



2007 KANSAS LEGISLATIVE UPDATE

The 2007 Kansas Legislature recently adjourned having passed several laws affecting your Kansas operations, businesses and communities.

EDUCATION

Progress in K-12 school finance occurred this session when the Local Option Budget (LOB) was raised from 31 percent to 32 percent, subject to a public vote. Additionally, the COLA (Cost of Living Adjustment) and Declining Enrollment Weighting were decoupled from the LOB, allowing districts to directly access those additional funds. The one-year sunset on Non-Proficient Weighting was removed, extending Non-Proficient Weighting for the foreseeable future. All of these measures are important to Johnson County schools.

Higher education also received some help this year in the form of deferred maintenance with \$380 million over the next five years to help address this issue.

GAMING

After 14 years of attempts, the Kansas Legislature passed, and the Governor signed casino gaming into law. The legislation allows for four state-owned casinos in Wyandotte County, near Wichita, Dodge City and Cherokee or Crawford County, with voter approval in those counties. The bill also allows slot machines at the three dog tracks in Kansas.

RESEARCH TRIANGLE BILL

The Johnson County Education Research Triangle bill passed and the Governor signed it into law. This enabling legislation allows the voters of Johnson County to vote on a local tax to build three higher education facilities in Johnson County if the Johnson County Commission agrees to put the issue on the ballot.

This unique partnership between The University of Kansas and Kansas State University would provide the Phase I Clinical Trials Unit in northeast Johnson County for the Kansas Masonic Cancer Center; the National Food Security Research Institute at the Olathe Kansas State University Campus; and the Business Engineering and Technology Center at The University of Kansas Edwards Campus in Overland Park.

UNEMPLOYMENT COMPENSATION

The biggest tax relief measure for businesses this session was the reduction of unemployment compensation taxes. Thirteen thousand Kansas businesses will pay nothing under the new plan; 19,000 will see

payments cut in half and 19,000 will see a 40 percent reduction. This tax break remains in effect as long as the trust fund is solvent.

FRANCHISE TAX

The Franchise Tax is the levy companies pay for the right of doing business in Kansas. It is a tax on net worth. The tax is administered by the Kansas Department of Revenue. A \$40 franchise fee administered by the Secretary of State remains in place.

As passed and signed by the Governor, House Bill 2264 will phase out the Franchise Tax by 2012. Specifically, by year, the bill details tax savings for businesses:

2008	Threshold raised to \$1 million	\$7.0 million
2009	25 percent rate cut	16.5 million
2010	50 percent rate cut	26.5 million
2011	75 percent rate cut	37.0 million
2012	Phase out complete	48.0 million

By the time the phaseout is complete, Kansas businesses will save \$48 million per year, on top of the \$80 million per year in unemployment compensation tax cuts.

CONCEALED CARRY OF WEAPONS

Overriding the Governor's veto, the Legislature passed a law preempting any local ordinance that restricts a licensee from carrying a weapon in accordance with State Concealed Carry Law. The amended Concealed Carry Law also expressly sets forth the right of a licensee to keep a weapon in his or her vehicle. Businesses, employers and municipalities may no longer prohibit licensees from keeping concealed weapons in their parking lots. Entities listed in KSA 75-7c10 such as churches, schools, bars and certain athletic event sites must now post "no concealed carry" signing to be able to bring a charge of unlawful concealed carry against a licensee. The amended law also expands the list of offenses that will disqualify license applicants.

If you have questions about these or any other new laws, contact your Lathrop & Gage attorney or:

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