

Overview

Since the Legislature's ceremonial adjournment on May 29th, things have been a bit quieter in the capital city. Here are a few highlights in Kansas policy and budget issues over the last month. July began with the Legislative leadership group setting out the path for the coming interim period that will include several legislative hearings and activities. We'll update on some key issues and point out what is coming next.

Gubernatorial and state-level activities.

- **Revenue Collections:** The State concluded the 2019 Fiscal Year on June 30 with \$191 million over the projected revenue collection estimates. State tax collections increased \$447 million over the amount collected in the previous fiscal year. The significant revenue increases, a continuation of the tax policy changes made during the 2016 legislative session, will certainly spark efforts to explore tax reductions similar to the two bills decoupling from federal tax changes that were vetoed during the 2019 session. The revenue increases expand the State's ability to address some long-standing issues that require funding, including child welfare, social services, highways, prisons, and other areas that received additional funding in 2019.
- **Governor's Tax Council:** After the Governor vetoed the second, less-costly tax bill, which the Legislature failed to override at Sine Die in late May, she announced the formation of a Council on Tax Reform, which is expected to meet during the interim to study and propose possible change to Kansas tax policy. The Governor's Council does not require legislative approval discussed below.

Governor cabinet changes:

- Governor Kelly appointed DeAngela Burns-Wallace as Secretary of Administration. Burns-Wallace serves as Vice Provost for Undergraduate Studies at the University of Kansas.
- Jeff Zmuda is the new Secretary for the Department of Corrections. Zmuda currently serves as the deputy director of Idaho's Corrections Department. There have been some grumblings in the Senate about concerns to confirm Zmuda come January, because of concerns over his transparency in a lawsuit regarding drugs used in a number of lethal injections in Idaho.

The courts, judicial and quasi-judicial legal activities.

- **School Finance:** The State Supreme Court issued its final decision in the Gannon case in June, ruling that the 2019 Legislature's plan to fund schools to cover the cost of inflation is adequate. The Court also retained their jurisdiction to oversee that the Legislature makes good on its promise to fulfill adequate funding over the next three years. It is safe to say the majority of Kansans are relieved to finally see the school funding issue resolved, even as some legislators continue to object to the cost. Perhaps the Legislature will not have to address school finance for some time and nothing is scheduled for the interim period.

- Noneconomic Damages: The State Supreme Court also struck down the law that places a cap on noneconomic damages in personal injury lawsuits. While the majority of the Justices agreed that having a cap defies the basic right to a trial by jury, others believe the Court overreached and that the decision will negatively impact employers, healthcare providers, and others. We expect these issues to receive legislative attention from an interim judiciary committee and next session when business organizations will seek a remedy to limit their liability.
- Tobacco 21 ruling: On June 28th the state Supreme Court upheld a Topeka city ordinance that prevents the sale of tobacco products to individuals under 21. Other cities with similar ordinances include Overland Park, Kansas City, Olathe, Lenexa, Leavenworth, Prairie Village, Iola, Garden City, Parsons, and Holcomb. In a manner similar to the statewide smoking ban, local governments appear to be leading a policy shift toward increasing the legal age to tobacco sales at the state level. We anticipate activity during the 2020 legislative session.
- Commercial Property Valuation: The Court of Tax Appeal in late June released a decision based on a commercial property tax appeal in Johnson County that has the potential to significantly shift local property taxes. The Court of Tax Appeals decision on the side of big box commercial properties against appraisals from the Johnson County appraiser will reduce local government revenue in the County, to cities, and local government. The implications of the decision, if upheld on appeal, have an impact on commercial property valuation statewide. The decision could reduce commercial valuations statewide and either compels local government (including schools) spending reductions or increase residential property tax rates on homeowners to make up lost commercial property revenue. This will be an issue during the 2020 legislative session.
 - <https://www.kansascity.com/news/politics-government/article232077372.html>
- Statehouse Protests: The issue of what qualifies as acceptable displays of protest on State Capitol grounds remains unresolved, despite a full day of testimony in U.S. District Court by both the state and the ACLU, representing the students who unfurled Medicaid Expansion banners in the Capitol rotunda in late March. Both sides were told to hash out their disagreements and report back to the Court by mid-July.

Interim legislative activities.

There will be a significant amount of health care related activities before the 2020 legislative session begins. The Legislative Coordinating Council met July 1st to announce interim committees that will meet through the summer and fall, reviewing policy issues, previous and future legislation, and laying the groundwork for the path of the 2020 session and beyond. The Legislative Coordinating Council is comprised of the majority and minority leadership in the House and Senate and acts on behalf of the Legislature when they are not in session. A full memo listing all interim activities is attached and available at this link:

<http://www.kslegresearch.org/KLRD-web/Committees/2019InterimDocs/Approved-2019-interim-documents.pdf>. In particular, we are interested in the following interim activities:

Healthcare Interim Activities before the 2020 Session:

Among the list of activities includes the following including the number of days provided for meetings.

- Senate Select Committee on Healthcare Access (2 days).
 - Thirteen-member Senate only committee Senate leadership created to address 2018 session passage of Medicaid expansion in the House.
- Joint Committee on Medicaid Expansion (2 days).
 - House-requested joint House and Senate committee that will receive and review the Senate Select Committee recommendations.
- KanCare Oversight (4 days)
 - Standing joint House and Senate Committee tasked with monitoring KanCare.
 - Will review Medicaid in general and will likely also receive and evaluate the recommendations of the other two Medicaid expansion committees.
- Special Committee on Financial Institutions and Insurance. (3 days).
 - Two topics related to insurance issues: Identify policies and approaches that have failed to address the high costs of healthcare benefits; and identify measures that could be expected to lead to more affordable and accessible healthcare benefits.
 - Issues such as Medicaid expansion; Farm Bureau non-health insurance; and parity issues may be included in discussions.
- Legislative Budget (7 days).
 - Will review Medicaid expansion and financial-related issues.
 - Will review implementation of the Family First Preservation Services Act and receive an update on the progress on filling the new approved social worker positions, and review the plan for expenditures from the evidence-based initiative account (2017 SB 367) in coordination with the Department of Corrections and other agencies.
- Joint Committee for Federal & State Affairs. (2 days).
 - Implications of the legalization and regulation of medical marijuana, as well as:
 - State Supreme Court abortion decision.
 - Committee to be made up of 11 members.
- Mental Health Bus Tour (3 days).
 - Some members of House Appropriations and Senate Ways and Means committees will participate in some tour of some unspecified mental health services.

Upcoming activities

Keep an eye on our reports for additional monthly updates and information regarding upcoming interim committee meetings we are monitoring. Please do not hesitate to contact us with questions.

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