

NEWSLETTERS



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | APRIL 24, 2020

April 24, 2020

When the Kansas Legislature adjourned in March, the projected 2020 Fiscal Year (FY) ending balance for the Kansas budget reflected a \$927 million surplus. The ending surplus balance for FY 2021 was \$731 million. After the Consensus Revenue Estimating Group (CREG) met Monday afternoon, the drastic economic impact of the COVID-19 virus was obvious. The CREG was forced to decrease revenue estimates by \$1.2B for FY 2020 and FY 2021. For FY 2020, the estimate was decreased by \$826.9 million, or 10.3%. FY 2021 revenue estimates were decreased by \$445 million, or 5.8%. With these new reduced estimates arising from lower income, oil and gas, and sales taxes, the ending balance for FY 2020 is now projected to be \$205.2 million surplus, and for FY 2021 the ending balance is now projected to be negative \$653.5 million. Gov. Laura Kelly has asked state agencies to freeze potential discretionary spending and non-COVID-19 hiring.

This week's legislative debate shifted to an assessment of which budget cuts for the 2021 state budget will be required, combined with the continuing argument over when and how to safely reopen the Kansas economy. The Republican House and Senate leadership, along with business leaders, are encouraging loosening the stay-at-home order as soon as feasible. The Kansas Chamber of Commerce has released a 40-point plan for relaxing the order and other Executive Orders. The Chamber proposal is conditioned upon the Kansas healthcare system being equipped to treat all patients requiring hospitalization. Other conditions suggested were widespread testing of individuals with symptoms of the virus and monitoring of confirmed cases combined with tracking.

On Wednesday, the Legislative Coordinating Council (LCC) voted unanimously to delay the return of the Legislature beyond April 27. The LCC will meet again, on or before May 6, to re-evaluate the situation and determine if it is safe for members to gather. The LCC also considered the complicated logistics of social distancing when the Legislature reconvenes. One proposal would be to use the House and Senate galleries to seat legislators in order to allow appropriate spacing between member's seats.

The primary difficulty with reconvening the Legislature is the fact that two-thirds of the Legislature are over 60 years of age or in health categories identified as high risk. The March adjournment resolution (SCR 1615) stated the Legislature would return on April 27, unless the LCC determines further postponement is necessary to secure the

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health and safety of the public, legislative staff, and legislators. However, the extended postponement is not to be later than May 21, 2020.

On Thursday, the Senate Ways and Means Committee had a Zoom meeting to be updated on budget issues and options for addressing the 2021 budget's \$653 million deficit if the full Legislature is not able to reconvene. Among the options discussed are across-the-board cuts or targeted cuts to agencies under the control of the governor or broad allotments extending to the Judicial and Legislative branches of government requiring approval of the State Finance Council. The Kansas Constitution requires a balanced budget with a positive ending balance. Today, the House Appropriations Committee met and received a similar update.

Everyone is anxiously watching the daily reports of new COVID-19 cases in Kansas hoping to see a downward trend.

The Wichita Eagle reported that 1st District Congressman Roger Marshall, MD started volunteering at a Wyandotte County health clinic on Wednesday. Marshall is among the candidates for the U.S. Senate.

Thursday saw several hundred outside the Statehouse protesting the governor's stay-at-home order and demanding the Kansas economy be opened. The debate over how to safely reopen the economy in phases will, per force, continue for the next few weeks.

Kansas Legislative Insights is a publication developed by the Governmental Relations & Public Policy Law practice group of Foulston Siefkin LLP. It is designed to inform business executives, human resources and governmental relations professionals, and general counsel about current developments occurring in current Kansas legislation. Published regularly during the Kansas legislative session, it focuses on issues involving health care, insurance, public finance, taxation, financial institutions, business & economic development, energy, real estate & construction, environmental, agribusiness, employment, and workers compensation. Bill summaries are by necessity brief, however, for additional information on any issue before the Kansas Legislature, contact Foulston Siefkin's Governmental Relations & Public Policy Law practice group leader, James P. Rankin at 785.233.3600 or jrankin@foulston.com.

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