

Weekly Legislative Report -----Kansas Legislature 2020

Kansas Legislative Report, February 3-7, 2020

The Kansas Legislature was interrupted mid-week, when House and Senate leadership officially closed both chambers on Wednesday to allow members to attend the Kansas City Chiefs Super Bowl parade. Several committees still met, but most of Wednesday's work has been rescheduled for next week.

*Another curveball came on Thursday when the House initially failed to receive the 84 votes needed to approve [SCR 1613](#), the Senate-passed **constitutional amendment on abortion**. Most were surprised when the tally came up 80-41, with four moderate Republicans voting against the measure. At the time of this report the House was still holding the final action vote open Friday afternoon, which indicates they remain at least a few votes short of the necessary 84 votes.*

Budget

It's been an on and off week for budget committees. The Senate Ways and Means committee and its subcommittees were more active than their House counterparts.

The full House Appropriations committee met to discuss the Performance Based Budgeting process. The legislature currently uses an incremental budget process covering two fiscal years. The House is exploring the possibility of using a performance based process which supporters believe would correlate dollars to outcomes. Agencies would have various performance measures and goals which legislators could look at when determining agency budgets. This performance management method could have a number of variables which would need to be codified and could take some time developing.

Significant Dates and Events

Monday, February 3rd

Last day for member or members to REQUEST bill drafts from Revisor's office.

Monday, February 10th

Last day for non-exempt Committees to REQUEST bill drafts from the Revisor's office.

NOTE: This is the last day requests for introduction can be on nonexempt committee agendas.

Wednesday, February 12th

Last day for Individuals to INTRODUCE bills in originating chamber. NOTE: Bills must be submitted to chamber staff during daily session for Introduction.



The Senate Ways and Means committee has been busy all week. It's budget subcommittees have been meeting, and have made reports on some agencies to the full committee. Once all the subcommittee reports have been made, the full committee will draft its Senate version of the budget bill which will later be voted on by the full Senate before being sent to the House. The House will do the same with their budget bill before sending it to the a Senate.

Senate budget subcommittees this week have looked at the Dept. of Corrections, the Dept. of Revenue, and the Dept. of Commerce, and other smaller agencies. Some issues that were discussed were the vehicle registration program at Revenue, economic development programs at Commerce, and the fingerprint system at the KBI.

The budget process will take up the rest of the session for Appropriations and Ways & Means.

Taxes

Secretary of Commerce David Toland presented to a joint House and Senate Commerce Committee its 2019 annual report on **Sales Tax Revenue Bonds (STAR) Bonds**. There are 19 current projects across the state, and several have been met with strong opposition by Legislators.

Since the program began in 1999, \$760 million in STAR bonds have been issued, with \$450 million yet to be paid off. Sales tax collections for STAR bond projects total \$90 million annually.

The STAR Bond program is set to expire this year, and the Department of Commerce is proposing legislation to extend and modify it. Changes include:

- Raising the threshold for a project from \$50 million to \$75 million
- Prohibits the purchase and sale of adjacent land by developer
- Gives authority to the Department to select the firms that conduct feasibility studies
- Adds major medical facilities to the list of qualified projects

The Senate Tax Committee heard from the former president of the Utah Senate on their **Truth in Taxation law**, which requires public notice to taxpayers when property taxes are increased beyond the "certified tax rate". [Senate Bill 294](#) was heard on Friday and is modeled off of Utah's system. The bill would require any governing body that elects to draw more income from property tax revenue to hold public hearings and then vote to raise the mill levy. Local jurisdictions voiced strong opposition during the hearing on several key provisions in the bill, including how the certified tax rate is calculated and public notice requirements.



The House Tax Committee approved and placed on the consent calendar [House Bill 2466](#), which enacts the **Kansas Taxpayer Protection Act**. The Act sets new requirements on tax returns and penalties for fraudulent tax preparers. The committee is hearing next week a similar bill from last year, [Senate Bill 104](#), that also includes homestead property tax relief for seniors and disabled veterans.

The House Tax Committee heard [House Bill 2538](#), which increases the state's **standard deduction** from \$3,000 to \$4,000 for single filers and from \$7,500 to \$8,000 for married filers. The committee discussed the benefits of this bill over the itemization proposal in HB 2005 that was heard last week.

Looking ahead...

The Senate Tax Committee is hearing [Senate Bill 242](#) next week, which would allow a property owner to apply to the county commission for an abatement or credit of property taxes that are levied against an **agricultural improvement property** that is destroyed or substantially destroyed by an earthquake, flood, tornado, fire, storm, or other natural disaster.

The House Tax Committee is scheduled to take final action on [House Bill 2005](#) next week that decouples Kansas from federal law and allows individuals to **itemize on their state tax returns** regardless of how they itemize federally.

Addressing internet sales tax concerns is a top priority for the Legislature this year, and the House Tax Committee rescheduled two hearings on the topic to next week. [House Bill 2513](#) requires **marketplace facilitators**, like Airbnb, to collect and remit transient guest tax dollars to the Kansas Department of Revenue. [House Bill 2537](#) requires **remote sellers** make \$100,000 in gross receipts from sales before being subject to sales tax nexus requirements.

The Kansas Chamber of Commerce is taking another stab at its comprehensive **federal windfall** bill that the Governor vetoed last year and has stated she will veto again. [House Bill 2553](#) decouples from federal law on key items such as the standard deduction, earnings on foreign income, and small business expensing. A hearing is scheduled for February 17 in the House Tax Committee.

Health

As hearings on **Medicaid expansion** concluded last week, the Senate Health Committee heard from Attorney General Derek Schmidt about his concerns on the constitutionality of the Affordable Care Act as an individual mandate and what that means as Kansas is considering expanding KanCare. The committee is scheduled to work and possibly act on [Senate Bill 252](#) next week. This might be



the catalyst issue of the session before work on other large spending initiatives are considered.

The House Rural Revitalization Committee heard [House Bill 2527](#), which would remove the sunset of the authority to conduct **closed session meetings** and keep trauma case records privileged. The Emergency Medical Services Board and the Kansas Department of Health testified that the expiration clause must be removed to not jeopardize peer review of care. There was no opposition to the bill.

Looking ahead...

The Senate Ways and Means Committee is scheduled to discuss and possibly take action on [Senate Bill 255](#) next week, which would appropriate \$10 million per year to the NCI-designated **University of Kansas Cancer Center**.

A hearing on [House Bill 2459](#) in the House Insurance Committee was rescheduled to next week that would require health insurers to expand coverage of **treatment of mental illness and substance use**. For patients who have substance use disorder, are afflicted with suicidal ideation, or are actively suicidal, the bill would require health insurers to provide coverage without prior authorization or utilization review.

Insurance

The Senate Financial Institutions and Insurance Committee held hearings on three bills supported by the Kansas Insurance Department (KID). [House Bill 2480](#) would amend the definition of “**long-term care insurance**” and remove the requirement that a policy would have to be for 12 consecutive months or more. [Senate Bill 291](#) would authorize the Insurance Commissioner **subpoena and investigative powers** for insurance fraud violations and assess a civil penalty for any violation of the subpoena. [Senate Bill 303](#) would require KID employees or contractors with access to confidential information to be **fingerprinted** and undergo state and national background checks.

Utilities

London Economics, the consultant chosen by the Legislature to **study retail rates** of Kansas public utilities, presented their report to the House and Senate Utilities Committees. The firm compared Kansas to 18 other states and found that investments in environmental compliance, increased transmission costs, changes in industry, high surcharges on customer bills, and higher taxes on the electricity sector, have all contributed to Kansas' high electricity rates.



The firm gave lawmakers options moving forward. Some of those recommendations include:

- Require utilities to produce annual integrated resource plans
- Shift to performance-based ratemaking, based on service quality and reliability
- Securitize rate payer-backed bonds
- Establish a long-term state energy plan and guide for regulators and utilities to use in investment decisions

The industry was given a chance to respond to the study findings and discussions will continue next week.

Looking ahead...

The Senate Utilities Committee will hold a hearing next week on [Senate Bill 339](#), which would allow the **Kansas Corporation Commission to approve certain contract rates** by an electric public utility for an industrial or commercial customer and associated cost recovery without the filing of a general rate case.

The Senate Utilities Committee will also hold a hearing on SB 380, which would prohibit municipalities from charging an addition fee, tax or rent for placing micro wireless facilities on current cable stands and providing wireless services such as broadband and wifi over the cable stand.

Agriculture

The House Agriculture Committee passed [House Bill 2437](#), the Kansas Livestock Association's bill that regulates **labeling of meat analogs** to avoid misbranding of products that do not contain meat. The committee made one amendment prior to passage that exempts product advertising and restaurant menu boards from the requirement. It now heads to the full House for consideration.

The House Tax Committee held a hearing on [House Bill 2460](#), a bill that would provide an income **tax credit to short line railroads** for qualified track maintenance expenditures. The agribusiness industry proposed an amendment to extend the tax credit to owners and lessees of rail siding located on or adjacent to a Class II or III railroad that make the same eligible track upgrades. The amendment is supported by the short line railroads.

Hearings on [Senate Bills 285](#), [286](#), and [287](#) were held in the Senate Agriculture Committee. The bills extend the sunsets of several **underground storage tank redevelopment funds**, as well as raises the reimbursable amounts to tank owners that upgrade to double-wall systems and/or incur clean-up costs from a contamination release. The bills are supported by the Kansas Department of Health and Environment and the petroleum and agribusiness industries.

Bill Number	Bill Sponsor	Bill Subject	Current Status	Last Action	Notes
SB 9	Molly Baumgardner, R-37th	Authorizing the transfer of \$115,000,000 from the state general fund to the Kansas public employees retirement fund during fiscal year 2019	Approved by Governor	3/8/19 Approved by Governor Laura Kelly	
SB 13	Caryn Tyson, R-12th	Increasing and allowing Kansas itemized deductions, allowing individual expensing deduction, providing for certain income tax credits, allowing rural opportunity zone for certain counties, extending certain counties countywide retailers' sales tax, providing for sales tax definitions and exemptions for certain sales	In Senate Federal Tax Code Implementation	01/18/2019 - Senate Withdrawn from Assessment and Taxation; referred to Federal Tax Code Implementation	

SB 22	Senate Federal and State Affairs Committee	Kansas itemized deductions, election, providing for deferred foreign income, global intangible low-taxed income, business interest, capital contributions and FDIC premiums income tax modifications	Veto sustained	04/24/2019 - Senate No motion to reconsider; veto sustained	
SB 47	Senate Assessment and Taxation Committee	Creating the student opportunity scholarship program	In Senate Education	02/13/2019 - Senate Scheduled Final Action in Education: Wednesday, 2/20, 1:30 PM, Rm 144-S	
SB 57	Mike Petersen, R-28th	Requiring review of information technology contracts by the joint committee on information technology	In Senate Ways and Means	03/18/2019 - Senate Scheduled Hearing in Ways and Means: Wednesday, 3/20, 10:30 AM, Rm 548-S	
SB 71	Senate Education Committee	Eliminating the expiration of the postsecondary technical education authority and	Approved by Governor	4/10/19	

		requiring a report to the legislature		Approved by Governor Laura Kelly	
SB 72	Senate Ways and Means Committee	Supplemental appropriations for FY 2019, FY 2020, FY 2021, FY 2022, FY 2023 and FY 2024 for various state agencies	In Senate Ways and Means	03/08/2019 - Senate Scheduled Hearing in Ways and Means: Tuesday, 3/12, 10:30 AM, Rm 548-S	
SB 74	Senate Ways and Means Committee	Providing a post-retirement benefit increase (COLA) for certain KPERS retirants	In Senate Ways and Means	02/01/2019 - Senate Referred to Ways and Means	
SB 336	Senate Education Committee	Creating the Kansas reinvest in postsecondary education act	In Senate Education	02/05/2020 - Senate Scheduled Hearing in Education: Thursday, 2/13, 1:30 PM, Rm 144-S	
SB 354	Senate Education Committee	Amending the private and out-of-state postsecondary educational institution act clarify the state board of regents' authority and provide	In Senate Education	02/05/2020 - Senate	

		additional student protections and institutional accountability		Scheduled Hearing in Education: Tuesday, 2/11, 1:30 PM, Rm 144-S	
HB 2005	Elizabeth Bishop, D-88th	Allowing an individual to itemize deductions in Kansas despite not itemizing on their federal return	In House Taxation	02/06/2020 - House Scheduled Final Action in Taxation: Wednesday, 2/12, 3:30 PM, Rm 112-N	
HB 2011	Nick Hoheisel, R-97th	Sales tax exemption for required textbooks	In House Taxation	02/07/2019 - House Scheduled Hearing in Taxation: Tuesday, 2/12, 3:30 PM, Rm 112-N	
HB 2100	House Financial Institutions and Pensions Committee	Providing a post-retirement benefit increase (COLA) for certain KPERS retirants	In House Financial Institutions and Pensions	02/06/2019 - House Scheduled Hearing in Financial Institutions and Pensions: Monday, 2/11, 9:00 AM, Rm 281-N	
HB 2112	Kenneth Collins, R-2nd	Adding Crawford and Dickinson counties to the list of eligible rural opportunity zone counties	Stricken from Calendar in House	02/28/2019 - House Stricken from Calendar	
HB 2121	House Appropriations	Supplemental appropriations	In House Appropriations	03/13/2019 - House	

	Committee	for FY 2019, FY 2020, FY 2021, FY 2022, FY 2023 and FY 2024 for various state agencies		Scheduled Discussion and Possible Action in Appropriations : Tuesday, 3/19, 9:00 AM, Rm 112-N	
HB 2153	House Federal and State Affairs Committee	Repealing statutes pertaining to student religious associations	In House Federal and State Affairs	02/07/2019 - House Referred to Federal and State Affairs	
HB 2216	John Alcala, D-57th	Establishing state employee student loan repayment assistance act	In House Higher Education Budget	02/13/2019 - House Scheduled Hearing in Higher Education: Wednesday, 2/20, 1:30 PM, Rm 281-N	
HB 2264	Brandon Whipple, D-96th	Providing a tax credit to pell grant recipients at a postsecondary educational institution	In House Taxation	02/13/2019 - House Referred to Taxation	
HB 2265	Brandon Whipple, D-96th	Award of college credit hours for passing CLEP and other college examination programs	In House Higher Education Budget	02/15/2019 - House Scheduled Hearing in Education Budget: Wednesday, 2/20, 1:30 PM, Rm 281-N	
HB 2266	Brandon Whipple, D-96th	Prohibiting universities from charging	In House Higher Education	02/13/2019 - House	

		fees for certain scholarship applications	Budget	Referred to Higher Education Budget	
HB 2288	Renee Erickson, R-87th	Creating the Kansas student and educator freedom of religious speech act	In House Education	02/18/2019 - House Scheduled Hearing in Education: Thursday, 2/21, 1:30 PM, Rm 218-N	
HB 2297	Barbara Ballard, D-44th	Permanently exempting postsecondary educational institutions from the public buildings law under the personal and family protection act	In House Federal and State Affairs	02/14/2019 - House Referred to Federal and State Affairs	
HB 2301	Brandon Whipple, D-96th	Establishing the tax credit for low income postsecondary students scholarship program act and providing for the elimination of the tax credit for low income students scholarship program act	In House Taxation	02/14/2019 - House Referred to Taxation	
HB 2312	Tim Hodge, D-72nd	Establishing the rural	In House Commerce,	02/14/2019 - House	

		revitalization student loan repayment program	Labor and Economic Development	Referred to Commerce, Labor and Economic Development	
HB 2443	Ponka-We Victors, D-103rd	Requiring resident tuition rates for certain Native American students at public postsecondary educational institutions	In House Higher Education Budget	01/23/2020 - House Scheduled Hearing in Higher Education Budget: Wednesday, 1/29, 1:30 PM, Rm 281-N	