

Kansas Government Finance Officers Association Legislative Update

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Introduction

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- **My assessment of recent legislative and political action and not the official position of any of the firm clients.**
- **Six years Senior Fiscal Analyst Kansas Legislative Research Department.**
- **Advocacy and government relations firm since 2001.**
- **Expertise includes local government, education, health care, and public safety.**

Overview

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- **Culmination of 2010, 2012.**
- **2016 elections and impacts.**
- **2017 session challenges.**
- **2017 local government.**
- **2018 session challenges.**
- **2018 Elections.**
- **Conclusions.**

Culmination of 2010-2016 political changes and impact on local government.

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- **Period of significant changes in Kansas legislature, and governor's office, tax policy.**
 - Gubernatorial election and 2010 election, 2012 and 2014 tax policy changes; 2012 failure to redistrict—several of the most transformative events in Kansas history.
- **Generally speaking, newly powerful were skeptical or ignorant of local government and public education, emphasized transforming state tax policy, and imposition of state authority over local decision making.**
- **Heightened political recalcitrance seen in variety of initiatives (much success):**
 - Local control—tax lid, elections.
 - Tax policy—march to zero.
 - Education policy—block grants and defiance toward the courts.
 - Weapons.
- **Diminished after 2016 elections? Why?**

2016 underlying issues

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- Manifest failure of state tax policy as philosophical and budget issue.
- Education funding failure.
 - Block grant and Supreme Court looming.
- Image and reality of Kansas politics negative locally and nationally.
- Social media accelerates distribution of information, details, and attacks creating a very different environment. Reached maturity in 2016.
- Governor unpopular; national political instability and polarization.

2016 Elections and Impacts

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- Discussion of election outcome is descriptive, not support of opposition of any candidate or party.
- The fearful depart early: House had 26 open seats; Senate had 8 open seats.
- Primary elections in August: House defeated 8 conservative incumbents and Democrats picked up 12 seats; Senate Democrats pick up 1 seat.
- **After General Election:**
 - House moves from 97 (R)/28 (D) to 85 (R) and 40 (D).
 - Senate moves from 32 (R)/8 (D) to 31 (R)/9 (D). Actual impact is larger due to conservative turnover. Split is approximately 8 (conservative R) and 23 (less conservative R).

2017 Session

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- **Policy Complexity**
 - More moderate, but not sweeping, peripheral change, no super-majority in either chamber, absence of strong core will diminished. No veto proof majority. Resolution was hard and awkward sometimes, within the House and between House and Senate.
 - Governor powerbase is reduced, to say the least.
- **Leadership.**
 - Senate Susan Wagle (R) cast her power with moderates. I
 - Ron Ryckman Speaker, but other leadership more moderate. Support for leadership is flexible.
- **Committees—with 35 percent new membership.**
 - Nine of fifteen Senate committee chairs new.
 - Seven of nineteen House committee chairs new.
 - For most committees every committee the policy and atmosphere was different.

Key issues for 2017

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- **School funding formula.**
 - Consumed time and energy; divisive but eventually passed with Governor support. Most Democrats did not support. They wanted more money.
- **Tax policy.**
 - Almost fixed in February but Senate failed, finally fixed in May and passed over Governor's veto, On. The. Same. Day.
 - End march to 0; 2 back to 3 tiers; retroactive; fixed until FY 19.
 - Sets corrective path without budget cuts.
- **Medicaid expansion.**
 - Growing role as “rural access to healthcare;” local governments keeping alive. Passed and veto override failed by two votes in House.

Key issues for 2017 and impact on local governments

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- **Tax lid modification or repeal did not happen.**
 - Move election to protest petition—still in committee.
 - Add additional exemptions, some modeled after previous tax lid—still in committee.
- **Weapons.** Discussion of reversal but only resolution was for hospitals, mental health, and others with specific exemption expiring. Colleges and local government omitted.
- **Civil forfeiture bills to Judicial Council.**
- **XXXXXX Other issue??**

2017 session legislative summary

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- http://www.kslegresearch.org/KLRD-web/Publications/SummaryofLegislation/2017_summary_of_legislation.pdf

2017 Issues likely to continue into 2018

- **State revenue.** The new tax policy took effect on July 1, 2017, small business repeal retroactive. However, if there are revenue shortfalls, additional school funding necessary, or further economic instability, there could be additional discussion of revenue and tax policy.
- **The KanCare renewal process is proceeding** and a new request for proposal will be released later this fall with contracts awarded next year and implemented on January 1, 2019. There is likely to be some legislative interest in the KanCare renewal process and tied to Medicaid expansion.
- **School finance.** The Kansas Supreme Court has declared the formula unconstitutional. The plaintiffs expect to the Legislature to approve additional funding as high as \$500 million more than was added in 2017. The Legislature may have to raise taxes if they intend to add more funding for schools.

2018 Legislature

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- The session should be quicker than usual with fewer legislators interested in taking additional risks—I wrote before October 2. They fixed schools (they thought), raised taxes, and reversed overall income policy, and passed a two-year budget in 2017. Most folks want to conclude the session and get out for the highly charged campaign season. There will be some effort to try and force votes for campaign purposes, but many feel there is a sufficient voting record after the 2017 session.
- The great timing problem of 2018
 - March 30 first adjournment. Need a school finance bill and funding.
 - April 16 revenue collections. Small business revenue unknown.
 - April 30 Gannon briefs due. May 22 oral arguments. State must convince court they are adequate.
 - April 25 or May 2 wrap up session begins.
- Impact on Governor's race, Colyer in particular?
- Impact on all House members if second round of taxes, or total failure to respond to the Court?
- Will 2016 changes be reversed? Is energy of post-Trump v. Clinton empowerment and activism still present?

2018 Campaigns

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- All Kansas House of Representatives are up for reelection and many legislatures will face their first reelection campaign after defeating conservatives in 2016.
- Only one Senate race will occur due to the resignation.
- Governor's office: These are announced, interested, or likely candidates:
 - Democrats: Carl Brewer (former Wichita Mayor), Josh Svaty (former Secretary of Agriculture), Arden Anderson (Olathe teacher), a 16 year-old kid, and Jim Ward (Wichita Legislature).
 - Republicans: Kris Koback (Secretary of State), Jeff Colyer (Lt. Governor), Ken Selzer (Insurance Commissioner), Jim Barnett (Topeka physician and former Senator), Wink Hartman (Wichita businessman), Ed O'Malley (Kansas Leadership Center), and two kids.
 - Greg Orman, Independent businessman who challenged Senator Pat Roberts in 2014.

Conclusions

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- More slow change around the edges, confidence and aggressive majority gone, no more unbridled legislative freedom.
- Revenue and budget institutionalizes the financial crisis as the normal now so everyone can use it for political gain (just like the federal government). Even with 2017 tax plan uncertainty continues.
- State government is weak, understaffed and underfunded. Not uncommon during last year of two-term administration but may be worse. Who can rebuild and retool?
- Tenuous leadership, inexperienced members but occasionally very strong coalitions confront with hardest issues.
- Potential for reversal of 2016 changes. Does Trump/Clinton anger and energy make up for registration disparities?

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