



Bruno & Associates

February 2, 2015

The 2015 Session is shifting into high gear. This past week saw significant discussion regarding the budget and the challenges the state is facing. The January revenue receipts were released this afternoon. The revenue numbers were below the estimates by \$47 million for January, from the revised estimates made in November. The revenue receipts will effect the budget decisions on the bills, House Bill 2133 and Senate Bill 81.

For most of the week, all attention was largely focused on the budget. After several attempts of drafting and redrafting a rescission bill over the past week, the House Appropriations Committee and Senate Ways and Means Committee began hearings this week on the bill in each committee. The House Appropriations Committee began working the bill on Thursday. The urgency of passing the rescission bill became very clear when legislators were told they had to send the bill to the Governor by next Friday or else the state will not be able to pay its bills by mid-February. The Appropriations Committee intends to finish up its work on this bill on Monday. Senate Ways and Means Committee will also work the bill next week.

At issue is \$174 million of school payments that are paid mid-February. The rescission bill will make the necessary budget adjustments to keep the state paying its bills on time. It includes a 4% cut for some agencies and transfers from the state highway fund and the medical programs fee fund. The latest draft on Wednesday added more transfers from KDOT—to \$150 million—to the roughly \$200 million that have to come up within cuts to finish the fiscal year. But Budget Director Shawn Sullivan told House Appropriations that the state is running out of immediate cash for a regular state aid payment to K-12 schools in mid-February. That's the reason that the rescission bill was fattened up to provide a \$70 million cash balance at the end of the fiscal year instead of the just over a million as originally planned in a now superseded rescission.

Delayed payments to schools would be a problem, possibly requiring another Certificate of Indebtedness—internal borrowing of idle funds—atop the currently outstanding \$675 million certificate which was approved last June to meet cash flow needs. That \$675 million must be repaid by June 30.

Transportation advocates urged lawmakers to oppose the proposed legislation because the highway fund transfers will harm transportation projects in the state. Child advocates have also opposed the transfer of funds from the Children's Initiative Fund and the KEYS Fund.

School Finance

The Governor's proposal to end the current school finance formula at the end of this fiscal year, and begin a "block grant" style system has not received much discussion in any committee at this point. The



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formula is expected to get significant debate during the session, but the legislature is currently focused on the current fiscal crisis, legislators have not yet begun the debate.

Taxes

The portion of the Governor's tax proposal which increases taxes on tobacco and alcohol, has not been warmly received by the legislature. The proposal, which includes some adjustments to the income tax reductions, has been introduced, is not yet in writing, but is expected to be available next week.

Elections

There has been significant activity on election issues. There have been numerous bills introduced on a variety of election topics, and hearings will be beginning on those bills.

SESSION DEADLINES

Monday, January 12

First day of 2015 session; convene at 2:00 p.m.

Monday, February 2

Last day for member or members to submit REQUESTS to Revisor's office for bill drafts.

Monday, February 9

Last day for Committees, except House and Senate Federal and State Affairs, Senate Ways and Means, Senate Assessment and Taxation, House committees on Calendar and Printing, Appropriations, Taxation or select committees of either house when so authorized, to submit REQUESTS to Revisor's office for bill drafts.

Wednesday, February 11

Last day for Individuals to INTRODUCE bills in originating chamber.

Friday, February 13

Last day for Committees, except committees listed above, to INTRODUCE bills in originating chamber.

Friday, February 27 (Turnaround Day)

Last day to CONSIDER BILLS IN HOUSE OF ORIGIN, except by House and Senate Federal and State Affairs, Senate Ways and Means, Senate Assessment and Taxation, House committees on Calendar and Printing, Appropriations, Taxation or select committees of either house when so authorized.

Wednesday, March 25

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

Friday, April 3 (Drop Dead Day)

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

Veto session is anticipated to begin on Monday, April 27.