

LEGISLATIVE NEWSLETTER

ACEC Kansas

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The 2013 Session is underway! 2013 will almost certainly be a whirlwind year, with an unprecedented number of new legislators and equally impressive number of high impact issues being considered.

The Governor produced his budget (a copy can be seen here: <http://budget.ks.gov/gbr.htm>), and broke with tradition by offering a two year budget instead of the usual one year. Among other notable contents are the extension of a 6/10 cent sales tax that was scheduled to sunset, further cuts to the state sales tax rates (although implementation is delayed), and the proposed combining of KDOT and the Kansas Turnpike Authority under one umbrella.

There are several bills of interest that have already been filed.

SCR 1604 may be the most high impact piece of the legislation introduced to this point. It would enact what is commonly called a “pay-go” rule. This means that any legislation being considered on the floor of the House or Senate cannot be amended in a way that increases net spending. So, if an amendment is offered that includes any new spending, that same amount will have to be cut somewhere else before the amendment can be considered. Why is this of high impact? It is inevitable that amendments with new spending will be offered...and sources of funding that are of interest to our businesses will be at risk every time a subsequent spending cut must be proposed. Think vertical construction for state agencies and education, transportation, water, etc. Passage of SCR 1604 would represent a very fundamental change in the way state budgets are created and passed.

HB 2005 would decrease state contributions to school districts for capital improvements and capital outlay by decreasing the percentage used in the state aid computation.

SB 42 would create protection from liability for architects and engineers where a school district asks them to provide services and options, without compensation, in creating on-site safety shelters for students.

SB 43 would require the Kansas water office to prepare a comprehensive plan to address water storage and shortage issues in Kansas.

HB 2031 would create a funding stream for the state water plan fund by diverting a small slice of sales tax funding.

The Governor’s budget has stuck to his ongoing promise to complete the T-Works program. Over the course of the two year budget, as proposed, there would be a transfer of over \$200 million from the highway fund to the state general fund. However, the Governor and KDOT say this money can be diverted without impacting T-Works because of low bond rates, savings on construction costs, and efficiencies within the agency.

While the T-Works program is fully funded under the budget as proposed, there are several scenarios that could be problematic. The most likely are the budget assumption that the 6/10 cent sales tax will be extended indefinitely and the repeal of the tax deduction for mortgage interest. It is unclear at this time if the legislature will support one or both of those ideas. If not, it instantly creates a large budget gap that will have to be filled. Also of concern, as we mentioned above, is the impact of the “pay-go” rule if it is passed. There are many moving parts. On the positive side of the ledger, the Governor and KDOT Secretary King have said repeatedly that they are committed to fully funding T-Works. Even if some of these fiscal hurdles appear, the Governor will have options to ensure T-Works is not depleted.

Also of interest, the House Vision 20/20 Committee will begin hearings on February 4 to discuss possible revenue mixes for transportation funding after the conclusion of T-Works.

Stay tuned.....

Bill Number and Sponsor	Bill Subject	Current Status	Last Action
SB 5 Oletha Faust-Goudeau, D-29th	Business entities; restricting the use of an acquired entity's name by an acquiring entity	In Senate Commerce	01/17/2013 - Senate Scheduled Hearing and Possible Action in Commerce: Thursday, 1/24/2013, 8:30 AM, Rm 548-S
SB 15 Anthony Hensley, D-19th	Local ad valorem tax reduction fund; transfers to; distributions to political subdivisions	In Senate Assessment and Taxation	01/15/2013 - Senate Referred to Assessment and Taxation
SB 42 Senate Federal and State Affairs Committee	Architects and engineers; immunity from liability in negligence under certain circumstances	In Senate Judiciary	01/18/2013 - Senate Referred to Judiciary
SB 43 Joint Committee on Energy and Environmental Policy	Requiring the Kansas Water Office to formulate a plan to address water-related issues	In Senate Natural Resources	01/18/2013 - Senate Referred to Natural Resources
SCR 1604 Susan Wagle, R-30th	Joint rules for the Senate and House of Representatives, 2013-2014	In House Rules and Journal	01/18/2013 - House Referred to Rules and Journal; Scheduled Review and Action in Rules and Journal: Sunday, 1/22/2012, 12:00 PM, Rm 142-S
HB 2005 Steve Huebert, R-90th	State aid for capital improvements and capital outlay for school districts	In House Education	01/14/2013 - House Introduced; Referred to Education

HB 2010 Gail Finney, D-84th	Business entities; restricting the use of an acquired entity's name by an acquiring entity	In House Commerce, Labor and Economic Development	01/14/2013 - House Introduced; Referred to Commerce, Labor and Economic Development
HB 2031 House Agriculture and Natural Resources Committee	Distribution of sales and use tax revenue; funding streams to the state water plan fund	In House Agriculture and Natural Resources	01/18/2013 - House Referred to Agriculture and Natural Resources