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## Session Heads to “Turn-Around”

The legislative session is fast approaching the half way point. Friday, February 24<sup>th</sup> is known as “Turn-Around”, which marks the traditional halfway point of the session. Turn-Around is an important deadline that separates out most of the bills that will continue in the process and those that are done for the year. An important point to remember is that only the bills that are not exempt from the deadline and that remain in their respective house of origin, are dead. The issues that are contained within those bills, however, can remain active, usually through amendments to other bills.

The week of February 20 will see significant floor action in both the House and Senate. Committees have been busy working bills and many of those bills are subject to the turn-around deadline. Beginning Wednesday, both the House and the Senate will spend their days on the floor debating and voting on bills. The following Monday, February 27<sup>th</sup>, the legislature will not be meeting.

### **Tax Plans Heard**

The House GOP released their tax proposal last Friday, February 10<sup>th</sup>, and began holding hearings on it this week. The Senate Assessment & Taxation COmmittee continued hearing about the Governor’s tax plan.

The House plan, which has been in the works for several weeks, contains for Tax Year 2013 the existing three brackets with (for joint filers) incomes less than \$30,000 taxed at 3.34% (from the current 3.50%); \$30,000-\$60,000 taxed at 5.99% (current is 6.25%) and an excess of \$60,000 taxed at 6.21% (current is 6.45%). For Tax Year 2014, the House plan proposes rates of 3.24% for zero to \$30,000; 5.85% for \$30,000 to \$60,000, and 6.10% for an excess above \$60,000.

Brownback proposed a two-bracket plan, with rates of 3% for joint returns showing less than \$30,000 in taxable income and 4.9% for joint returns showing more than \$30,000 in taxable income.



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The House plan allows .6 cents of the 2010 penny sales tax increase to expire on schedule in 2013, while Brownback's plan proposed to keep the sales tax alive. The House plan, like the governor's, keeps .4 cent of the penny sales tax with the Kansas Department of Transportation.

While Brownback's plan had a fiscal note for the coming fiscal year of \$89.9 million, the House proposal's cost is just \$41.7 million. Both are buoyed by an estimated \$16 million in severance tax receipts by eliminating the two-year exemption for new oil wells with sizable production.

The Earned Income Tax Credit, which Brownback eliminated in his plan, would be scaled back from the current 18% to 9% in tax year 2014 in the House plan. That's a credit based on the federal Earned Income Tax Credit, which is based on federal poverty rates. The House measure, like Brownback's, increases the head of household standard deduction to \$9,000.

The House plan immediately assigns State General Fund growth above 2% to further tax reductions, with smaller incomes getting reductions faster than the 2nd and 3rd brackets, but eventually eliminates all individual income taxes. Unlike the governor's 2% budget cap proposal, which clicks in when the SGF ending balance is at least 7.5%, there is no ending balance prerequisite for the House plan.

While Brownback's plan exempts all non-wage business income for limited liability and Subchapter S corporations and sole proprietorships, the House plan exempts income for those business models with less than \$100,000 income in tax years 2013-2015, then raises the exemption to \$250,000 for tax years 2016 and 2017 and eliminates all non-wage business income in tax year 2018.

The House plan also expands the Rural Opportunity Zone (ROZ) program in Kansas—in which out-of-staters pay no Kansas income tax for five years—by 21 counties, all of which have populations below 25,000 and which saw no population growth in the past 10 years. That expands the ROZ program from its initial 50 counties to 71 counties.

The House Plan took a significant blow that it would cost KDOT more than \$300 million in highway funds. That is a significant hit to KDOT at a time during the current T-Works program. That news has led to significant opposition to the plan. It is unknown at this time whether a tax



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proposal as sweeping as either one that has been proposed can work its way through the process.

## Redistricting

Redrawing of all the various districts in Kansas continues to see significant work. The House Redistricting COmmittee had its first look at the Congressional map that the Senate approved. In response to the Senate approved map, there have been at least four Congressional maps proposed by members of the House Committee. Those various plans will be considered during upcoming meetings of the committee.

The Senate Redistricting Committee began discussing the State Senate districts this week. One plan drew significant opposition from the individuals that have announced their campaign against current members of the Senate. Some of the announced candidates that will be challenging the Senators are currently members of the Kansas House. That creates some additional drama with the process. Traditionally, the House takes care of the House map, and the Senate takes care of its own. However, given that this is an election year as well, it is likely that the House will not allow a Senate map to move through unamended.

To view the various plans that have been discussed, go to the Kansas Redistricting website:  
<http://redistricting.ks.gov/>

## Immigration

This has been immigration week in the Legislature. Hearing were held in both the House and Senate on bills that deal with immigration. There have been numerous bills introduced on the topic. The immigration bills will remain alive throughout the session, since they were all either introduced in an exempt committee, or have been referred to one.

The bills vary in their approach to dealing with the issue. Some require all businesses in Kansas to use the E-Verify system, which was created by the Federal Government as a pilot program, another bill requires the state to use it for new hires only, plus everything in between. A coalition of business organizations, concerned with the negative economic impact such legislation could cause, have introduced a bill as well. That bill creates a system for the state to work with the Federal government to get a temporary permits for migrant workers.



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## Senate Bill 317

SB 317 would exclude trade fixtures from the definition of real property, real estate, and land when determining the assessed valuation of real property. The bill defines “trade fixture” as those articles or items used in a trade or business whether or not placed upon and permanently affixed to real estate. Trade fixtures include commercial and industrial machinery and equipment placed upon or permanently attached to owner occupied or leased real estate and directly used in conducting trade, business, commercial, industrial, manufacturing or processing activities.

Passage of SB 317 has the potential to decrease property tax revenues by eliminating certain property tax assessments on trade fixtures. Any local government that levies a property tax would receive less revenue and revenue would also decrease to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also have an effect on state expenditures for aid to school districts. To the extent that school districts receive less property tax revenue through the state’s uniform mill levy, the state provides more state aid through the school finance formula.

It remains in the Senate Assessment & Taxation Committee.

## 2012 Legislative Session Deadlines

### Monday, January 9<sup>th</sup>

First day of 2012 session; convene at 2:00 p.m.

### Monday, January 30<sup>th</sup>

Last day for member or members to REQUEST to have bill drafted.

### Monday, February 6<sup>th</sup>

Last day for Committees, except House Appropriations, Calendar and Printing and Taxation, House and Senate Federal and State Affairs, Senate Ways and Means, or other select committee, when authorized, to REQUEST to have bills drafted.

### Wednesday, February 8<sup>th</sup>

Last day for Individuals to INTRODUCE bills.



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## Friday, February 10<sup>th</sup>

Last day for Committees, except by committees listed above, to INTRODUCE bills.

## Friday, February 24<sup>th</sup> (Turnaround Day)

Last day to CONSIDER BILLS IN HOUSE OF ORIGIN, except by House Appropriations, Calendar and Printing and Taxation, House and Senate Federal and State Affairs, Senate Ways and Means, or other select committee, when authorized.

## Wednesday, March 21<sup>st</sup>

Last day to CONSIDER BILLS NOT IN HOUSE OF ORIGIN, except by committees listed above.

## Saturday, March 31<sup>st</sup>

No bills considered after this date except BILLS VETOED BY GOVERNOR, OMNIBUS APPROPRIATIONS ACT AND OMNIBUS RECONCILIATIONS SPENDING LIMIT BILL.

## Wednesday, April 25<sup>th</sup>

Veto Session Begins

Bill Number	Bill Sponsor	Bill Subject	Current Status	Last Action
<a href="#">SB 3</a>	Legislative Post Audit Committee	Concerning water; establishing the Kansas natural resources subcabinet	In Senate Ways and Means	<b>01/11/2011 - Senate</b> Referred to Ways and Means
<a href="#">Sub for SB 147</a>	Senate Agriculture Committee	Interstate water litigation fund	In Senate Ways and Means	<b>02/24/2011 - Senate</b> Committee of the Whole: Be passed over and retain a place on the Calendar; Withdrawn from Calendar; referred to Ways and Means
<a href="#">SB 187</a>	Senate Natural Resources Committee	Making the water bank act permanent	In Senate Natural Resources	<b>02/23/2011 - Senate</b> Withdrawn from Ways and Means; rereferred to Natural Resources



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<a href="#">SB 272</a>	Senate Agriculture Committee	Water rights; multi-year flex accounts; application for division of water right; fee	Pending motion to concur or nonconcur	<b>02/16/2012 - House</b> Final Action: Passed as amended; Yeas 124, Nays 0
<a href="#">SB 310</a>	Senate Natural Resources Committee	Establishing local enhanced management areas	On General Orders in Senate	<b>02/14/2012 - Senate</b> Committee Report recommending bill be passed by Natural Resources
<a href="#">SB 412</a>	Senate Agriculture Committee	Water permit for sand and gravel pit projects	In Senate Agriculture	<b>02/10/2012 - Senate</b> Referred to Agriculture
<a href="#">HB 2096</a>	House Vision 2020 Committee	Providing for a coordinated water data repository system; granting preservation easements; drinking water costs in water plan storage rates	In House Agriculture and Natural Resources	<b>01/20/2012 - House</b> Committee Report recommending bill be passed as amended by Vision 2020; bill now in Agriculture and Natural Resources
<a href="#">HB 2109</a>	House Agriculture and Natural Resources Committee	Creating the Kansas dam rehabilitation program	In House Agriculture and Natural Resources	<b>02/23/2011 - House</b> Withdrawn from Appropriations; rereferred to Agriculture and Natural Resources
<a href="#">HB 2116</a>	House Vision 2020 Committee	Establishing state property tax levy for state water infrastructure maintenance, construction, renovation and acquisition	In House Taxation	<b>01/28/2011 - House</b> Referred to Taxation



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<a href="#">HB 2231</a>	House Agriculture and Natural Resources Committee	Updating the provisions regarding water bank flex accounts	In Senate Ways and Means	<b>02/25/2011 - Senate</b> Referred to Ways and Means
<a href="#">HB 2272</a>	House Agriculture and Natural Resources Committee	Exempting certain minor construction projects from state and federal water regulations	In House Agriculture and Natural Resources	<b>02/11/2011 - House</b> Referred to Agriculture and Natural Resources; Scheduled Hearing: Thursday, 2/17/2011, 9:00 AM, Rm 783 DSOB
<a href="#">HB 2451</a>	House Agriculture and Natural Resources Committee	Eliminating "use it or lose it" for groundwater rights in areas closed to new water right development	Pending enrollment	<b>02/16/2012 - Senate</b> Final Action: Passed; Yeas 40, Nays 0
<a href="#">HB 2472</a>	House Energy and Utilities Committee	Rural water districts; definitions	In Senate Natural Resources	<b>02/14/2012 - Senate</b> Referred to Natural Resources
<a href="#">HB 2516</a>	House Agriculture and Natural Resources Committee	Allowing a water bank charter to become permanent	In Senate Agriculture	<b>02/17/2012 - Senate</b> Referred to Agriculture
<a href="#">HB 2517</a>	House Agriculture and Natural Resources Committee	Making the water transition assistance program permanent	On General Orders in House	<b>02/14/2012 - House</b> Committee Report recommending bill be passed as amended by Agriculture and Natural Resources
<a href="#">HB 2528</a>	House Energy and Utilities Committee	Water; relating to stream bank stabilization	In House Energy and Utilities	<b>01/26/2012 - House</b> Referred to Energy and Utilities



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<a href="#">HB 2588</a>	House Energy and Utilities Committee	Water districts and the issuance of revenue bonds	In Senate Agriculture	<b>02/15/2012 - Senate</b> Referred to Agriculture
<a href="#">HB 2596</a>	House Government Efficiency Committee	Repeal of 2011 Supp. 74-509 concerning the duties of the Irrigation Commissioner	On General Orders in House	<b>02/14/2012 - House</b> Committee Report recommending bill be passed by Government Efficiency
<a href="#">HB 2685</a>	House Energy and Utilities Committee	Allowing eligible water right holders to create reservoir improvement districts	On Final Action in House	<b>02/17/2012 - House</b> Committee of the Whole: Be passed
<a href="#">HB 2692</a>	House Vision 2020 Committee	Distribution of sales and use tax revenue; funding streams to the state water plan fund	In House Taxation	<b>02/09/2012 - House</b> Referred to Taxation
<a href="#">HB 2698</a>	House Agriculture and Natural Resources Committee	Water permit for sand and gravel pit projects	In House Agriculture and Natural Resources	<b>02/16/2012 - House</b> Scheduled Possible Action in Agriculture and Natural Resources: Friday, 2/17/2012, 9:00 AM, Rm 783 DSOB

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