

KASEA Legislative Update February 17, 2017

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Legislature Passes Comprehensive Income Tax Bill

The House and the Senate have passed a comprehensive income tax bill, [HB 2178](#), which is anticipated to raise \$590 million in FY2018. The question now: "Will the governor veto it?" The governor has long threatened to veto any legislation that rolls back his signature 2012 tax cuts, most especially the non-wage pass through income.

Key to this bill is that it would make the tax changes effective in the current tax year, retroactive to January 1, 2017. In addition to repealing the non-wage business income exemption, individual income tax rates would be increased utilizing a three-bracket tier (married filing jointly):

- Up to \$30,000 – rate remains at 2.70%
- \$30,001-\$100,000 – rate increases from 4.60% to 5.25%
- More than \$100,000 – rate increases from 4.6% to 5.45%

Prior to the 2012 tax cut legislation there were four brackets with tax rates ranging from 3.5% up to 6.45%. The Department of Revenue estimates the state general fund receipts to be increased by the following amounts:

- FY2018 - \$590.2 million
- FY2019 - \$453.8 million
- FY2020 - \$458.6 million
- FY2021 - \$463.4 million
- FY2022 - \$468.2 million

HB 2178 passed the House by a nearly veto-proof margin of [76-48](#) (83 votes to override veto), but passed the Senate by just [22-18](#) (27 needed for override).

The governor has three choices of what to do with the bill: sign it into law; veto it; or allow it to become law, after 10 days of receipt, without his signature. While some had recently speculated he may just not sign it, the closer Senate vote makes it more likely he will carry through on his threat to veto.

House Passes Budget Bill

The House also passed this week two companion bills addressing the FY2017 budget shortfall. [HB 2161](#) allows the state to transfer \$362 million from its idle funds to shore up the current year's shortfall of about \$325 million. It passed the House, [98-25](#), and heads now to the Senate.

Along with it, the House passed its current year rescission bill, [HB 2052](#), that makes some adjustments, but makes no further cuts to K-12 education. It easily passed by a vote of [87-36](#) and also moves on to the Senate.

The Senate has struggled to put together its own FY2017 rescission budget package. Last week, just before the Senate was scheduled to debate a budget rescission bill that included a 5% cut to K-12 education, it became clear they didn't have votes to pass it and they have not had serious discussions on it since.

As with the tax legislation, the Senate may once again find itself taking the House's lead.

Turnaround Week

Next Friday marks what is commonly referred to as "turnaround," the mid-point of the regular legislative session. All bills, except those from exempt committees, must pass their House of origin by Friday or be lost.

Exempt committees include: House Appropriations; House Federal and State Affairs; House Taxation; Senate Ways and Means; and Senate Federal and State Affairs. This week saw a number of bills being "blessed" – a procedure whereby a bill in a non-exempt committee is referred to an exempt committee, then re-referred back, so the bill may be kept alive for further action after turnaround.

Nearly every bill that's received a hearing in the House Education Budget Committee went through this process, primarily to allow the committee adequate time to consider one or multiple school finance proposals they plan to send to the full chamber for further consideration.

House Hears School Finance Bills

The House began hearing school finance bills this past week. Chairman Larry Campbell, Olathe, has promised to hear all school finance bills introduced by his committee.

On Wednesday, [HB 2270](#), sponsored by Rep. Melissa Rooker, R-Fairway, and Sen. Laura Kelly, D-Topeka, had a public hearing. A number of school districts and education advocates, as well as the Kansas Policy Institute, appeared on the bill.

The bill pulls back some features of the old school finance formula, including most of the special weightings added to the base. HB 2270 increases foundational state aid per pupil (FSAPP) significantly over four years, has a CPI inflationary index, and funds all-day kindergarten.

FSAPP increases to \$4,253 in year one; \$4,467 in year two; \$4,681 in year three; and \$4,895 in year four. The bill provides for LOB capped at the current 33% and would calculate LOB based on a \$4,490 base, until foundational aid funding surpasses that amount.

Information on other pending school finance bills will be provided following turnaround.

Informational Meetings in Senate

The Senate Education Committee, chaired by Sen. Molly Baumgardner, Louisburg, is continuing with topical informational meetings. This past week they heard from KSDE's Dale Dennis on at-risk funding and the free and reduced lunch proxy for determining that funding. Olathe superintendent Pat All was asked to speak on the topic, with former State Board member Walt Chappell also adding comments.

On Monday, the topic will be special education. In addition to KSDE, a number of special education service directors from across the state will be presenting to the committee: Kathy Kersenbrock-Ostmeyer, NW Kansas Education Service Center; Bert Moore, Chautauqua and Elk County Special Education Services; and Mike Lowers, Central Kansas Cooperative in Education.

There has been discussion among individual legislators about how special education is funded. Specifically, legislators are interested in whether special education funding should be calculated based on students in lieu of how it is currently calculated. While there has been no specific

legislation introduced related to special education funding, this discussion will likely continue as a new school finance plan is developed.

House Health Committee Holds Hearing on Teletherapy

On Thursday, the House Health and Human Services Committee held a hearing on [HB 2206](#), a bill related to telemedicine. The bill was introduced by Rep. Jim Kelly (R-Independence). KASEA is particularly interested in provisions that would allow for Medicaid reimbursement of school-based and infant toddler network services provided via teletherapy instead of in-person.

Terry Collins, Doniphan County Special Education Cooperative, appeared on behalf of KASEA and offered testimony in support of the bill. Julie Bruington, Tri-County Interlocal and Stacie Clarkson, Greenbush also appeared as proponents.

Special education administrators spoke to the shortage of licensed personnel to work with students, especially in the areas of occupational and speech language pathology. They also spoke to the challenge of providing services to students in rural areas. Reimbursing for teletherapy would increase access to services and reduce costs for service delivery.

Although there were no questions directed to special education administrators, committee members had concerns with some of the other provisions of the bill. The chairman suggested referring this issue to an interim committee for further discussion.

Bill Tracking Report

We have prepared a bill tracking report that includes budget, tax and education bills that may be of interest to KASEA members. Click [here](#) to access that report. If you have additional questions about a specific bill, please feel free to contact us.

Committee Schedule for the Week of February 20, 2017

Next week, committees will only meet on Monday, February 20. This is a list of meetings that may be interest to KASEA members.

Monday, February 20

9:00 a.m., H-Appropriations, 112-N*

Presentation:

- K-12 Education Budget Committee Report for KSDE – Rep. Campbell

1:30 p.m., H-Education, 546-S

Possible action on bills previously heard, including HB2159, relating to teacher due process

1:30 p.m., H-K-12 Education Budget, 346-S*

Hearing:

- [HB 2347](#), Creating the school district finance and success act

1:30 p.m., S-Education, 144-S*

Hearing on K-12 Special Education:

- State and Federal Laws, Mark Ward and Laura Jergensen, KSDE
- Review of Distribution of Special Education State Aid, Dale Dennis, KSDE
- Kathy Kersenbrock-Ostmeyer, NW Kansas Educational Service Center, Oakley
- Bert Moore, Director, Chautauqua and Elk County Special Education Services, Howard
- Mike Lowers, Director, Central Kansas Cooperative in Education, Salina

*Live-streaming audio available. To access these committee online, click here http://www.kslegislature.org/li/b2017_18/committees/, select the committee you want to listen to and click on the link for "audio stream."