Legislative Session:

Get Personally Acquainted

As a Kansas constituent, you should become personally acquainted with your region's state senators and representatives who represent you at home as well as at work. Take a sincere interest in them and get to know their political philosophies. If you contact legislators only when you want their support on a legislative matter, it may be too late. It is better to be in touch with them throughout their term of office, thereby creating an ongoing, working relationship.

Touch Base with Them

Surprisingly, few people ever contact their legislators. This reluctance usually results from the belief that legislators have no time or inclination to answer their phones or read their mail, as well as the belief that a single contact will not make an impact. Yet, in most cases, these views are wrong. Thoughtful and persuasive contacts often change a legislator's mind and bring about a review of his or her positions.

Talking to your legislators when they are home will make them more likely to listen and respond positively in a local environment. Legislators need to be directly exposed to the people they represent and that includes you, a local businessperson. Furthermore,

2017 KS House Standing Legislative Committees & Chairs

Agriculture & Natural Resources Committee Rep. Don Schroeder (R-Hesston)

Agriculture Committee

Rep. Kyle Hoffman (R-Coldwater)

Appropriations Committee

Rep. Troy Waymaster (R-Luray)

Children and Seniors Committee

Rep. Stephen Alford (R-Ulysses)

Commerce, Labor & Economic Dev. Cmte. Rep. Les Mason (R-McPherson)

Corrections & Juvenile Justice Committee

Rep. Russ Jennings (R-Lakin)

Education Committee

Rep. Clay Aurand (R-Belleville)

Elections Committee

Rep. Keith Esau (R-Olathe)

Energy, Utilities & Telecom Committee

Rep. Joe Seiwert (R-Pretty Prairie)

Federal and State Affairs Committee

Rep. John Barker (R-Abilene)

Financial Institutions & Pensions Committee

Rep. Jim Kelly (R-Independence)

General Government Budget Committee

Rep. Bill Sutton (R-Gardner)

Government, Technology & Security Cmte.

Rep. Pete DeGraaf (R-Mulvane)

Health & Human Services Committee

Rep. Dan Hawkins (R-Wichita)

Higher Education Budget Committee

Rep. Kevin Jones (R-Wellsville)

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KS REPUBLICAN SENATORIAL COMMITTEE PLAN



The Kansas Republican Senatorial Committee has developed a "plan for a better Kansas." The BETTER

Kansas plan is designed to radically change Kansas state government by returning to fiscally-responsible policies that have traditionally guided Kansas, refocusing on bringing new jobs and economic growth to the state, giving more power to Kansans, and creating more transparency and accountability for our elected officials. The "BETTER" acronym represents the following:

- B: Balance the Budget
- E: Educate the Next Generation
- T: Treat Taxpayers Fairly
- T: Transparency in Government
- E: Economic Growth and Jobs
- R: Rein in Federal Regulations

For more information and to view a detailed description of each of the items listed, visit http://betterkansasplan.com/better/#1475546092368-dd0c14b8-492f.

LEGISLATIVE LIVE AUDIO



The Kansas House and Senate have been broadcasting live over the internet for the past several years' sessions. Beginning next week, audio from 3 of the 13 Statehouse rooms used for committee hearings will go

live as well. The remaining 10 committee hearing rooms will be added in phases, with total completion of live audio prior to the conclusion of the 2017 session. Video streaming has been deemed too costly according to state officials.

Kansans advocating for open government have been pushing for the streaming audio for quite some time and got their wish when a mandate was included in the final budget bill of the 2016 session that lawmakers passed.

The first committee rooms to offer the live audio house the House Appropriations, Education and Judiciary committees on the first floor; the Senate Commerce, Assessment and Taxation, Ways and Means, and Utilities committees on the fifth floor; and the House Taxation, Energy and Environment, Utilities and Telecommunications, and Transportation committees on the fifth floor.

2017 KS House Standing Legislative Committees & Chairs (cont.)

Insurance Committee

Rep. Jene Vickrey (R-Louisburg)

Judiciary Committee

Rep. Blaine Finch (R-Ottawa)

K-12 Education Budget Committee

Rep. Larry Campbell (R-Olathe)

Local Government Committee

Rep. Kristey Williams (R-Augusta)

Social Services Budget Committee

Rep. Brenda Landwehr (R-Wichita)

Taxation Committee

Rep. Steven Johnson (R-Assaria)

Transportation Committee

Rep. Richard Proehl (R-Parsons)

Transportation & Public Safety Budget Cmte.

Rep. J.R. Claeys (R-Salina)

Veterans and Military Committee

Rep. Les Osterman (R-Wichita)

Water and Environment Committee

Rep. Tom Sloan (R-Lawrence)

For a full listing of all Kansas House committee members, go to www.kslegislature.com.

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KANSAS LEGISLATURE 101 (CONT.)

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they need to know what you think about the issues facing your community and the state, and how pending legislation will affect your operation.

Evaluate the Issues

Just because a bill is introduced in the legislature is no guarantee that it will become law. The majority will not. A bad bill will usually die of its own inertia, and it may be unwise to attract too much attention to it. Give priority in your lobbying efforts to those issues that are most important to you and your business. Limit the number of bills you contact a legislator about, but do not be afraid to reach out when the business community's viewpoint needs to be expressed.

Recognize Legislators' Problems

Your legislators represent all of the constituents in your area—rural and urban, rich and poor, liberal and conservative, business and labor. Their duty is to represent all of the people to the best of their ability. Legislators are often caught in crossfire between conflicting interests and opinions. Sometimes, their votes may be contrary to your opinion as a businessperson. Present your position logically and base it on facts. Emotional appeals do not influence a vote. There may be times when you think your legislators are on the wrong track, but they may have facts that are not available to you. Try to understand their obstacles, outlook and objectives.

Show Your Appreciation

When your legislators do a good job on a piece of legislation, tell them about it or consider writing an editorial to praise their efforts. Do not take their actions for granted and let them know you are appreciative of their efforts.

2017 Legislative Deadlines

January 9–2017 Kansas Legislative Session begins

January 10, 5pm—Gov. Sam Brownback State of the State Address Livestream: governor.ks.gov

January 29—Kansas Day

February 8—Last day for individuals to introduce bills in originating chamber

February 23—Turnaround Day: Last day to consider bills in House of origin, except for exempt committees

March 24—Last day to consider bills not in House of origin, except for exempt committees

April 7—Drop Dead Day & First Adjournment: No bills considered after this date except bills vetoed by Governor, omnibus appropriations act and omnibus reconciliations spending limit bill

May 1-Veto Session begins

KANSAS LEGISLATOR BRIEFING BOOK

Kansas Legislators are called upon to make decisions on many issues that come before the Legislature. In addition, members of the Legislature are frequently asked by constituent groups to discuss public policy issues in a community forum in their districts. The purpose of the Kansas Legislator Briefing Book is to assist members in making informed policy decisions and to provide information in a condensed form that is usable for discussions with constituents—whether in their offices in Topeka or in their districts.

The Kansas Legislator Briefing Book contains several reports on new topics plus reports from the prior version. Most of the reports from the prior version have been updated with new information.

You may access the 2017 Kansas Legislator Briefing Book here.



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