

Kansas Government Finance Officers Association Legislative Update

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STUART J. LITTLE, PhD
LITTLE GOVERNMENT RELATIONS LLC
stuartjlittle@mac.com

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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 session.
- 2016 underlying issues.
- 2016 elections and impacts.
- 2017 leadership and committees.
- 2017 session challenges.
- 2017 local government.
- Conclusions.

Culmination of 2010-2014 political changes and impact on local government.

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- **Period of significant changes in composition of Kansas legislature and governor's office.**
 - Gubernatorial election and 2010 election,
 - 2012 tax policy changes; increase of outside activism; targeting moderate Republicans.
 - 2012 failure to redistrict—One of the most transformative events in Kansas history.
- **Transition of political and public policy power to new players and groups.**
- **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 policy.
 - Education policy.
 - Weapons.

2016 Session

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- The end is near.
- Acceleration of local government tax lid (Sub HB 2088).
- Local government weapons restrictions prohibited (HB 2502).
- Telecommunication right of way (Sub for HB 2131).
- Prohibit local regulation of property purchase prices; prohibit rental inspections; food labeling restrictions (SB 366)
- Prohibit ordinances regulating campaign workers (HB 2558).
- Body and dash camera data (Sub for SB22).
- Small municipal accounting (SB 247).
- Sewer districts competitive bid increased to \$2,500 (HB 2164).
- Insurance claims (HB 2446).
- A special session required and even more budgeting failures.

2016 session cont.

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- <http://www.kansascounties.org/394/KAC-Summary-of-2016-Legislation>
- http://www.lkm.org/page/Legislative_Tracking
- [http://c.ymcdn.com/sites/www.lkm.org/resource/re-smgr/Files/Legislative_Testimony/2016/Legislative_Tracking_\(2016\).pdf](http://c.ymcdn.com/sites/www.lkm.org/resource/re-smgr/Files/Legislative_Testimony/2016/Legislative_Tracking_(2016).pdf)
- http://www.kslegresearch.org/KLRD-web/Publications/SummaryofLegislation/2016_summary_of_legislation.pdf

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 politics.
- Now let's have an election!

2016 Elections and Impacts

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- Discussion of election outcome is descriptive, not support of opposition of any candidate or party.
- Many changes as a result of primary elections in August.
- Complex new dynamic due to defeat for numerous key incumbents and likely more change in general election.
- Following general election and impact of Trump v. Clinton on turnout, main impacts:
- **House**
 - House changes: 26 open seats, eight incumbents defeated (most conservative Rs).
 - Likely general election changes.
 - Possible 97 (R) 28 (D) split could be as high as 87 (R) 38 (D) or higher.
 - Moderate/Conservative Republican split could be about even in mid-40s.
- **Senate**
 - Senate had eight not seeking reelection and six defeated (all conservative Rs).
 - Possible Democrat pick up as high as four from current eight to twelve.
 - Moderate/Conservative Republican split could be 14/14.

2016 Elections and Impacts Cont.

- **Policy Complexity**

- More moderate, but not sweeping, will begin peripheral change, no super-majority in either chamber, absence of strong core will diminish and minimize continuation of recent policies. No veto proof majority. Resolution will be hard.
- No change in the Office of the Governor other than his powerbase is reduced

- **Organizational Changes**

- Everything depends on November 8 and December 5.
- Senate and House leadership changes; committee chairs, committee assignments

2017 leadership and committees

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- **Leadership.**
 - Both chambers will have leadership with less strong support, closer numbers between all factions
 - Susan Wagle versus anyone in Senate?
 - Ron Ryckman versus Russ Jennings versus Jene Vickrey in House
- **Committees—with 30 percent +/- new membership.**
 - Nine of fifteen Senate committee chairs new.
 - Seven of nineteen House committee chairs new.
 - Democratic percentage increase with increase.
 - Senate Ways and Means (4 of 9 gone, all Rs)/Appropriations (9 of 23 gone, all Rs)
 - Taxation Senate (4 of 9 gone, all Rs) House Tax (6 of 23 gone, all Rs)
 - Federal and State Affairs Senate (3 of 9 gone, all Rs) House (4 of 23 gone)
 - Local Government Senate (5 of 9 gone, all Rs) House (3 of 13 gone)

Key issues for 2017 and impact on local governments

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- **Big battles, all will likely be solved together at the bitter end. They are all linked to revenue timeline.**
- **School funding formula.**
 - Will consume time and energy; divisive; will limit other things.
- **Tax policy.**
 - LLC fix will not fill the hole; no more sales tax; income step-down still paused until FY 18; how fund new formula?
- **Funding school finance formula.**
 - Court will order funding increase; cannot transition without hold harmless; will be substantial changes to local property taxes VERY late in FY 17.
- **Medicaid expansion.**
 - Growing role as “rural access to healthcare;” local governments keeping alive; may be linked to education resolution.
- **Budget cuts.**
 - With insufficient funds and education consuming any new revenue, budget reductions are still a very distinct possibility; one year budget.

Key issues for 2017 and impact on local governments continued

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- **Tax lid modification or repeal?** Committee chairs and membership could be very new but probably not votes to totally repeal. Organized efforts to seek a few changes:
 - Move election to protest petition.
 - Add additional exemptions, some modeled after previous tax lid.
- **Weapons.** Discussion of reversal but no organized efforts yet other than on college campuses.
 - Should be legislation regarding last bill regarding employer prohibitions against local restrictions.
- **Move elections back to spring?** Possible discussion but may not be time and will to demonstrate why to change back.
- **Civil forfeiture bills recommended by Post Audit.**

Conclusions

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- Slow change around the edges, confidence and aggressive majority done, 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).
- Weaker leadership, inexperienced members confronted with hardest issues.
- More openness—probably the end of no broadcasting of session/meetings. Be warned of the impact.
- The tax resolution passed in 2017 will be used to defeat its supporters in 2018 elections, particularly because it will not fix the problem.

Contact Information

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- **Stuart J. Little, Ph.D.**
- **Little Government Relations LLC**
- **800 SW Jackson St., Ste. 1100**
- **Topeka, Kansas 66612**
- **785-235-8187**
- **stuartjlittle@mac.com**
- **www.lgrkansas.com**