

Weekly Legislative Report -----Kansas Legislature 2020

Kansas Legislative Report, February 10-14, 2020

This week began a standoff between Senate leadership and House moderate Republicans after the abortion constitutional amendment stalled last Friday. Medicaid expansion – and any bill amendable to the topic – is being held until the House reconsiders their vote and passes the abortion measure. The Senate Health Committee removed scheduled discussion and action on the Medicaid expansion bill from this week’s agenda, and neither Chamber considered any bills on the floor. In the meantime, Committees moved full speed ahead, holding hearings and passing out dozens of bills.

Today is the last day for bill introductions in non-exempt committees, and February 27 is Turnaround Day. There’s not much time left to get committee-passed bills across the floor before they’re dead for the year. It will be interesting to see how the next two weeks unfold.

Significant Dates and Events

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.

Budget

The budget committees are beginning to get more information on agency budgets this week. The various subcommittees tasked with reviewing agency budgets are beginning to report in with their deliberations on state agencies big and small. So far, these subcommittees are agreeing with the Governor on a number of budget requests, but there are many budgets yet to be considered.

The full Senate Ways and Means Committee discussed the Governor’s plan to reamortize financing for the State’s pension plan this week. This is an ongoing issue this session, right now there doesn’t seem to be enough support for the proposal to pass.



Another issue getting a surprising amount of attention is the proposal of moving some of the Agricultural Marketing Division at the Department of Agriculture to the Department of Commerce. The proposal links Ag Marketing with the business development group at Commerce. There's a number of curious but skeptical legislators on this issue. Commerce has been asked to clarify what they intend with this merger.

The House Appropriations Committee took action on the Governor's Executive Reorganization Order (ERO) 44, which would merge the Department of Children and Families and the Department on Aging and Disability Services into the new Kansas Department of Human Services. If the Legislature does nothing concerning any ERO, then the ERO goes into effect. Appropriations has basically said they object to the ERO. A number of community program groups voiced concerns about the merger, so the committee made its objection. The Governor can submit another ERO and try again, but it's not clear what the next step will be.

More diverse topics will be addressed next week by the budget committees: Highway Patrol aircraft replacement, plugging abandoned oil and gas wells, and the State Fair to name a few.

Taxes

The Senate Tax Committee passed a handful of property tax reform bills this week; but the most notable and controversial was the so-called **Truth In Taxation** bill. [Senate Bill 294](#) is modeled after law in Utah and Tennessee that requires any taxing jurisdiction to notify and hold public hearings if they want to increase their property tax revenue for the following year. Otherwise, the mill levy must be adjusted to keep the governing body budget neutral. Amendments were made to alleviate many of the concerns from the opposition. However, the real compromise was found when Committee leaders agreed to remove the current property tax lid from statute if SB 294 passes intact. Municipal governments have protested the tax lid since it passed in 2015, so some are considering this a welcome trade. Several more property tax and appraisal bills are on the docket for next week.

The House Tax Committee passed two proposals that affect how individuals file their state tax returns. [House Bill 2538](#) **increases the state's standard deduction** from \$3,000 to \$4,000 for single and from \$7,500 to \$8,000 for married filers. [House Bill 2005](#) will also give Kansans the opportunity to **itemize on their state tax** return regardless of how they itemize federally. The Kansas Department of Revenue reported that roughly 73,000 fewer Kansans itemized on



their state return after the federal standard deduction nearly doubled in 2017. Lawmakers were happy to pass both measures and provide tax relief to the majority of their constituents.

The House Tax Committee also held hearings on three recent hot topics, which they plan to finally address through legislation this year. [House Bill 2513](#) would require **marketplace facilitators**, like Amazon and Airbnb, to collect and remit sales or transient guest taxes on sales or transactions made in Kansas; and [House Bill 2537](#) would set a threshold of \$100,000 in sales made before online retailers would be required to collect and remit sales tax. In 2018, the Supreme Court ruled in the *Wayfair vs. South Dakota* case that states can mandate businesses without a physical presence in the state to collect and remit sales tax. Lawmakers are eager to equalize the tax treatment between brick and mortar businesses and online sellers, as well as capitalize on additional revenue to the state budget.

Looking ahead, the Kansas Chamber is finally getting their second shot at decoupling from several provisions in the **Federal Tax Cuts and Jobs Act** of 2017. Next week, the House Tax Committee will hear [House Bill 2553](#), very similar to the proposal that Governor Kelly vetoed last year, and the Legislature was unable to override. The bill deals mostly with foreign income made by multinational companies based in Kansas. Most expect the Governor to veto the bill again, unless it can be packaged with more favorable measures that the administration strongly supports.

Last week, the Department of Commerce presented its 2019 annual report on **Sales Tax Revenue Bonds (STAR) Bonds**. There is now a bill that incorporates several changes that the Department would like to make going forward. [House Bill 2529](#) extends the sunset of the STAR Bonds program, adds rural redevelopment projects and major business and medical facilities, increases certain project investment and sales requirements, and adds a return on investment analysis. There is a hearing in the House Commerce Committee next week.

Insurance

The House and Senate Insurance Committees have been quite busy this year and heard four more bills this week dealing with both auto and health insurance:

- [Senate Bill 323](#), dealing with personal automobile liability insurance and property and casualty insurance, it would not be considered a **denial of renewal** if changes are made to an individual's policy, and the insured receives a copy of the new policy more than 30 days prior to the renewal



date. For businesses, the new policy must be received more than 60 days prior to the renewal date.

- [Senate Bill 352](#) enacts the **Peer-to-Peer Vehicle Sharing Program Act**, outlining liability insurance and licensing requirements for drivers participating in, and companies providing, a peer-to-peer vehicle sharing program.
- [House Bill 2459](#) 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.
- [House Bill 2557](#) would establish an **\$100 maximum out-of-pocket** cost share obligation per month on prescription insulin. It would broadly apply to large group, individual, hospital, and state employee benefit policies.

Workforce Development

The House Commerce Committee passed two economic development tools to address one of Kansas businesses' most pressing challenges, a skilled workforce. [House Bill 2507](#) would allow businesses that participate in **high school work-based learning programs** to be covered under the school district's liability policy. Many businesses view student liability as a major hurdle in offering more apprenticeships to a potential future workforce. Several amendments were made before passing the bill, considering concerns raised by school districts and trial lawyers.

Another initiative the **Kansas Promise Scholarship Act**, which will target the most in-demand fields in the state. [House Bill 2515](#) will be limited to Kansas high school graduates that attend an eligible postsecondary educational institution and require the student to reside in Kansas two years after receiving their certificate or associate degree.

Regulations

The Senate Federal and State Affairs Committee held several days of hearings on [Senate Bill 283](#), which would make Kansas the 20th state to legalize **sports wagering**. The bill would allow the Kansas Lottery to enter into a contract with lottery gaming facility managers for managing sports wagering in-person at their facility or over the internet through websites and mobile device applications



approved by the Kansas Lottery. The measure is supported by all of the state-owned casinos and they are working with the Lottery on their concerns around offering online sales. The Committee is scheduled to discuss and take action on the proposal next week.

[House Bill 2411](#) passed by the House Federal and State Affairs Committee and would amend the process by which **administrative regulations** are adopted by state agencies. The bill would limit the Budget Director's review to proposals that cost more than \$3 million for implementation and compliance over a two-year period or are a result of a federal mandate. Stakeholder groups and interested legislators met with the Budget Director to develop compromise language that addresses workload concerns on his office yet keeps the original intent of the law passed in 2018 that called for more transparency during the rule-making process.

A bill was introduced this week that would set a cap in statute on the Kansas Department of Health and Environment's (KDHE) Bureau of Air Quality in setting air permit fees. The KDHE is proposing an increase on Class I and Class II air emitters due a decrease in emissions and corresponding revenue coming into the Air **Quality Program**. The EPA mandates air quality standards and that the state inspect these facilities on a prescribed schedule. During their budget report to a subcommittee of the Senate Ways and Means Committee this week, the KDHE explained why the fee increases are needed, and requested a State General Fund appropriation to alleviate some of that burden on industry. The subcommittee is scheduled to discuss and take action on KDHE's budget next week.

Transportation Plan

Hearings in the budget committees are set to begin next week on the long-awaited "FORWARD" transportation plan. Companion bills, [Senate Bill 375](#) and [House Bill 2588](#), outline a multi-modal plan will have a rolling 2-year project window where each of the six Transportation Regions can submit three projects into the pipeline. Projects are then vetted for construction—looking for local match, feasibility, and other criteria. Not all projects in the pipeline will be selected for construction. FORWARD will be funded by a three-year restoration of the sales tax transfer, bonding authority, and an increase in the local match.

Agriculture

It took less than 15 minutes for the Senate Agriculture Committee to consider and pass [Senate Bills 285](#), [286](#), and [287](#), even placing SB 285 on the Consent Calendar. These non-controversial 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 were supported by the Kansas Department of Health and Environment and the petroleum and agribusiness industries.

The Senate Ag Committee also approved [Senate Bill 152](#), which deals with fees, permitting, inspecting, and regulating of Class I **underground injection control water wells**. [Senate Bill 153](#) also passed this week and provides for the Kansas Department of Health and Environment response operations for water and soil pollutant release, discharge or escape. Both bills were introduced last year and worked on during the interim by a variety of stakeholder groups.

The House Agriculture Committee approved a bill, [House Bill 2432](#), that creates the Kansas **pesticide waste disposal program** within the Kansas Department of Agriculture and allows up to \$50,000 be transferred annually from the Kansas agricultural remediation fund for administration of the program.

| Bill Number | Bill Sponsor | Bill Subject | Current Status | Last Action | Notes |
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| 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 | |

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| 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 | |

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| | | 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' | In Senate Education | 02/12/2020 - Senate | |

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| | | authority and provide additional student protections and institutional accountability | | Scheduled Discussion and Possible Action in Education: Monday, 2/17, 1:30 PM, Rm 144-S | |
| SB 385 | Senate Ways and Means Committee | Supplemental appropriations for FY 2020 and FY 2021 for various state agencies | In Senate Ways and Means | 02/11/2020 - Senate Referred to Ways and Means | |
| SB 386 | Senate Ways and Means Committee | Appropriations for FY 2020, FY 2021 and FY 2022 for various state agencies | In Senate Ways and Means | 02/11/2020 - Senate Referred to Ways and Means | |
| 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 | Providing a post- | In House Financial | 02/06/2019 - House | |

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| | Institutions and Pensions Committee | retirement benefit increase (COLA) for certain KPERS retirants | Institutions and Pensions | 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 Committee | Supplemental appropriations for FY 2019, FY 2020, FY 2021, FY 2022, FY 2023 and FY 2024 for various state agencies | In House Appropriations | 03/13/2019 - House 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 | |

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| 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 fees for certain scholarship applications | In House Higher Education Budget | 02/13/2019 - House 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 | |

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| 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 revitalization student loan repayment program | In House Commerce, Labor and Economic Development | 02/14/2019 - House 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 | |
| HB 2594 | House Appropriations Committee | Supplemental appropriations for FY 2020 and FY 2021 for various state agencies | In House Appropriations | 02/12/2020 - House Scheduled Hearing in Appropriations : Wednesday, 2/19, 9:00 AM, Rm 112-N | |

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| HB 2597 | House Appropriations Committee | Appropriations for FY 2020, FY 2021 and FY 2022 for various state agencies | In House Appropriations | 02/12/2020 - House Scheduled Hearing in Appropriations : Wednesday, 2/19, 9:00 AM, Rm 112-N | |
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