

Weekly Legislative Report -----Kansas Legislature 2019

Weekly Legislative Report, February 22nd

With the official halfway point in the session on the 28th, Monday is the last day for committees to meet and work non-exempt bills. Each Chamber will be on the floor debating legislation until adjournment on Thursday, after which the Legislature will enjoy a five-day break until March 6. With school funding, Medicaid expansion, and several key tax issues still unresolved, the second half of the session should be action-packed.

Legislature Considers Reducing Food Sales Tax

The House Tax Committee heard [House Bill 2261](#) on Monday, which would reduce the sales tax on food and food ingredients from 6.5 percent to 5.5 percent beginning on July 1, 2019. The Kansas Department of Revenue estimates that 15 percent of all current sales tax collections in the state come from food and food ingredients. This reduction in tax revenue would be a hit to the state budget of nearly \$60 million in FY 2020. Food would not include alcoholic beverages, candy, dietary supplements, food sold through vending machines, soft drinks, tobacco, or certain prepared food.

The Senate Tax Committee heard a similar bill, [Senate Bill 76](#) on Thursday, which would also reduce the sales tax on food and food ingredients but on a sliding scale to 5.5 percent beginning July 1, 2019, 4.5 percent in 2020, and 3.5 percent in 2021 and thereafter. A much larger fiscal note--an estimated reduction in tax receipts of roughly \$127 million in FY 2021, \$196 million in FY 2022, and \$205 million in FY 2023--is attached to this bill.

Most Legislators support the idea of cutting the food sales tax, which has been a hot topic at the Statehouse in recent years. Governor Laura Kelly – while campaigning on the issue – did not include the reduction in her proposed two-year budget. There was no action on either bill this week.

State Looks for Online Sales Tax Consistency

The House Tax Committee held a hearing on [House Bill 2352](#) on Thursday, which would create the Kansas Main Street Parity Act by requiring online marketplace facilitators –

Significant Dates and Events

February 28th

Turnaround

March 6th

Return from Break

April 5th

Drop Dead Day/First
Adjournment



such as Amazon and e-Bay – and out-of-state retailers to start collecting and remitting tax on sales made in Kansas beginning on July 1, 2019. The bill sets a minimum threshold of \$100,000 in gross sales and includes digital goods as well. The Kansas Department of Revenue estimates that HB 2352 would increase state revenue by \$41 million in FY 2020.

A proposal was made during the hearing by a conferee to use the increase realized each year to buy down the state sales tax rate accordingly. The committee took no action on the bill.

“Windfall” Bill Leaves Confusion in the House

After the Senate passed [Senate Bill 22](#) earlier this month, the House Tax Committee held three days of hearings this week to try and fully understand the complexities of the so-called “windfall” tax bill. Tax experts from Ernst & Young and the Kansas Society of CPAs tried to explain how the changes made in the 2017 Federal Tax Cuts and Jobs Act will affect Kansas and what actions are needed to ensure there are no unintended consequences on individual taxpayers, multi-national corporations, or the fragile state budget.

SB 22 would decouple from a number of both corporate and individual provisions set forth in the new federal tax code. A few of the most controversial include: preventing the state from taxing foreign income made by Kansas’ multi-national companies, which has never been taxed in Kansas before; allowing Kansans the option to itemize on their state tax forms – even if they claim the standard deduction on the federal level – reducing their tax liability; and restoring 100% deductions for medical expenses, property taxes, charitable contributions, and mortgage interest deductions. No action has yet been taken on the bill in the House committee.

ROZ Program Sunset Extension Considered

The Senate Tax Committee heard [Senate Bill 125](#) on Tuesday, which would amend Kansas law concerning the Rural Opportunity Zones (ROZ) Program. The ROZ program offers individuals who relocate to a designated county the opportunity to participate in a Student Loan Forgiveness Program and receive a 100 percent state income tax credit through tax year 2021. SB 125 would extend the sunset for the student loan forgiveness program and income tax credit to tax year 2026. The committee has not yet acted on the bill.

Farm Bureau Health Benefit Passes Senate

The full Senate spent nearly four hours debating [Senate Bill 32](#) on Wednesday before passing it by a vote of 28-11. The bill adds the Kansas Farm Bureau to the list of entities in current statute that can provide a health plan not subject to the jurisdiction of the Kansas Department of Insurance. It would allow the nonprofit agricultural organization to



provide healthcare benefit coverage – not to be considered insurance – to its members with no pre-existing conditions. The bill now heads to the House Health and Human Services Committee.

Utility Study Proposal Slows Down

The Senate Utilities Committee heard from opponents to [Senate Bill 69](#) on Tuesday and proponents on Wednesday. The bill requires the Legislative Coordinating Council (LCC) to authorize a study of retail rates of Kansas electric public utilities and require the Kansas Corporation Commission (KCC) to evaluate competitiveness of any proposed electric rate with surrounding states. The cost of the study would be the responsibility of the KCC, and a report is due to the Legislature by December 31, 2019.

A competing bill, [Senate Bill 181](#), was scheduled to have a hearing on Thursday but was pulled from the committee agenda earlier in the week. The bill, which was introduced by the Kansas Electric Cooperatives, creates the Kansas Energy Policy Task Force to look at energy policy issues across the state in a more holistic manner.

The committee chairman has reported concerns with SB 69 and doesn't plan to work the bill until after Turnaround, giving a chance for both sides of the debate to work out a compromise. There is growing worry that the bill not only calls for a rate study to the tune of \$1 million, but its language could change the way utility rates are set by the KCC.

Gaming Discussions Continue

The Senate Federal and State Affairs Committee held informational hearings on Wednesday and Thursday to continue discussions around implementation of sports wagering in Kansas. The House Commerce Committee also considered [House Bill 2280](#), which would amend the Kansas Lottery Act to clearly define how income from electronic gaming machines at the Woodlands Racetrack in Wyandotte County will be allocated. No action was taken on HB 2280.

Economic Development Transparency Passes Committee

The House Commerce Committee passed [House Bill 2006](#) on Monday, a bill requiring the Kansas Department of Commerce to collect data and disclose on a public database information regarding state economic development initiative programs. Recipients of \$50,000 or more annually from programs such as the Sales Tax as Revenue (STAR) Bonds, High-Performance Incentive Program (HPIP), Promoting Employment Across Kansas (PEAK) program, Rural Opportunity Zones (ROZ), Angel Investor Tax Credit, and the Job Creation Fund, would be listed online. The bill now awaits consideration by the full House.

Bill Aims to License Home Inspectors



The Senate Commerce Committee held two days of hearings on Tuesday and Wednesday on [Senate Bill 168](#), which would establish a new state agency, the Kansas Home Inspectors Licensing Board, to license and regulate home inspectors. The proposal was introduced by the Kansas Association of Realtors in an effort to ensure professional competency and establish a viable home inspection industry in the Kansas. The bill includes a maximum license fee of \$200. The committee is expected to take action on the bill on Monday.

Monday Committee Work, Several Health Bills

Corporate Practice of Medicine

The Health and Human Services Committee is scheduled to take action on [House Bill 2146](#) on Monday, which would allow certain businesses to hire on-site physicians to provide care for their employees. It's a controversial battle between businesses and insurance companies versus physicians. The committee heard the bill last week.

STEP Therapy

After several cancelled hearings last week, the Senate Public Health and Welfare Committee will finally consider [Senate Bill 93](#) on Monday, which would establish restrictions on the use of step therapy protocols by health insurance plans. It would require a clear process to request a step therapy exception and outlines when a health insurance plan would grant an override to the protocol. The patient or prescriber could appeal the denial of a step therapy exception. A health insurance plan could require a patient to try a generic equivalent drug prior to providing coverage for equivalent branded prescription drugs. The bill would not mandate coverage for prescription medication if the coverage is not already a covered benefit by the patient's health insurance plan.

Advanced Practice Nursing

The House Health and Human Services Committee is scheduled to work [House Bill 2066](#) on Monday, a bill that would no longer require Advanced Practice Registered Nurses (APRNs) to establish a collaborative agreement with a responsible physician or have physician oversight of APRN practices. The bill was heard last week.

Pharmacist Drug Administration

The House Health and Human Services Committee plans to take action on [House Bill 2082](#) on Monday, which will authorize a licensed pharmacist to administer a drug by injection to a patient with a prescription order, unless the prescription specifically prohibits such administration. The committee heard the bill earlier this month.

Energy Fairness Act

The Senate Utilities Committee will hear [Senate Bill 124](#) on Monday, a bill that would prohibit the Kansas Corporation Commission from certain charges for electric service.



Specifically, any utility providing electrical service in Kansas can't base rates on different energy usage patterns of a distributed generation retail customer.

Real Estate Licensing Provisions

The Senate Commerce Committee is scheduled to work [Senate Bill 60](#) on Monday, which amends education and experience requirements for real estate agents and brokers. The committee heard the bill last week, which is supported by the Kansas Real Estate Commission and the Kansas Association of Realtors. There were no opponents during the hearing. with no opponents.

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	On Final Action in House	02/21/2019 - House Committee of the Whole: Be passed	
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	In House Taxation	02/13/2019 - House Scheduled Hearings in Taxation: Tuesday, 2/19; Wednesday, 2/20, 3:30 PM, Rm 112-N	
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	01/31/2019 - Senate Referred to Ways and Means	
SB 71	Senate Education Committee	Eliminating the expiration of the postsecondary technical education authority and requiring a report to the legislature	On Consent Calendar in Senate (3rd day)	02/18/2019 - Senate Committee Report recommending bill be passed and placed on Consent Calendar, by Education	

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	02/01/2019 - Senate Referred to Ways and Means	
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	
HB 2005	Elizabeth Bishop, D-88th	Allowing an individual to itemize deductions in Kansas despite not itemizing on their federal return	In House Taxation	01/15/2019 - House Referred to Taxation	
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	In House Rural Revitalization	02/20/2019 - House Scheduled Discussion and Action in Rural Revitalization: Monday, 2/25, 9:00 AM, Rm 582-N	
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	02/06/2019 - House Scheduled Hearing in Appropriations : Wednesday, 2/13, 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-	Award of college credit	In House Higher	02/15/2019 - House	

	96th	hours for passing CLEP and other college examination programs	Education Budget	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	

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	