

Weekly Legislative Report -----Kansas Legislature 2021

February 15-19, 2021

The extreme cold temperatures kept the Kansas Statehouse dark and quiet for the start of the week. A few committees met virtually, but most were cancelled both Monday and Tuesday. With business pushed back two days, committee chairs rushed to get in as many hearings as they could the rest of the week. The last day for non-exempt committees to meet is next Friday, February 26th. Then it's floor work up until Turnaround on March 5th, which marks the half-way point in the legislative session. All non-exempt bills that haven't passed their House of Origin by Turnaround are dead for the year.

Significant Dates and Events

Friday, March 5th (Turnaround Day)

Last day to consider non-exempt bills in house of origin

Unemployment Insurance

The Senate Commerce Committee spent three days this week looking at [Senate Bill 177](#), the unemployment insurance (UI) reform companion bill to [House Bill 2196](#) that was heard last week.

During the hearing, a coalition of business groups testified that Kansas is ranked second in the country with roughly \$700 million in fraudulent UI claims. The legislation they have proposed establishes a new, fixed table structure each year that will bring the trust fund up to the Kansas Department of Labor's (KDOL) solvency standards. The agency reported that their new technology system has stopped thousands of identity theft attempts since it launched last week.

A big piece of the debate still remains on whether businesses or the state should be responsible for replenishing the millions of dollars lost from fraud. Both committees plan to work their separate bills next week. However, in the meantime, it's likely that leaders will work together to amend and advance just one bill to speed up the process.

Sports Wagering

A second bill that legalizes sports wagering in Kansas was heard this week in the House Federal and State Affairs Committee. [House Bill 2199](#) would authorize the state's four casinos to contract with the Kansas Lottery to manage and operate in



person and online sports betting. The bill would also allow racetracks and 1,200 convenience store retailers to participate, which is different than the Senate's proposal in [Senate Bill 84](#).

Another difference is the amount of tax revenue that would be collected by the state. HB 2199 as written would tax in-person betting at 14% and bets made online at 20%. This is projected to generate roughly \$4.5 million in state tax revenue. Under SB 84, Kansas would receive 7.5% of bets placed at the casinos and 10% of online wagering, totaling roughly \$2.25 million for the state coffers.

Tax Incentive Programs

The Senate passed two bills this week that make changes to current tax incentive programs for businesses.

[Senate Bill 65](#) would no longer require businesses to participate in either the Kansas Industrial Training (KIT) or Kansas Industrial Retraining (KIR) programs in order to be eligible for the **High Performance Incentive Program (HPIP)** tax credit. The bill passed by a vote of 38-0.

HPIP provides a 10% tax credit to qualifying employers who pay above average wages and make a capital investment of at least \$50,000 at the company's facility. In the five metro counties of Douglas, Johnson, Sedgwick, Shawnee and Wyandotte, the threshold is \$1 million. The tax credit has a 16-year carryforward provided facilities are able to requalify for HPIP.

The second bill, [Senate Bill 66](#), was much more controversial and passed only by a vote of 26-12. The bill extends and expands the expiring **Kansas Angel Investor Tax Credit** through 2026.

Lawmakers have been critical of the program after a legislative post audit found that participating businesses did not always produce the number of jobs expected. The program provides a tax credit to individuals or companies that invest in small, innovative startup companies in Kansas. Several legislators expressed frustration with the Kansas Department of Commerce during the Senate debate for not providing data that proves the program has shown success.

SB 66 also increases the tax credit received from a single investment to \$100,000 from \$50,000, increases the total yearly tax credits allowed to \$350,000 from \$250,000, and allows an investor to seek a tax credit up to 50% of their investment. The bill also no longer requires the business to stay in Kansas for 10 years after they receive the investment.



Tax on Digital Goods

Lawmakers continued the debate on whether or not to impose sales tax on digital goods such as audio books, Netflix and other streaming services. The House Taxation Committee heard [House Bill 2230](#) this week, which would require sales taxes to be collected from all sales of digital property and subscription services beginning on July 1 of this year.

The Kansas Department of Revenue reports that Kansas is one of only 17 states that do not tax digital products. They estimate that HB 2230 would raise \$50.9 million in the first year. While most agree that this bill resolves a fairness issue and levels the playing field between brick-and-mortar businesses and online retailers, there is some disagreement on how the additional revenue should be used to provide tax breaks for Kansans.

Payday Loans

Next week, the House Financial Institutions and Rural Development Committee will consider a bill that makes several reforms to payday loans offered in Kansas. [House Bill 2189](#) would cap payday loan interest rates at 36% APR (current rate is 391%) and would allow installment payments over months rather than requiring the full loan to be paid off within 30 days. The bill is backed by Kansans for Payday Loan Reform that is part of a national movement to reform payday loan policies in several states.

Workforce Development Funding

The House Higher Education Budget Committee met this week to consider Governor Laura Kelly's proposed budget for higher education in Kansas. During committee deliberations, several legislators scrutinized Regent universities for perceived bloated budgets and duplicative programs. The committee voted to approve the Governor's proposed 5.5% reduction in state aid to the Board of Regents and instead agreed to direct \$10.4 million to 19 community colleges and six technical colleges for workforce development courses taken by high school students.

Other Bills to Note

- [House Bill 2242](#) was heard on Wednesday in the House Insurance and Pensions Committee. The bill increases the percentage amount the state fire marshal may levy on fire insurance company premiums caused by fire business being transacted in Kansas. The industry opposes the bill and the Fire Marshall's attempt to raise taxes on insurance companies to increase agency funding.



- [House Bill 2261](#) and [Senate Bill 175](#) were heard this week in their respective chamber's health committees. The bills enact the rural emergency hospital act to provide for the licensure of rural emergency hospitals. The House Health and Human Services Committee also passed out their bill on Wednesday.

State Budget Review

As with other committees, the weather shortened the week for budget action, but there was movement in the process.

The Senate discussed the Dept. of Wildlife Parks and Tourism budget. Much of that discussion was about paying for flood damage repair at the state parks. This has been an ongoing topic for awhile, not only did the flood damage cost the park system, lack of visitors to the parks also cost the park system. The Department has taken care of most of the major damage, and they're optimistic that visitors will return with good weather, especially if covid restrictions are reduced statewide.

Senate discussions of the Kansas Highway Patrol budget did not include funding for new aircraft. This is in contrast to the House, which did include funding. This will likely be a negotiation point when the whole budget is worked out between the two chambers.

The discussions on the state hospitals in the Senate basically went along with the Governor's recommendations. The House is looking at more funding there, possibly for salaries and the use of facilities. This will likely be another point of contention during budget negotiations.

The House was able to hold a few more budget meetings this week than the Senate. They started a discussion about sports betting by talking about adding staff to the Lottery budget, but the discussion led to them not adding the staff since they're not sure sports betting will pass.

		buildings or improvements destroyed or substantially destroyed by natural disaster		Scheduled Hearing in Assessment and Taxation: Tuesday, 2/2, 9:30 AM, Rm 548-S	
SB 32	Senate Education Committee	Authorizing school districts to pay the tuition for a student's dual or concurrent enrollment in a postsecondary educational institution and requiring a tuition waiver for foster children who are dually or concurrently enrolled	In House Education	02/11/2021 - House Referred to Education	
SB 34	Senate Federal and State Affairs Committee	Sunsetting administrative rules and regulations five years after adoption unless extended by the legislature	In Senate Federal and State Affairs	01/21/2021 - Senate Scheduled Hearing in Federal and State Affairs: Tuesday, 1/26, 10:30 AM, Rm 144-S	

SB 43	Senate Education Committee	Creating the Kansas promise scholarship act to provide postsecondary educational scholarships for certain two-year associate degree programs, career and technical education certificates and other stand alone-programs	In Senate Education	01/22/2021 - Senate Scheduled Hearing in Education: Monday, 1/25, 1:30 PM, Rm 144-S	
SB 44	Senate Education Committee	Expanding the low-income family postsecondary savings accounts incentive program to include military servicemembers and veterans and allowing contributions by charitable organizations	In Senate Education	01/22/2021 - Senate Withdrawn from Ways and Means; referred to Education	
SB 61	Senate Education Committee	Amending the tax credit for low income students scholarship program act to	In House K-12 Education Budget	02/15/2021 - House	

		expand student eligibility		Referred to K-12 Education Budget	
SB 64	Senate Education Committee	Amending the private and out-of-state postsecondary educational institution act to clarify the state board of regents' authority and provide additional student protections and institutional accountability	In House Education	02/11/2021 - House Referred to Education	
SB 96	Virgil Peck, R-15th	Repealing the provision of Kansas residency for purposes of tuition and fees at a postsecondary educational institution for individuals who are not lawfully present in the United States	In Senate Federal and State Affairs	01/29/2021 - Senate Referred to Federal and State Affairs	
SB 208	Senate Federal and State Affairs Committee	Creating the fairness in women's sports act to require that female student	In Senate Education	02/17/2021 - Senate	

		athletic teams only include members who are biologically female		Scheduled Hearing in Education: Tuesday, 2/23, 1:30 PM, Rm 144-S	
HB 2003	Jim Kelly, R-11th	Providing for county treasurers to establish a payment plan for the payment of delinquent or nondelinquent taxes	In House Taxation	01/12/2021 - House Referred to Taxation	
HB 2023	Ron Highland, R-51st	Changing to an eight-year simple average when determining values of agricultural land for purposes of property taxation	In House Taxation	01/27/2021 - House Scheduled Hearing in Taxation: Wednesday, 2/3, 3:30 PM, Rm 346-S	
HB 2045	Stephen Owens, R-74th	Revising the Kansas angel investor tax credit act with respect to the definition of qualified securities, tax credit limitations and amounts, investor requirements and extending the date that credits may be allowed	On General Orders in House	02/01/2021 - House Committee Report recommending bill be passed as amended by Commerce, Labor and Economic Development	

HB 2048	House Federal and State Affairs Committee	Extending certain provisions of the governmental response to the COVID-19 pandemic in Kansas and providing certain relief related to health, welfare, property and economic security during this public health emergency	On General Orders in House	01/19/2021 - House Committee Report recommending bill be passed as amended by Judiciary	
HB 2058	House Federal and State Affairs Committee	Allowing reciprocity to recognize out-of-state licenses to carry a concealed handgun	On General Orders in House	02/10/2021 - House Committee Report recommending bill be passed as amended, by Federal and State Affairs	
HB 2063	Joint Committee on Pensions, Investments and Benefits	Providing certain KP&F tier II spousal and children's benefits for death resulting from a service-connected disability	In Senate Financial Institutions and Insurance	02/12/2021 - Senate Referred to Financial Institutions and Insurance	
HB 2085	House Education Committee	Creating the students' right to know act to	On General Orders in House	02/11/2021 - House	

		provide information on postsecondary education options		Committee Report recommending bill be passed, by Education	
HB 2101	House Appropriations Committee	Extending transfers from the expanded lottery act revenues fund to the university engineering initiative	In House Appropriations	01/27/2021 - House Scheduled Hearing in Appropriations : Tuesday, 2/2, 9:00 AM, Rm 112-N	
HB 2119	House K-12 Education Budget Committee	Creating the student empowerment act to provide an education savings account for students who are academically at-risk	On General Orders in House	02/12/2021 - House Committee Report recommending bill be passed as amended, by K-12 Education Budget	
HB 2173	House Taxation Committee	Requiring marketplace facilitators to collect and remit sales, use, transient guest taxes and 911 fees from sales made through their platforms, providing	In House Taxation	02/03/2021 - House	

	Committee	joint committee on information technology of state agency contracts for certain information technology projects		Scheduled Info Briefing in Committee on Information Technology: Tuesday, 2/23, 11:30 AM, Rm 218-N	
HB 2264	House Judiciary Committee	Permitting student athletes at postsecondary educational institutions to receive compensation for the use of their name, image, likeness rights or athletic reputation	In House Judiciary	02/10/2021 - House Scheduled Hearing in Judiciary: Thursday, 2/18, 3:30 PM, Rm 582-N	
HB 2265	Brandon Woodard, D-30th	Providing a sales tax exemption for required textbooks and authorizing a local sales tax on required textbooks	In House Taxation	02/17/2021 - House Scheduled Hearing in Taxation: Monday, 2/22, 3:30 PM, Rm 346-S	
HB 2285	Randy Garber, R-62nd	Creating the campus free speech act to require each public postsecondary educational institution to adopt a policy of free expression	In House Judiciary	02/10/2021 - House Referred to Judiciary	

Bill Number	Bill Sponsor	Bill Subject	Current Status	Last Action	Notes
HB 2286	Randy Garber, R-62nd	Creating the campus intellectual diversity act to establish an office of public policy events at each public postsecondary educational institution	In House Appropriations	02/10/2021 - House Referred to Appropriations	
HB 2396	House Appropriations Committee	Making supplemental appropriations for fiscal years 2021 through 2032 for various state agencies and revising the pooled money investment portfolio repayment schedule	In House Appropriations	02/18/2021 - House Referred to Appropriations	
HB 2397	House Appropriations Committee	Appropriations for FY 2022, FY 2023 and FY 2024 for various state agencies	In House Appropriations	02/18/2021 - House Referred to Appropriations	